



Lifesavers

We are your healthcare heroes today, for life



Nawaloka Hospitals PLC
Annual Report 2020/21



Lifesavers

We are your healthcare heroes today, for life

What does it mean to be a lifesaver?

For us, it means a pledge to dedicate ourselves to caring for those who are suffering– to protect the vulnerable, assist those at risk and shield our citizens from harm. Our commission is simple: to create a safe environment for every person that enters our doors; and to go the extra mile in search of new ways to protect, heal and restore.

- We uphold and honour the principles of trust, virtue and excellence;
- To extend warmth, compassion and care to all who approach us;
- To guarantee the safety, health and security of every stakeholder;
- To eliminate risk from external threats;
- To seek out the welfare and well-being of others' over our own.

As the pandemic rages on, we have once more answered the call to fulfil our pledge as lifesavers. Having treated nearly 7,500 COVID-19 patients, and with great risk to their own lives and the lives of their families, our team of dedicated lifesavers are guided by the principles of heroes and have answered the call of duty. With over 36 years of experience in the healthcare industry, Nawaloka is proud to be the home of heroes, today, and for life.

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The PDF version of this report can be read at
[https://www.nawaloka.com/image/annual-report/pdf/
Nawaloka_Hospitals_PLC_AR_2020-21.pdf](https://www.nawaloka.com/image/annual-report/pdf/Nawaloka_Hospitals_PLC_AR_2020-21.pdf)

Scan QR code with your mobile device for mobile version

SERVING WITH COURAGE



It takes courage to stand in the face of adversity and continue to serve with conviction, compassion and commitment. The heroes of Nawaloka are leading the way towards a brighter tomorrow with their untiring drive to serve the healthcare needs of the nation.

[Overview](#)

About the Report



The report focuses on aspects deemed material to the Group's operations and to our key stakeholders. All financial and non-financial information presented herein represents consolidated figures of the Company and its subsidiaries, unless otherwise stated.

WE ARE PLEASED TO PRESENT OUR NINTH INTEGRATED ANNUAL REPORT WHICH SETS OUT THE PERFORMANCE OF NAWALOKA HOSPITALS PLC AND ITS SUBSIDIARIES (HEREIN AFTER REFERRED TO AS THE "GROUP") FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021. THE REPORT PROVIDES A BALANCED REVIEW OF OUR FINANCIAL, SOCIAL AND ENVIRONMENTAL PERFORMANCE AND PROVIDES CONCISE AND MATERIAL INFORMATION ON THE GROUP'S OPERATING CONTEXT, STRATEGY, GOVERNANCE, RISK MANAGEMENT FRAMEWORK AND PROSPECTS, SCOPE AND BOUNDARY.

The Report covers the activities of the Group - Nawaloka Hospitals PLC and its four subsidiaries New Nawaloka Hospitals (Private) Ltd., New Nawaloka Medical Centre (Private) Ltd., Nawaloka Medicare (Private) Ltd. and Nawaloka Laboratories (Private) Ltd. for the period from 1st April 2020 to 31st March 2021. An annual reporting cycle has been adopted and the most recent report for the financial year ended 31st March 2020 is available on our website www.nawaloka.com.

The report focuses on aspects deemed material to the Group's operations and to our key stakeholders. All financial and non-financial information presented herein represents consolidated figures of the Company and its subsidiaries, unless otherwise stated.

There are no significant changes in the scope and aspect boundaries.

REPORTING STRUCTURE

We have structured the report to provide an overview of how we nurtured our capitals to deliver value to our stakeholders. We aim to continually improve the quality of our reporting and this year's report includes the following features to enhance clarity and readability.

- Increased strategic orientation in reporting
- Careful consideration of relevant and material information

QUALITY ASSURANCE

The Group has obtained an independent opinion on the Financial Statements from its External Auditors Messrs KPMG (Chartered Accountants) which is set out on page 123 and 127 of this report.

STATEMENT OF THE BOARD

The Board acknowledges its responsibility to ensure the integrity of the annual Integrated Report and is of the opinion that the report addresses all material issues that it believes has a bearing on the Group's capacity to create value over the short, medium and long-term. The report was unanimously approved by the Board and is signed on its behalf by Board.

REPORTING STANDARDS

The following frameworks were used to prepare the report moving beyond regulatory compliance to incorporate international best practices into our reporting processes.

Financial Reporting

- Sri Lanka Financial Reporting Standards
- Companies Act No. 7 of 2007
- Sri Lanka Accounting & Auditing Standards Act No.15 of 1995

Narrative Reporting

- Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)

Corporate Governance

- Continued Listing Requirements of the Colombo Stock Exchange
- Code of Best Practice on Corporate Governance issued jointly by CA Sri Lanka and SEC 2013

Your Healthcare Provider

Overview
Our Leadership
Operating Context and Strategy
Management Discussion and Analysis
Risk and Governance
Financial Reports
Supplementary Information

NAWALOKA HOSPITALS PLC IS SRI LANKA'S FIRST PRIVATE PREMIUM HEALTHCARE SERVICES PROVIDER, DELIVERING PRIMARY, SECONDARY AND TERTIARY HEALTHCARE SERVICES UNDER THE NAWALOKA HOSPITALS GROUP.

The Nawaloka Hospital was established in 1985 by our founder Chairman Deshamanya H K Dharmadasa. It has since expanded to a Group consisting of Nawaloka Hospitals PLC and four fully owned subsidiaries. Nawaloka Hospitals PLC was listed on the Colombo Stock Exchange in 2004.

Over the last 36 years, Nawaloka Hospital has set the benchmark and led the way for private healthcare in Sri Lanka, being the pioneer to introduce advanced medical technology and multi specialist consultation and medical care in private healthcare sector.



OUR VISION

“To Be the Hospital of Tomorrow”

To provide quality and safe healthcare to the people whilst maintaining leadership and excellence in the healthcare facility.



OUR MISSION

“Healing with Feeling”

To provide the best quality healthcare in accordance with international standards to the needy in a cost effective, timely and professional manner.



OUR FOCUS

Nawaloka Hospitals PLC understands the dynamic and urgent nature of the healthcare sector, which has evolved over the decades from a reactive to a proactive service. In this rapidly changing environment, Nawaloka Hospital medical and support teams have identified five strategic areas to focus and invest time and resources. These are:

- Strengthen Safety and Quality
- Drive Innovation, Technology and Research
- Enable Our People
- Plan for a Sustainable Future
- Achieve Financial Health

FEEDBACK

We welcome feedback on our Annual Report as it enables us to continuously improve our integrated reporting. Please do address your comments and suggestions to;

Nalaka Niroshana
Head of Finance and
Corporate Planning
NAWALOKA HOSPITALS PLC
No. 23, Deshamanya
H K Dharmadasa Mawatha,
Colombo 02,
Sri Lanka.

e-mail : cpm@nawaloka.com

Tel : +94 11 557 7111

Your Healthcare Provider

JCI

ACCREDITATION

700+

CONSULTANTS

2,500+

TESTS DIAGNOSTIC
CAPABILITIES

359,119

CHANNEL APPOINTMENTS

18,286

PATIENT ADMISSIONS

525

QUALIFIED AND
TRAINED NURSES

14,892

SURGERIES

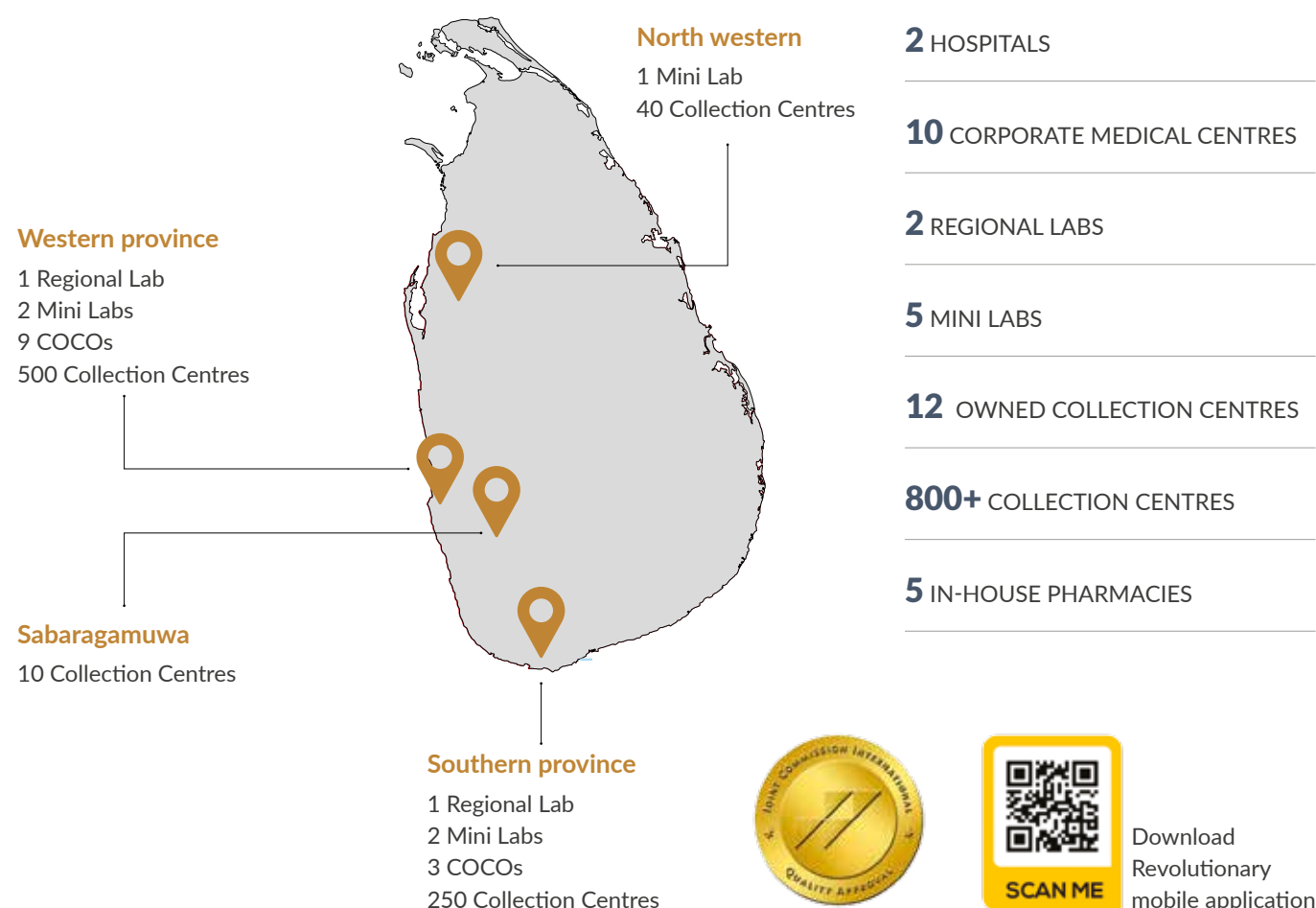
2,754

EMPLOYEES

400+

BEDS

ISLAND -WIDE LABORATORY NETWORK AND COLLECTION CENTRES



STRONG DIAGNOSTIC AND PATHOLOGICAL SERVICES

The Nawaloka Hospital central laboratory is a world class facility equipped with state of the art lab machines including Sri Lanka's first fully automated modular system-COBAS 6000. The facility is capable of conducting over 2,500+ range of tests, at high speed, efficiency and accuracy. The complex is the single largest medical diagnostic centre in Sri Lanka, covering an area of 20,000 sq feet.

LEADER IN CHANNELLING SERVICES

Our channelling facility provides access to over 700 expert consultants of numerous medical specialities.

FULLY-FLEDGED NURSES TRAINING SCHOOL

Established in 1985, the school has built a strong reputation for equipping students with the academic, clinical, practical and personal skills required for a professional career in health care. All nurses are absorbed into the Nawaloka Hospital Group on completion of the programme.

CUTTING-EDGE TECHNOLOGY AT OUR FACILITIES



The world's fastest and most accurate 640 Slice CT scanner - Toshiba Aquilion ONE. Nawaloka Hospitals PLC was the first to introduce the technology to Sri Lanka.



Latest technology in bone density scanning - DEXA (Dual Energy X-ray Absorptiometry).



Fibro Scan - Non-invasive, pain-free liver assessment technology. Nawaloka Hospitals PLC was the pioneer in introducing this technology in Sri Lanka.



World class Haemodialysis Unit.



3 TESLA and 1.5 TESLA MRI scanners - Only hospital in Sri Lanka to have two MRI machines in operation. First hospital in Sri Lanka to commission this technology.



World's best 3D Hologic Digital Mammogram available at the Nawaloka Breast Care Centre.

Our Journey



2015

- Commenced Regional Hospital operations in Negombo.
- Introduced Bone Marrow Transplant Unit.
- Installed the most technologically advanced mammography machine.
- Retained the Gold Award in the healthcare sector at the Annual Report 2014 organised by CA Sri Lanka.
- Only Hospital to be recognised at the ACCA Business Award 2014.

2017

- Introduced Non-Invasive Fat Burner Machine.
- Introduced ENT Console Unit.
- Gold Winner at the ACCA Sustainability Reporting Awards 2016 – General Services (Utilities) category.
- Retained the Gold Award in the healthcare sector at the Annual Reports Awards 2016 – Organised by CA Sri Lanka (6th Time).
- Introduced X-Ray Orthopantogram Unit for Dental
- Awarded ISO 9001:2015 Certification.
- National Productivity Award – Special Commendation.
- Upgraded the Catheterization the latest technology.

2020

- Awarded the JCI accreditation.
- Nawaloka Geriatric Centre was opened successfully.
- Introduced a Drive through option to support our lab facilities.
- Nawaloka Cardiac Rehabilitation Centre was opened successfully.

2014

- Installed South Asia's first and the world's fastest, most accurate 640 slice CT Scanner.
- Installed a Neuro Navigation System.
- Certified as a CarbonConscious® hospital, making it Sri Lanka's FIRST hospital to achieve this distinction.
- Installed Advanced Lasik Eye Surgical Equipment for Eye Surgeries.
- Introduced the C-Arm machine for theatre unit.

2016

- Introduced the Fibro Scan to quantify Liver Fibrosis.
- Introduced the Self-Channelling Kiosk.
- Installed a new Chemotherapy Machine.
- Only Hospital to be recognised at the ACCA Sustainability Business Awards 2015.
- Retained the Gold Award in the healthcare sector at the Annual Report Awards 2015 organised by CA Sri Lanka.
- Achieved a 100% success rate in Bone Marrow Transplants.
- Introduced Gold Standard Acu Pulse, a safe, simple CO2 laser.

2018

- Introduced a second to the Radiology Unit.
- Gold Medal Winner at the ACCA Sustainability Business Awards 2017.
- Retained the Gold Award in the Healthcare Sector at the Annual Report Awards 2017 Organised by ICASL.
- Opened Nawaloka Medicare in Gampaha.
- Silver Winner at the International ARC Awards 2017.
- Asia Best CSR Practices Awards 2017 organised by CMO Asia.
- Opened Nawaloka Premier Wellness Centre.
- Nawaloka Specialist Centre initiated with new modular channelling system and a 550 car park facility.

2019

- Formed a new centre for weight management called Nawaloka-GEM Weight Management, Bariatric and Liver Surgery Centre.
- Won the Gold award under Healthcare Institutions at the CA Sri Lanka's 54th Annual Report Awards Ceremony.
- Renovated the Dental Unit to provide preventive and curative dental care to patients using a multi disciplinary approach.
- Sri Lanka's largest state of the art laboratory complex was constructed with operations commencing during the year.
- Expanded the endoscopy unit which facilitates Fibre Optic and Video Gastroscopy, Colonoscopy, Bronchoscopy, Cystoscopy and related therapeutic endoscopic procedures.

Performance Highlights

FINANCIAL HIGHLIGHTS



FINANCE CAPITAL

		2020/21	2019/20	Change %
Financial Performance				
Revenue	Rs. Mn.	11,828	9,036	31%
Operating profit/(loss)	Rs. Mn.	1,504	1,180	27%
Profit/(loss) before tax	Rs. Mn.	347.1	(166.2)	309%
Profit after tax	Rs. Mn.	501.3	15.9	3,053%
Total comprehensive (expense)/income for the year	Rs. Mn.	668.8	(11.5)	5,916%
Gross profit margin %		47	53	-11%
Operating profit margin %		12.71	13.06	-3%
Net profit/(loss) margin %		4.24	0.18	2,256%
Return on assets (ROA) %		2.68	0.09	2,878%
Return on Capital Employed (ROCE) %		13.67	11.47	19%

		2020/21	2019/20	Change %
Financial Position				
Total Assets	Rs. Mn.	18,713	17,703	6%
Total Liabilities	Rs. Mn.	14,614	14,273	2%
Shareholders' equity	Rs. Mn.	4,099	3,430	20%
Debt Ratio	No of Times	1.44	1.62	-11%
Net assets per share	Rs./share	2.91	2.43	20%
Current ratio	No of times	0.57	0.40	43%
Quick assets ratio	No of times	0.51	0.34	49%

		2020/21	2019/20	Change %
Shareholder information				
No of shares in issue	No	1,409,505,596	1,409,505,596	-
Earnings per share	Rs./share	0.36	0.01	3,500%
Dividend Per Share	Rs. Mn.	0.00	0.00	-

NON-FINANCIAL HIGHLIGHTS



CUSTOMER CAPITAL

18,286

PATIENT ADMISSION

	2020/21	2019/20
Patient admission	18,286	26,408
Channel Appointment	359,119	483,560
No of Surgeries	14,892	14,603
No of Consultant	700+	600+



MANUFACTURED CAPITAL

Rs. 13,730 Mn

PROPERTY, PLANT AND EQUIPMENT

	2020/21	2019/20
Property, Plant and Equipment (Rs.Mn)	13,730	13,987
Laboratories	7	7
In-house pharmacies	5	5



INTELLECTUAL CAPITAL

479

EMPLOYEES OVER 10 YEAR EXPERIENCE

	2020/21	2019/20
Employees Over 10 year experience	479	486



HUMAN CAPITAL

2,784

NO OF EMPLOYEES

	2020/21	2019/20
No of Employees	2,784	2,305
Male Female ratio	3:7	3:7
Training(Hours)	7,188	12,308



NATURAL CAPITAL

184,244 M³

WATER USAGE

	2020/21	2019/20
Energy Consumed (kWh)	9,822,140	10,417,425
Water Usage (m3)	184,244	218,153

Awards and Accreditations



ISO 9001:2015

Nawaloka Hospitals PLC has established a quality management system in accordance with its ISO 9001: 2015 international standard. The quality management system implemented at Nawaloka Hospitals PLC encompasses all functional areas and follows naturally and sequentially from the customer related functions through the operational to the delivery or discharge function so as to meet the specified requirements of customers. Nawaloka Hospitals PLC is the first ISO certified Private Hospital in Sri Lanka (Year 2000) and has retained the standard for the past Twenty years up to present.

JCI ACCREDITATION

Nawaloka Hospital achieved the Joint Commission International's (JCI) gold seal approval for hospital accreditation on 18th of January 2020. The accreditation comes in with the hospital's continued compliance with internationally-recognized standards and represents a symbol of the highest quality. It also reflects the organization's commitment to providing safe and effective patient care.

5 CROWN AWARD FOR FOOD HYGIENE

Leading healthcare provider Nawaloka Hospitals PLC received praise for the quality and hygiene of its food when presented with the prestigious 5 Crown Award for Food Hygiene by Ind-Expo Certification Ltd. for the fifth consecutive year. The hospital chain clinched the first of these awards in 2012 on its very first attempt and has gone on to further strengthen its food storage and preparation practices each subsequent year.

NATIONAL QUALITY AWARD

The Sri Lanka National Quality Award is presented annually to recognize Sri Lankan Organizations that excel in quality management and quality achievement. The Quality award programme is organized and implemented by the Marketing and Promotion division of Sri Lanka Standards Institution (SLSI). Nawaloka Hospitals PLC was the only Hospital to win the Sri Lankan National Quality Award in the year 1998.

NATIONAL BUSINESS EXCELLENCE AWARD

This is awarded by the National Chamber of Commerce (NCCSL) which recognizes business enterprises that have demonstrated excellence in business, whilst contributing to the economic progress of the country.

ISO 15189:2012 adhering to National and International Standards applicable to Clinical Testing Laboratory and Good Laboratory Practices (GLP).

Nawaloka Green Cross Laboratories (Pvt) Limited, will at all times, work towards a common goal of providing cost effective total customer satisfaction by way of efficient and effective pathology testing services that combine precision, accuracy, quality, safety, integrity and courtesy.

FIGHTING FOR THE NATION



The backbone of our healthcare system; our consultants and doctors untiring commitment has been paramount during the nation's fight against the pandemic. As experts in their fields, our teams work with dedication and professionalism to serve the individual needs of our patients.

Our Leadership

Board of Directors



DR. JAYANTHA DHARMADASA

Chairman and CEO – Executive Director

Dr. Jayantha Dharmadasa has been the Chairman of the Company since 2011 and is a businessman by profession. He counts over 42 years experience in the Executive Management of which 35 years in the healthcare industry. He was also the Deputy Chairman of the Company. He is a Fellow Member of the Institute of Certified Professional Managers (FCPM), is the Chairman of Nawaloka Hospitals PLC, Nawaloka Aviation (Pvt) Ltd, Sasiri Polysacks (Pvt) Ltd, Nawaloka Construction Company (Pvt) Ltd, Nawaloka Petroleum (Pvt) Ltd, Koala (Pvt) Ltd, New Ashford International (Pvt) Ltd, Nawaloka Medical Centre (Pvt) Ltd, Nawaloka Green Cross Laboratories (Pvt) Ltd, Nawaloka Engineering Co. (Pvt) Ltd, Nawaloka Agri (Pvt) Ltd, Ceyoka (Pvt) Ltd, Nawaloka College of Higher Studies (Pvt) Ltd, East West Marketing (Pvt) Ltd, Nawaloka Steel Industries (Pvt) Ltd, Alcobronze (Pvt) Ltd and JDC Graphic Systems (Pvt) Ltd.

Dr. Dharmadasa holds an Honorary Doctorate from Swinburne University of Technology, Australia. He is the Honorary Consul-General of the Republic of Singapore in Sri Lanka. He was a Director of Sri Lanka Telecom PLC, President of Sri Lanka Cricket and President of the Asian Cricket Council. He is the Chairman of National Film Corporation and Vice President of Sri Lanka Cricket. He was a Board Member of Sri Lanka Rupavahini and also the Chairman of Cinestar Foundation and Outstanding Song Creators Association (OSCA).



MR. UGITHA HARSHITH DHARMADASA

Deputy Chairman

Mr. Harshith Dharmadasa has obtained his International Master's in Business Administration from Birmingham City University. He has been a Director of the Company since 2000. He has 26 years of experience in Executive Management.

He is the Chairman of Millennium Housing Developers PLC. He is also the Managing Director of Ceyoka (Pvt) Ltd, Nawaloka Trading (Pvt) Ltd, Nawaloka Agri (Pvt) Ltd, Ceyoka Engineering (Pvt) Ltd, Nawaloka MEP Concepts (Pvt) Ltd, Koala (Pvt) Ltd, East West Marketing (Pvt) Ltd, Nawaloka Steel Industries (Pvt) Ltd, Nutrinut (Pvt) Ltd and A.T Cooray (pvt) Ltd.

Mr. H. Dharmadasa is also the Deputy Chairman of Nawaloka Holdings (Pvt) Ltd, Nawaloka Hospitals PLC and Director of Nawaloka College of Higher Studies (Pvt) Ltd, Nawaloka Guardian International (Pvt) Ltd, Nawaloka Medicare (Pvt) Ltd, and Nawaloka Construction Company (Pvt) Ltd.



VIDYA JYOTHI EMERITUS PROFESSOR LAL GOTABHAYA CHANDRASENA

Director/General Manager, Executive Director

Professor Chandrasena has been a Director of the Company since 2003. He is a Clinical Biochemist by profession and counts 24 years of University Academic Service and 36 years' experience in Hospital and Healthcare Administration and Laboratory Sciences.

He is the Emeritus Professor of Biochemistry and Clinical Chemistry, Faculty of Medicine, University of Kelaniya.

Professor Chandrasena has a Doctorate in Philosophy from the University of Liverpool (UK) and a Bachelor of Science (Hons) from the University of Liverpool (UK). Post-Doctoral Fellow, Colorado State University, USA. He is a Fellow of the American Association for Clinical Chemistry, Fellow of the Institute of Chemistry, Ceylon and a Chartered Chemist, FRS (UK) Fellow of the Royal Society of Chemistry (UK), Fellow of the National Academy of Sciences of Sri Lanka (FNASSL), He is a Fellow member of the Institute of Chartered Professional Managers of Sri Lanka and holds a certificate in Hospital Administration from the Indian Institute of Management, Ahamabad.

He is also a Director of Nawaloka Hospitals International (Pvt) Ltd, International Medical Institute (Pvt) Ltd, Nawaloka College of Higher Studies (Pvt)

Ltd, Nawaloka Guardian International (Pvt) Ltd, Nawaloka Hospitals Research and Education Foundation, Nawaloka – Green Cross Laboratories (Pvt) Ltd.

He is a member of the Private Health Services Regulatory Council – Ministry of Health. He is the President of the Association for Clinical Biochemistry, Sri Lanka. The immediate Past President of the Association of Private Hospitals and Nursing Homes. He is the Vice President of National Stroke Association of Sri Lanka.

He was conferred the National Honour “Vidya Jyothi” in 2017 by His Excellency the President of Sri Lanka.

He is also a Director of Nawaloka Hospitals International (Pvt) Ltd, International Medical Institute (Pvt) Ltd, Nawaloka College of Higher Studies (Pvt) Ltd, Nawaloka Guardian International (Pvt) Ltd, Nawaloka Hospitals Research and Education Foundation, Nawaloka – Green Cross Laboratories (Pvt) Ltd.

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He was conferred the National Honour “Vidya Jyothi” in 2017 by His Excellency the President of Sri Lanka.



DESHABANDU TILAK DE ZOYSA

FCMI (UK), FPRI (SL)

Senior Independent, Non-Executive Director

A well-known figure in the Sri Lankan business community, Tilak de Zoysa, FCMI (UK) FPRI (SL), Honorary Consul for Croatia and Global Ambassador for HelpAge International was conferred the title of “Deshabandu” by His Excellency the President of Sri Lanka in recognition of his services to the Country and was the recipient of “The Order of the Rising Sun. Gold Rays with Neck Ribbon” conferred by His Majesty the Emperor of Japan. Recipient of the LMD lifetime achievers’ Award 2017.

In addition to being the Chairman of the Supervisory Board (AMW) and Advisor to the Al-Futtaim Group of Companies in Sri Lanka, he Chairs Carson Cumberbatch PLC, Associated CEAT (Pvt) Ltd., Amaya Hotels and Resorts USA (Radisson), Jetwing Zinc Journey Lanka (Pvt) Ltd., Trinity Steel (Pvt) Ltd., CG Corp Global Sri Lanka, HelpAge Sri Lanka.

He is also the Vice Chairman of CEAT Kelani Holdings (Pvt) Ltd., Orient Insurance Ltd. and serves on the boards of several listed and private Companies which include TAL Lanka Hotels PLC (Taj), TAL Hotels and Resorts Ltd, Nawaloka Hospitals PLC, Associated Electrical Corporation Ltd., INOAC Polymer Lanka (Pvt) Ltd., Cinnovation INC., and Varun Beverages Lanka (Pvt) Ltd. (Pepsi).

Mr. Tilak de Zoysa is a past Chairman of the Ceylon Chamber of Commerce, the National Chamber of Commerce of Sri Lanka, HelpAge International (UK), Past President of Colombo YMBA and served as a Member of the Monetary Board of Sri Lanka (2003-2009).

Board of Directors



MR. TISSA K BANDARANAYAKE

FCA, BSc

Independent Non-Executive Director

Mr. Tissa K Bandaranayake joined the Company as a Director in 2009. He is a Fellow of The Institute of Chartered Accountants of Sri Lanka and graduated with a BSc from the University of Ceylon.

He has more than 45 years of commercial and professional experience. He was with Ernst & Young, Sri Lanka for 27 years until retirement as the Senior Audit Partner in April 2009, managing a large portfolio of clients both local and multinational in various industries.

He is a Director of Brown & Co. PLC., Samson International PLC, Harischandra Mills PLC, Renuka Foods PLC, Renuka Holdings PLC, Overseas Realty (Ceylon) PLC and Micro Holdings (Private) Limited. He also serves as an Advisor/Consultant to the Board of Directors of Noritake Lanka Porcelain (Private) Limited.

Mr. Bandaranayake was a past Chairman of the Audit Faculty of The Institute of Chartered Accountants of Sri Lanka and a past president of the practicing Chartered Accountants' Forum. He is also the Immediate Past-President of National Stroke Association of Sri Lanka. He was a member of the Rotary International Finance Committee from 2013 to 2016. He served as the Rotary District Governor for Sri Lanka in 1999-2000. He currently serves as the Chairman of the Quality Assurance Board of Sri Lanka established by the Institute of Chartered Accountants of Sri Lanka.



MR. D SUNIL ABEYRATNA

PhD (UH-USA), FCA (SL), FCMA (SL), FCMA (UK), CMA (Aust.)

Independent Non-Executive Director

Mr. D Sunil Abeyratna counts over 46 years of experience in the fields of Finance, Audit and Tax. He is a fellow of The Institute of Chartered Accountants of Sri Lanka, the Institute of Management Accountants of UK and Certified Management Accountants of Sri Lanka. He is also a member of the Certified Management Accountants of Australia and has a Doctorate in Philosophy from the University of Honolulu USA.

He is the Sole Proprietor of Abeyratna and Co – Chartered Accountants and a Director of AGN International Ltd – EMEA Region. AGN International Ltd UK is the 4th largest independent accounting association in the World based in over 108 countries and 478 office locations.

He is also a Director of KBSL Ltd, East West Properties PLC, Roswell Investments (Private) Ltd and Colombo Traders Ltd.



MR. ANISHA DHARMADASA

Executive Director

Mr. Anisha Dharmadasa has been a director of the company since 2000. He has 24 years of experience in Executive Management.

Mr. Dharmadasa is the Deputy Chairman of Nawaloka Construction Company (Pvt) Ltd and the Director of Nawaloka Medical Centre (Pvt) Ltd, Nawaloka Holdings (Pvt) Ltd, Nawaloka Hospitals PLC, New Ashford International (Pvt) Ltd, Nawaloka Engineering (Pvt) Ltd, International Medical Institute (Pvt) Ltd, Nawaloka Petroleum (Pvt) Ltd, Nawaloka Guardian International (Pvt) Ltd, Nawaloka Medicare (Pvt) Ltd, Quincy (Pvt) Ltd, Sasiri Polysacks (Pvt) Ltd, Nawaloka Green Cross Laboratories (Pvt) Ltd and Nawaloka Institute of Healthcare (Pvt) Ltd. Mr. Anisha Dharmadasa is also the Chairman of Sikure Security Service (Pvt) Ltd and Nixon Distribution Service (Pvt) Ltd.



MS. ASHANI GIVANTHI DHARMADASA

Executive Directress

Ms. Givanthi Dharmadasa has been a Directress of the Company since 2003 and has 20 years of experience in Executive Management.

She is a Directress of Nawaloka Holdings (Pvt) Ltd, Nawaloka Hospitals PLC, Nawaloka Medicare (Pvt) Ltd, Nawaloka Air Services (Pvt) Ltd, Nawaloka Aviation (Pvt) Ltd, Nawaloka Constructions (Pvt) Ltd, Redline Services (Pvt) Ltd, Redline Design & Printing (Pvt) Ltd, Redline International (Pvt) Ltd, Alcobronz (Pvt) Ltd, Nawaloka Green Cross Laboratories (Pvt) Ltd, Nawaloka Hospital Research & Education Foundation, JDC Printing Technologies (Pvt) Ltd, JDC Graphics Systems (Pvt) Ltd, Unifold (Pvt) Ltd, JDC Inks & Chemicals (Pvt) Ltd, Nawaloka Professional Academy (Pvt) Ltd and Nawaloka Institute of Healthcare (Pvt) Ltd.

Ms. Ashani Givanthi Dharmadasa is also the Deputy Chairman of Red Line Capital (Pvt) Ltd and the Managing Partner of Red Line Agriculture.



MR. PALITHA KUMARASINGHE PC

Independent Non-Executive Director

Mr. P Kumarasinghe is a leading President's Counsel specialized in civil commercial litigations. He had his education at Mahinda College, Galle and thereafter entered Sri Lanka Law College in 1979. He was enrolled as an Attorney at Law on 27th September 1982. Having devilled in the Chambers of Mr. Romesh de Silva, President's Counsel, Mr. Kumarasinghe is in active practice in the District Court of Colombo, Commercial High Court of the Western Province, and the Superior Courts. He has an extensive commercial law practice, and he is the Counsel for a large number of banks and finance houses. He was made a President's Counsel in 2006 by the President.

He was a Vice-President and Executive Committee Member of the Bar Association and Chairman of various Committees inclusive of National Law Conference, Ethics & Professional Conduct and Continuing Legal Education.

He was once the President of Colombo Law Society. He served in the Public Service Commission for a period of six years and was a Member of Council Legal Education (2010-2015) and its Board of Studies, Chairman of Environment Council (2010-2013) and Member of Advisory Commission on Intellectual Property (2001-2004). He also served as the Chairman of Disciplinary Committee of Sri Lanka Cricket, from 2012 to 2016, the Chairman of Legal Advisory Committee 2012-2015 and the Chairman of the Governance Committee (2012). He was an Independent Non-Executive Director of Laugfs Gas PLC, from 2012 till end 2017.

He is presently a Member of Law Commission of Sri Lanka, University Grant Commission, and a Trustee of Kalutara Bodhi Trust.

Board of Directors



MR. VICTOR R. RAMANAN

Non-Executive Director

Mr. Victor Ramanan is a Sri Lankan born British National residing in London. Being educated in Sri Lanka and the UK, Victor is a BSc Graduate and holds a Diploma in Software Engineering, Business Admin & Sales Techniques (UK).

He is a versatile marketer and administrator with more than 30 years of hands on experience working in many countries including United Kingdom, Kuwait, Dubai, Bahrain, Germany, France, USA and Sri Lanka. He has worked in areas such as IT, HR, Marketing and Business Development of which more than 17 years has been in the fields of Oil, Gas, Logistics and Real Estate sectors.

Presently holds positions as a Chairman, Deputy Chairman & Director in the under mentioned companies.

- Nation Lanka Finance PLC – Chairman
- Nawaloka College of Higher Studies (NCHS) – Deputy Chairman
- Millennium Housing Developers PLC – Deputy Chairman
- Nawaloka Hospitals PLC - Director
- Ideal Getaways (Pvt) Ltd. – Director
- Uniq Assets FZ LLC – (UAE) - Chairman



VIDYA JYOTHI SENIOR PROFESSOR ARJUNA P. DE SILVA

Non-Executive Director

Vidya Jyothi Senior Professor Arjuna Priyadarsin De Silva MBBS, MD, MSc (Oxon), FRCP (Lond), FCCP, AGAF, FNASSL is a Consultant Physician and a Professor in Medicine at Faculty of Medicine University of Kelaniya. He was educated at St Thomas College, Mount Lavinia and obtained Bachelor of Medicine and Bachelor of Surgery degree from North Colombo Medical College. Holds a postgraduate Doctor of Medicine from University of Colombo and subsequently obtained an MSc from the University of Oxford. He has practiced as a Registrar in Gastroenterology and Research Fellow at Radcliffe Infirmary Oxford, UK and was awarded MRCP from the Royal College of Physicians London. He is Board Certified as a trainer in Gastroenterology. He was awarded FCCP and became a Fellow of the Royal College of Physicians in 2010. He is a fellow of the American Gastroenterological Association (AGAF) and National Academy of Sciences of Sri Lanka (FNASSL)

Professor De Silva was Head of Department, Faculty of Medicine University of Kelaniya and Chairman of Board of Study in Gastroenterology, Secretary of the Gastroenterology and Digestive Endoscopy Society of Sri Lanka. He is currently a board member

of Post Graduate Institute of Medicine Colombo and Associate Editor World Journal of Gastroenterology. He was Director General of Sports Medicine. Prof. De Silva and was the team physician for the London Olympics. He was Chairman of George Steuart Finance Limited. Professor De Silva was a Board Member to Sri Lankan Airlines Limited. He was a Commission Member of the National Science and Technology Commission.

He has been a Council Member of National Institute of Education is currently the Chairman of Sri Lanka Anti-Doping Agency (SLADA), Chairman of South Asian Regional Anti-doping Agency (SARADO) and is the Head of Sri Lanka Cricket medical advisory committee.



DR. CHANDIMA DE MEL

Non – Executive Director

Dr. Chandima De Mel was a Royalist and was awarded the E.W Perera memorial scholarship. He completed his MBBS in 1980 at the Medical Faculty of University of Colombo. Also he was graduated MRCP & MPHIL at London University in 1989. Doctor De Mel was a member of Bank of Ceylon Board and the former Chairman of Sri Lanka Foundation as well. Presently being a Consultant Physician with more than 30 years of experience in the industry.

Management Team

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DR. TISSA PERERA

Medical Superintendent

Dr. Tissa Indrasiri Perera graduated with MBBS from Faculty of Medicine, University of Colombo, Sri Lanka in 1984. He holds an MSc in Medical Administration awarded by the Postgraduate Institute of Medicine Sri Lanka, Postgraduate Diploma in Toxicology from the Faculty of Medicine University of Colombo, Certificate in Cardio Vascular Health from University of Monash Australia, and Certificate in Health Program Management from the University of Colombo.

He was employed by the Ministry of Health in Sri Lanka from year 1984 to 2017 and has more than 25 years' experience as a Medical and Healthcare Administrator in the public sector and over 4 years in the private sector.

He has been trained in Switzerland, Germany, Australia, Singapore, Thailand and India in Medical Administration and Clinical Management.



MRS. S. JAYASINGHE

Chief Nursing Officer

Having joined Nawaloka Hospital as a Staff Nurse in 1986, Mrs. Jayasinghe was appointed as the Chief Nursing Officer in 2020. She was able to obtain the Certificate of Competency in Nursing from the National Apprentice and Industrial Training authority (NAITA) and also attended the program on the Japanese system of medicine, healthcare of Japanese patients and Japanese Culture at the Japan Overseas Health Administration Center (JOHAC) and Yokohama Rosai Hospital organized by the Japan Labor Welfare Corporation. Mrs. Jayasinghe played a key role in setting up the Pediatric Ward of Nawaloka Hospital PLC.

She counts over 40 years of experience in Nursing. Prior to joining Nawaloka Hospital, Mrs. Jayasinghe obtained her training as a nurse at Lumbini Maternity Home, Matara and at the Grandpass Maternity Nursing Home and also served as a Nursing Officer at the Zachry-Dillingham, a Joint Venture.



MR. NALAKA NIROSHANA

Head of Finance and Corporate Planning

Mr. Nalaka Niroshana holds a MBA from Birmingham City University UK, an Associate Member of the Chartered Institute of Management Accountants – UK, an Associate Member of Chartered Global Management Accountants and a Member of Certified Professional Managers. He is also a graduate from University of Sri Jayewardenepura. Joined Nawaloka Hospitals in 2011 and has over 12 years of executive experience in diversified conglomerates in Sri Lanka



MR. KANISHKA WARUSAVITARANA

Senior Manager - Operations

Mr. Warusavitarana is a Member of the Association of Accounting Technicians, Sri Lanka. He joined Nawaloka Hospitals in 1988. He has nine years of experience in a reputed firm of Chartered Accountants and has 32 years' experience in the healthcare industry.

Management Team



MR. UPATISSA MANNAPPERUMA

Senior Coordinating Officer and Maintenance Manager

Mr. U Mannapperuma obtained his National Certificate of Technology from the University of Moratuwa in 1980 and joined Nawaloka Group of Companies, Construction Division. In 1983 he joined the Maintenance Division of Nawaloka Hospitals. He is certified in Hospital Management from Japan Overseas Health Administration Centre, Yokohama in 1995. He has 34 years of experience in the healthcare industry.



MR. M D ARIYAWANSA

Senior Co-ordinating Officer

Mr. M D Ariyawansa obtained his Diploma in Business Management from the National Institute of Business Management in 1983. He joined Nawaloka Hospitals in 1985 as an Executive Officer and worked in several business units at the Hospital. He has obtained a Certificate in Hospital Management from Japan Overseas Health Administration Centre, Yokohama in 1999. He is presently the Senior Co-coordinating Officer responsible for Co-coordinating public relations functions of the strategic business units. He has 35 years of experience in the healthcare industry.



MR. INDIKA BALASURIYA

Head of Information Technology

Mr. I P Balasuriya has obtained an MSc in IT from the University of KEELE (UK) in 2005, and is a Member of BCS, CSSL and CPM. He has also followed the NIBM Diploma in IT. He has over 22 years of experience in the fields of Project Management, ERP Project Consulting, Application Development, Implementation and User Training. He has working experience with multinational companies as well.

He was awarded with Digital Maestros in Year 2018 and 2019 consecutively by Dynamic CIO – India. He joined Nawaloka Hospitals in 2008.



MR. CHAMINDA RUPASENA

Head of Human Resources

Mr. C. Rupasena is a holder of BSc in Business Administration (Human Resources Management) Special Degree from the University of Sri Jayewardenepura. He is an Attorney-at-Law, Notary Public, and Commissioner for Oaths and is a Registered Company Secretary. He holds a Diploma in Psychological Counseling and holds a National Diploma in Occupational Health and Safety. He has over 15 years of experience in Human Resources Management.



MR. GAYAN WANNIARACHCHI

Manager Finance & Operations- Nawaloka Hospitals, Negombo and Gampaha

Mr. Gayan Wanniarachchi is a member of Institute Chartered Accountants of Sri Lanka (ACA), a member of Certified Professional Managers (CPM), a member of Certified Management Accountants (CMA) and a Senior member of Association of Accounting Technicians of Sri Lanka (AAT). He joined Nawaloka Hospitals in 2012 and now heading the Finance and Operations of Nawaloka Hospitals, Negombo and Nawaloka Medicare Gampaha.



DR. PRASADIKA GUNASENA

Chief Medical Officer

Dr. Prasdika graduated with MBBS from faculty of Medicine, University of Kelaniya Sri Lanka in 1998. She holds a Diploma in Prevention and Control of Infection from University of Colombo and a Diploma in Cosmetology from IIAM Aesthetic Centre Pune, India. She has worked as the Medical Officer In charge of Nawaloka Intensive Care Unit and Nawaloka Premier Care Centre. Also has 16 years of Clinical experience.

Management Team



MR. THENUKA DISSANAYAKA

Finance Manager

Mr. Dissanayaka is a member of the Institute of Chartered Accountants of Sri Lanka (ACA), an Associate member of Certified Management Accountants (ACMA), a Member of Certified Professional Managers (ACPM) and a Senior Accounts Technician (SAT). He graduated from the University of Sri Jayewardenepura and joined Nawaloka Hospitals in 2013.



MR. K S B EKANAYAKE

Electrical and Mechanical Engineer

Mr. K S B Ekanayake holds a Diploma in Electrical Engineering from the University of Moratuwa. He has work experience of over 15 years as an electrical engineer. He joined Nawaloka Hospitals in 2016 as an Electrical and Mechanical Engineer.



MS. AROSHA KOGGALA WELLALA

Legal Officer

Ms. Wellala holds a Master's Degree (LLM) from the University of Wales and a Bachelor's Degree (LLB) from University of Colombo. She is a Registered Company Secretary, Notary Public and Commissioner for Oaths. She is an Attorney-at-Law of the Supreme Court for nearly 17 years. She joined Nawaloka Hospitals in 2009.



DESHABANDU DR. M ALLAN GERREYN

*Food and Beverage Manager/
Executive Chef*

Dr. Allan Gerreyn has 37 years of experience in the hotel industry and joined Nawaloka Hospitals PLC in 2003. He received Deshabandu title in 2014 from Nanaguna Foundation. He has won Five Crown Awards in Food Hygiene for five consecutive years from 2012.



MR. G A VARGHESE

Biomedical Engineer

Mr. Varghese obtained a Diploma in Biomedical Engineering, Computer Science, Computer Network Technology, and Computer SW/HW. He was employed in the Middle East Countries as a Biomedical Engineer since 1988 to 2013 (25 Years) and he is now has 33 years of experience in the field. He joined Nawaloka Hospital in June, 2014 as a Biomedical Engineer and working to date.



MRS. SAMANTHA DHAMMI HEWAWASAM

Senior Manager - Operations

Mrs. Samantha Dhammi Hewawasam has worked in the medical laboratory industry for over three decades. She began working as a Medical Laboratory Technologist for Nawaloka Hospitals PLC in 1991. She has been the Manager of the Laboratory Services at Nawaloka Hospital PLC since 2017.

She finished her initial professional studies, Diploma in Laboratory Technology in Chemistry (DLTC) Programme at the College of Chemical Sciences-Institute of Chemistry of Ceylon in 1993, and has been registered as a Medical Laboratory Technologist with the Sri Lanka Medical Council (SLMC) since 2009.

Executive Clinical Management Team



DR. MAIYA GUNASEKARA

MBBS, FRCS (Eng.), FICS, FRCS (Ed.), MS (Surgery), FIAGES, FCS (Sri Lanka) FMAS

*Consultant Surgeon/General Surgery/
Gastronteroscopy/
Laparoscopy and Endoscopy
Consultant-in-Charge of Surgical Service*



DR. VAJIRA TENNEKOON

MBBS, MD, FRCP, FRACP, FCCP

*Consultant Chest Specialist/
Physician and Physician-in-Charge
Medical Intensive Care Unit*



DR. W A M GUNASEKERA

MB, MRCP (UK), FRCP (Lon), FCCP

Consultant Physician and Physician-in-Charge Ward Medical Services



DR. DUMINDA PATHIRANA

MBBS (Col.), DCH (Col.), MD (Col.), MRCP (UK), MRCP, CH (UK), FCCP

Consultant Pediatrician



DR. HARINDU WIJESINGHE

MBBS, MD, MRCP (UK)

*Consultant Rheumatologist
Specialist in Sports Medicine*



DR. CHANDIMA DE MEL

MD FRCP (Lond.), FCCP, M. Phil (Lond.), D. Path

Consultant Physician



DR. SURANGA HETTIPATHIRANA

MBBS (Col), MD (Obs & Gyn), MRCOG (UK)

Consultant Obstetrician & Gynecologist



DR. RIAZ MOUJOOD

MBBS, MD (Col), MRCP (UK), FRCP (Edin)

*Consultant Respiratory/Chest Physician,
Consultant-in-charge Nawaloka Chest and Sleep Unit*



DR. SANDEEP K SHARMA

MD (Anesthesiology)

Consultant Cardiac Anesthetist and Intensivist



DR. HEMANT DIGAMBAR WAIKEKAR

MBBS, MD, DA, (ANAE), PDCC (Cardiac and Neuro Anesthesia)

Consultant Cardiac Anesthetist



DR. PUNSITH GUNAWARDENE

MBBS (Colombo), MS (Colombo)

Consultant Neurosurgeon



DR. CHANDANA KANAKARATNA

MBBS (SL), MD (SL), FRCP (Lond), MSC Geriatric Medicine (UK), (Diploma in Geri, Med Glasgow), Board Certification in General Medicine (SL), CCT General Medicine (UK), CCT Geriatric Medicine (UK)

Consultant Physician, Consultant Geriatrician (Geriatric Physician)



DR. P PRAKASH PRIYADHARSHAN

MBBS MD MRCP (UK) MRCPs (GLASGOW) FRCP (Edin) FCCP

Consultant Cardiologist

Special Interest – Cardiac Imaging



DR. M T D LAKSHAN

MBBS MS DOHNS FEB ORL – HNS
 FRCSEd ORL – HNS

Consultant ENT and Head and Neck Surgeon

Chairman's Message



I AM PLEASED TO SHARE THE ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2021. AS WE KNOW, THE LAST FINANCIAL YEAR HAS SEEN SOME OF THE WORLD'S TOP GLOBAL ECONOMIES AND CORPORATES COLLAPSE UNDER PRESSURE OF THE DEADLY COVID-19 PANDEMIC. HOWEVER, SRI LANKA REMAINED RESILIENT DURING THE YEAR, WITH STRICT STATE IMPOSED HEALTH AND SAFETY GUIDELINES AND OPERATING REGULATIONS TO KEEP THE PANDEMIC UNDER CONTROL.

For Nawaloka Hospitals PLC, the year began with multiple challenges of the COVID-19 that the health sector had hitherto not experienced. But I am pleased to inform that once again the Management and staff have overcome each hurdle, and despite the challenges the Group recorded a revenue of Rs. 11.828 Mn and a net profit of Rs. 501 Mn, which was significant growth over the previous year which recorded a net profit of Rs. 15.9 Mn.

MACRO ECONOMY AND THE HEALTHCARE SECTOR

In 2020, Sri Lanka's economy contracted by 3.6 percent GDP growth rate vis a vis a growth rate of 2.3 percent in 2019. Mobility restrictions and other containment measures imposed locally and internationally, with a view to preventing the spread of COVID-19, hampered real economic activity across all sectors.

The threat of the pandemic's spread within the country, prompted the government to initiate a nation-

wide lockdown curfew which limited economic activities at every level. A sharp contraction was observed in industrial and services due to the pandemic driven deceleration in transportation, other personal services, and accommodation, food and beverage services. Unemployment rate also rose above 5 per cent for the first time since 2009, with a decline in the labour force participation rate, in the wake of uncertainties surrounding the pandemic.

Reflecting the combined effect of the contraction in Gross Domestic Product (GDP) at current market prices and the depreciation of the Sri Lankan rupee against the US dollar, GDP per capita declined to US dollars 3,682 in 2020 from US dollars 3,852 in the previous year. The pandemic also caused a decline in the overall size of the economy to US dollars 80.7 billion in 2020 from US dollars 84.0 billion in 2019

Further, the government's health sector bill for COVID management topped Rs.4.5 billion during the two years of the pandemic, which included medical equipment and infrastructure assistance at quarantine centres and hospitals. The number of quarantine and treatment centres had to be increased to attend to potential COVID victims and the government also increased the number of ambulance services, specialist and equipment in ICUs as well.

INDUSTRY IMPACT

Private healthcare industry had the overwhelming task of protecting the staff and providing patient care at the same time, during the year. The industry which had functioned mostly on traditional patient management systems such as physical consultations and in-patient examination, had to adapt fast to the 'new normal' which required social distancing and patient-doctor safety.

The pandemic accelerated the sector's digital transformation of healthcare services and forced the sector to rethink of how to provide the same care in more innovative ways. This has been an unanticipated blessing for the healthcare sector, where regular time consuming activities could now be conducted at more efficient, safe, time and cost saving means.

The government issued guidelines on COVID management and suspected patient management as well as on PCR testing. Amidst mobility restrictions, health sector initiated provisions for online disease screening, consultation, medical need delivery and web medical based assistance.

The sector maintained a patient to doctor ratio of 1,117 persons to one doctor, 582 patients per nurse and 3.5 beds per 1000 patients in 2020. Further, 2,173 private sector beds were available in 217 registered private hospitals across the island. State hospitals contained

715 Intensive Care Unit (ICU) beds as at end 2020, reflecting 3.3 ICU beds per 100,000 persons. The sufficiency of these resources relied mostly on containing the number of patients at manageable levels, considering these resources must double for non-communicable diseases requirements as well.

PERFORMANCE

For Nawaloka Hospitals PLC, the initial months of lockdown and adapting to the 'new normal' slowed down the volumes of patients opting to seek private health services. However, with the lockdown curfew being lifted, the hospital saw the numbers improve, although not to pre-COVID status.

During this time the management speedily adapted to the 'new normal' by initiating several innovative approaches to support our customers. These included expansion of laboratory services, web based consultancy services amongst other initiatives which are explained in detail in this report.

The Hospital's direct cost management strategy helped maintain profit margins during the year, as many capital expenditures and operations costs were streamlined to manage expenditure across the Group.

CORPORATE GOVERNANCE

We are dedicated to uphold the highest standards of corporate governance irrespective of the external challenges that we face. The Management continued to provide ethical and strategic leadership towards achieving this, supported by the governance structure that ensure checks and balances as well as value creation at all functional levels. Our commitment to our staff, customers, suppliers and numerous other stakeholders are built on the trust and confidence they placed in ensuring a principled business operation.

LOOKING AHEAD

I firmly believe that 2021/22 would offer greater opportunities for growth and sustenance for the healthcare sector as well as for Sri Lanka. With the management of the COVID-19 pandemic and the successful completion of the vaccination drive, I am confident that daily activities will resume under the 'new normal'.

The economy will get a fresh start from local industries that are gearing to exploit state policies and plans towards food security and an export oriented economy.

Every challenge has a learning and a growth path. COVID-19 offered Nawaloka Hospitals PLC the opportunity to learn, evolve, innovate and re-strategise. The Hospital has set in place systems, procedures, mechanisms, technology and personnel required to manage a healthcare crisis or another pandemic.

APPRECIATION

My sincere appreciation to all the medical and support staff of Nawaloka Hospital for rising above the call of duty during this challenging time to provide quality and timely healthcare to all our customers. I wish to thank customers for having confidence and trust in Nawaloka Hospital as their trusted healthcare partner. We couldn't have overcome this difficult time without the dedication and hard-work of the team. I thank our board members for their commitment, guidance and support throughout the year and our valued shareholders for their unwavering faith.



Dr. Jayantha Dharmadasa
 Chairman/Chief Executive Officer
 30th August 2021

Deputy Chairman's Message



FOR OVER THREE DECADES (FOR 36 YEARS), NAWALOKA HOSPITAL HAS FULFILLED OUR PROMISE OF PROVIDING THE NATION WITH HIGH QUALITY, STATE OF THE ART HEALTHCARE.

In our journey we've faced many challenges and obstacles and triumphantly overcame them all. The newest and prevailing challenge in the form of COVID-19 is one of the biggest challenges we've faced thus far and I am confident we will emerge victorious. Nawaloka hospital has been in the forefront in managing the pandemic and its rising patient count with emergency and urgent medical assistance to all whilst extending our support to the national effort in managing the pandemic.

PERFORMANCE

I am pleased that despite these challenges, the Nawaloka Hospital Group has recorded a revenue of Rs. 11.8 Bn during the year, while profit after tax grew to Rs. 501 Mn, significant increase from Rs. 15.9 Mn recorded the previous year. The satisfactory performance spoke volumes of the courage, commitment, professional and humane approach of

our medical and non-medical teams who worked tirelessly in finding innovative solutions to each challenge the year threw at us.

Operating profit increased 27 percent in 2020/2021 financial year recording an operating profit of Rs. 1,504 Mn compared to Rs. 1,180 Mn. The operational profit was not affected by the marginal increase in staff costs during the year which decreased by 1 per cent. However, management has taken measures to contain increasing operational expenditure in the future whilst ensuring the highest quality of service and stakeholder safety.

Undoubtedly, the hospital's planned activities had a setback and targeted volumes and revenues were impacted by the pandemic's unexpected turn of the 2nd and 3rd waves that led to a nationwide lockdown and slower in-patient and out-patient visits.

While operational expenses rose due to COVID-19 prompted safety requirements for staff and premises, aggressive measures to minimize waste and increase efficiency of processes and activities, helped profitability to increase by the end of the year.

We will be focusing on maintaining our liquidity position and lowering operational expenditure, through sustainable utilization of resources and assets.

ADAPTING TO NEW NORMAL

Continuing from the previous year, the pandemic's unexpected growth and spread changed the operating dynamics of the hospital to a great extent. While additional resources and infrastructure was required to introduce service channels for COVID-19 detection and treatment. This new norm also prompted other new requirements such as Intermediary Care Centres (ICC), PCR and Antigen testing for in-patients, digital consultation and reports sharing mechanisms and segregation of staff to contain them in operational 'bubbles'. We have Invested in necessary equipment to give extended care to COVID-19 positive patients. We are proud to say that Nawaloka Hospital has treated nearly 7,500 patients successfully. This is a testament of our talented and dedicated in house medical team Technology played an immense role in meeting the needs of the pandemic stricken national health crisis. The digital transformation within the hospital allowed seamless transition of functions and services paving the way for undisturbed service.

LEADING THE HEALTHCARE INDUSTRY

In continuing to be a private healthcare leader, Nawaloka has expanded its services and accessibility during the year.

The new building in our premises which caters to channelling services and park facility for vehicles enabled a larger clientele to obtain Nawaloka healthcare services in a safer, spacious and more comfortable atmosphere, thanks to the structured nature of the Center which ensures ample social distancing between staff and client, client and other client.

The hospital has also increased the number of ICU facilities and beds, as well as regular accommodation and surgical theatres to provide timely services to all clients. Investments were also made in enhancing the technology during the pandemic for speedier and convenient diagnostics.

PCR testing facilities were enhanced with the addition of four new machines capable of a higher output in a shorter period of time. Nawaloka conducted PCR sample testing for many corporates including the BOI. Patients are able to obtain their results within 8 - 24 hours due to this investment.

Nawaloka is proud to be a leading hospital chain with the addition of a new wing to Negombo hospital. This initiative has ensured that patients need not travel the distance for quality healthcare and can obtain same the services from Nawaloka Negombo as they do in Colombo. This has also increased the number of beds and consultations that are available to clients.

PCR TESTING FACILITIES WERE ENHANCED WITH INVESTMENT OF MACHINES CAPABLE OF MANAGING HIGH NUMBER OF SAMPLES. HOSPITAL IS DOING PCR SAMPLE TESTING TO MANY CORPORATES INCLUDING BOI. THIS HELPS COMPANIES TO MONITOR INFECTED STAFF IN THEIR WORKFORCE AND EXCLUDE THEM FROM THE WORKING FLOW.

In addition, taking a step further to make Nawaloka services available and affordable to other regional clients, our laboratory network has been expanded with our own laboratories and partner collection centres. As a result, regional clients can obtain advanced laboratory testing services which are faster and more accurate.

I am proud to mention that Nawaloka was the first in opening many avenues in battling the COVID-19 virus in the form of intermediary care facility centres, offering a comfortable yet fully equipped medical service away from the hospital. Convenient and safe access to PCR testing and fast and reliable test results.

Deputy Chairman's Message

THE HOSPITAL IS ACCREDITED BY JCI (THE JOINT COMMISSION INTERNATIONAL) GLOBAL SERVICE AND QUALITY STANDARDS/ CERTIFICATIONS WHICH IS A TESTIMONY TO THE EXCELLENCE OF THE HEALTHCARE SERVICES WE OFFER AT NAWALOKA HOSPITAL.

A dedicated cardiac unit and cancer care unit are in the pipeline which was temporarily delayed by the pandemic's immediate care requirement and infrastructure investments.

MAINTAINING HIGH STANDARDS

The quality of the healthcare we provide is our first and foremost responsibility towards our clients.

This has been the reason for Nawaloka's success over the years. Despite the challenges of the year, and the demands of adapting to the new normal, Nawaloka continued to abide by all standards, procedures, certifications ensuring patient safety, clinical outcomes, patient experiences, and employee safety.

The Hospital is accredited by JCI (The Joint Commission International) global service and quality standards/ certifications which is a testimony to the excellence of the healthcare services we offer at Nawaloka Hospital.

Further, the hospital follows a comprehensive set of guidelines and policies that include Standard Operating Procedures and Practices, ISO 9001:2015 certified Quality Management

Systems (QMS). The QMS manages our data and compliance ensuring a culture of continuous improvements. In addition, clinical and operational procedures comply with regulatory requirements of Private Health Services Regulatory Council (PHSRC) which is in keeping with global standards.

Quality Assurance is monthly reviewed and monitored to ensure implementation of quality standards within the hospital. The Hospital also consist of a Quality Improvement and Patient Safety Committee which includes both medical and non-medical teams. They meet weekly to monitor and review quality of care provided and identify improvements on a timely manner, to ensure patient safety.

OPTIMISTIC FUTURE

Nawaloka Hospital has defied all odds of the COVID-19 pandemic, overcoming and outperforming challenges both operational and financial during the year. We are confident that the future is undoubtedly positive as the state vaccination drive combined with increased familiarity with the COVID-19 pandemic will encourage a return to day to day life.

While Nawaloka has already invested in a Specialty Center ready to cater to the non-communicable and general health needs of the international and domestic clientele, the anticipated new wing of the Negombo Nawaloka Hospital will also become operational in the future extending our services to a larger domestic clientele.

The Hospital will also continue our planned investments into surgical and diagnostics areas increasing accessibility, accuracy and speed of healthcare services.

We are mindful that precautionary measures under the COVID-19 guidelines and staff and customer safety must be maintained in the coming years, whilst we expand our technology and service promise on non-COVID healthcare. Hospital has expanded its accommodation facility in order to improve the comfort of the staff as well. In addition, staff transport was arranged to ensure they can commute in a COVID-19 free environment. The members of our staff are well equipped with all COVID-19 precautionary

materials such as PPE , hand sanitiser etc Learning from the experiences of the last two years, we will strengthen our technology and digital presence in the healthcare sector, offering consultancy, diagnostics, online pharmaceutical delivery and other services including in-patient and out-patient services.

Enhancing digital capabilities for internal and external operations within the hospital administration has also helped manage the risks of the pandemic which we will continue.

Streamlining our expenses, reducing waste, and maintaining high productivity and efficiency would be a key priority in the next year for the Group.

APPRECIATION

I would like to thank our Chairman and the board of directors who have continued to be a pillar of strength. The physicians and members of our staff for their unyielding dedication and selfless willingness, standing strong at the fore front of the COVID-19 battle field,

And our patrons who continue to trust in us.



Mr. Harshith Dharmadasa
Deputy Chairman

30th August 2021

Director/General Manager's Statement



**NAWALOKA HOSPITALS HAS
LEVERAGED OUR PIONEERING
36 YEARS OF EXPERIENCE IN
ADVANCED TECHNOLOGY,
SKILLED STAFF, AND
VISIONARY MANAGEMENT TO
PROVIDE FOR PATIENT CARE
THROUGH THE YEAR 2020/21.**

Coming out of the second wave of the pandemic, year 2020 turned out to be another year of uncertainty with new variants and lockdowns.

A grim reminder to all of us that, viruses mutate all the time but most of the time mutations make the disease more virulent and tend to dominate unfortunately. As such, we had to resort to new norms and begin to strategise our operations to overcome the negative impact on our planned performance. Proper management of patients, screening and isolation, control and prevention of transmission of infection became our priority.

OVERCOMING COVID-19 CHALLENGES

This pandemic has become the biggest healthcare challenge of this century impacting both global and domestic healthcare sector.

The challenges were multi-faceted and evolving. Whilst the health sector grappled to provide timely vaccination and medical attention to patients, it also had to manage the increasing spread of the pandemic with increased demands for patient care.

Being an ISO certified and JCI accredited hospital, we were obliged to ensure safety and well being of our patient care team whilst providing the best of care to the patients. Simultaneously, the Ministry of Health being our regulator strict adherence to their guidelines and protocols had to be met.

Patients were very reluctant to visit the hospital and hence we saw a very restricted clientele for non COVID illnesses and investigations and care, especially during the first two waves.

From the safety perspective, the hospital was restructured end to end, entrance to exit and vice versa to ensure segregation of COVID-19 patients from the rest.

WE INVESTED HEAVILY IN UPGRADING AND MODERNIZING OUR STATE-OF-THE-ART 3000SQ FOOT MOLECULAR BIOLOGY LABORATORY, WHICH IS ONE OF THE LARGEST IN SRI LANKA. NAWALOKA TOOK THE LEAD IN TESTING AND SCREENING WITH A CAPACITY OF 3,500 PCR TESTS PER DAY.

This ensured that the neither staff nor patients were compromised. Multiple screening points were established in the hospital to segregate suspected COVID-19 patients, outpatients, in house patients and patients for investigations and services.

New protocols had to be set in place and only the screened persons were allowed inside the hospital as indicated by different coloured stickers and hence, the hospital had been designated to three risk zones. Frequent Rapid Antigen tests and PCR tests were carried out before admission to the wards, operating theatre complex and other procedure rooms.

Nawaloka Hospitals PLC revamped the infection control unit and established committees that met very frequently to asses and take appropriate action to ensure safety aspects of accommodation, transport, food supplies disposal of waste, safety requirement with regular inspection teams visiting and CCTV cameras to monitor compliance.

Segregation of staff in offices, call to work on roster basis, staff accommodation, staff transport and

random screening tests ensured the safety of healthcare workers. Frontline vulnerable staff such as cashiers, cleaning staff, reception staff and security personnel were given high priority. All the staff were given appropriate protective wear.

INVESTING IN TECHNOLOGY AND INFRASTRUCTURE

The hospital annually invests approximately Rs. 150 Mn in new medical technology and for upkeep of existing technology. The continuing pandemic has forced us to divert some of our investments towards COVID-19 care.

We invested heavily in upgrading and modernizing our state-of-the-art 3000sq foot molecular biology laboratory, which is one of the largest in Sri Lanka. Nawaloka took the lead in testing and screening with a capacity of 3500 PCR tests per day. Our PCR testing services were extended to the community locations such as tourist hotels, airports, seafarers and maritime, garment factories, corporates, outreach testing and our own hospital needs. Such services required advanced laboratory equipment with short turnaround times to meet the demands and our laboratory was accredited by the Ministry of Health for this purpose.

New diagnostic tests were introduced to enable clinicians to fast track detection and treatment of COVID-19 patients.

A dedicated negative pressure modern operating theatre capable of performing major surgeries on infected patients was commissioned easing the burden and the risk on the main operating theatre complex.

Simultaneously, the intensive care beds were expanded to over 30 with a negative pressure system and

high-pressure oxygen lines and additional ventilators and CPAP equipment and a dedicated renal dialysis unit for infected patients.

Notwithstanding this additional expenditure, the management continued its investments on advanced surgical equipment and also proceeded with the purchase of the additional state of the art high-end catherization laboratory which will be installed before the end of 2021.

The COVID-19 pandemic, naturally deterred our customers to physically come to the hospital except of dire emergencies. As such, we restored to the new norms of digital patient care management system. Especially, the patients with NCD's like diabetes, hypertension, IHD need continuous follow up with investigation and medical consultations while staying at home. Accordingly, we revamped our "laboratory tests on line" APP for mobile services, video consultations. The drive through facilities have provided a great a relief specially to our loyal and elderly clientele.

Healthcare being a high-risk essential service during the Pandemic, human resources management was given high priority by the management as the safety of our 2,700 work force was of paramount importance to maintain the services.

Therefore, Internally, the Management converted its administrative and other communication mechanisms through digital technology such as Zoom and webinars for meetings and staff awareness and training. In addition job rotations were introduced for better management.

Director/General Manager's Statement

The provision of special accommodation to quarantine the affected staff, and working with the bubble concept, has been found to be highly successful in infection control and maintaining the continuity of our services.

Intermediate care centres (ICC) for COVID-19 positive patients was a new concept introduced by the Ministry of Health to look after COVID-19 patients who are asymptomatic. Nawaloka hospitals established four such centres in close proximity to the main hospital which helped to release the burden on the government as well as the private sector bed capacity. These centres are supported with hospital facilities and medical attention with basic emergency services. Which has been a successful project to help the affected community, and our clients.

FUTURE OUTLOOK

The last year or two has been a period of learning to live with the pandemic with new social and lifestyle changes impacting on the healthcare system. With the hope of a successful immunization programme and a disciplined society and relying on the herd immunity concept we have planned for the future challenges in the short term.

With dwindled revenue from the expatriate and tourism sector the hospital will concentrate on developing the services for the domestic sector in the short term, such as cardiology, maternity, child care, NCD's.

A category of patients who regularly sought medical attention in countries like India and Singapore have now turned to our local expertise, a brighter side of this pandemic which we hope to capitalise.

With our decades of experience we are confident of achieving our performance targets through strategies based on patients behaviours, preferences and trends though returns on investments may be impacted by the pandemic.

APPRECIATIONS

My profound appreciation to the Chairman and the Board of Directors for their visionary leadership and strategic guidance and to the Deputy Chairman, for the overwhelming support in guiding the daily operations during the most demanding circumstances of the pandemic.

I wish to thank our stakeholders who have placed faith and confidence on Nawaloka and our value promise to each of them.

I wish to thank our dedicated staff and medical professionals who have worked tirelessly to ensure timely and quality services to our loyal customers during this challenging times.



Vidya Jyothi Professor Lal Gotabhaya
Chandrasena
Director/General Manager

30th August 2021

RISKING THEIR LIVES



Despite risking their own lives, our staff exhibited an unparalleled level of care and commitment in fulfilling every duty and responsibility they undertook to the best of their ability.

Operating Context and Strategy

Value Creation Model

OUR RESOURCES AND RELATIONSHIPS



FINANCE CAPITAL

We are disciplined in allocation of our financial capital. Cash from operations, debt and equity fund our growth.

Rs. 4,099 Mn
EQUITY

Rs. 18,713 Mn
ASSETS



MANUFACTURED CAPITAL

Best-in-class medical equipment and technology facilitates high quality healthcare.

Rs. 13,729 Mn
PPE COST

Rs. 74 Mn
COVID-19 SAFETY
MANAGEMENT
COST



INTELLECTUAL CAPITAL

Our service offerings and quality standards drives our competitive advantage.

479
EMPLOYEES WITH OVER
10 YEARS EXPERIENCE



SOCIAL AND RELATIONSHIP CAPITAL

Strong relationships underpin our reputation and the trust of our key stakeholders.

700+
CONSULTANTS

558
SUPPLIERS



HUMAN CAPITAL

The skills, experience and attitude of our employees nurture lasting relationships with our patients and stakeholders.

2,754
EMPLOYEES

7,188
TRAINING
HOURS



NATURAL CAPITAL

Includes inputs we seek to source responsibly and use efficiently.

184,244 m³
WATER
CONSUMPTION

9,822,140 kWh
ENERGY
CONSUMED

HOW WE CREATE VALUE

VISION

“To be the hospital of tomorrow”,
to provide quality and safe healthcare to the people whilst maintaining leadership and excellence in the healthcare facility.

MISSION

“Healing with Feeling”

To provide best quality healthcare
in accordance with international standards to the needy, in a cost effective, timely and professional manner

Strategy

Governance

Risk

BUSINESS ACTIVITIES



Channelling Services



Laboratory Services



Theatres



Pharmaceuticals



Radiology



Emergency Treatment Unit (ETU)



Endoscopy Unit

VALUE CREATED

Sustainable Shareholder Value

- Rs. 11,828 Mn Revenue
- Rs. 2.91 Net Assets per Share

Satisfied Customers

- 700+ outpatient consultations
- 14,892 surgeries

Trusted Partnerships

- 7,188 in training hours

Engaged Team

- Rs. 1,751 Mn salaries and wages

Environmental Sustainability

- 545,993 kWh Energy saved

Increased Socio-Economic Development

- Rs. 6.5 Mn investment for CSR activities

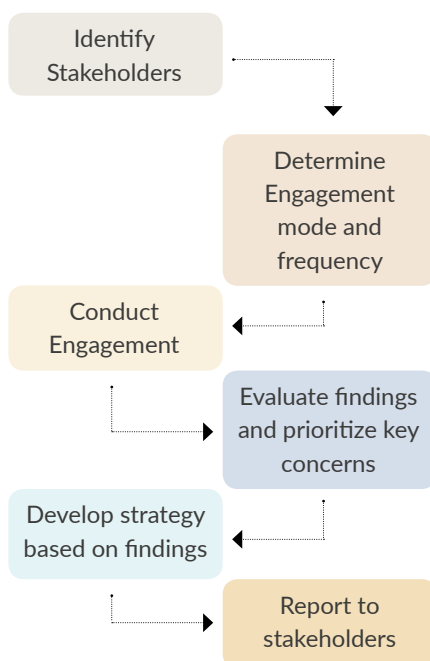
CAPITAL TRADE-OFFS & INTER-DEPENDENCIES

- Financial capital is prudently allocated to maintain appropriate balance between organisational sustainability and stakeholder benefit. Disciplined capital allocation ensures our continued growth and supports our ability to add value to all other capitals
- Safety, health and skill development underpin employee engagement. Through investment in our employees, Nawaloka Hospitals PLC benefits from higher productivity and superior patient care.
- Our communities grant our social license to operate. We invest to support economic empowerment and social upliftment.
- Our investment in natural capital utilizes financial capital. We invest to protect resources for the sustainability of our business and for future generations.
- Infrastructure and Technology, underpins patient care and safety, attracting capital investment that in turn ensures business sustainability.

Stakeholder Engagement

NAWALOKA HOSPITALS PLC BELIEVES THAT POSITIVE RELATIONSHIPS WITH OUR NUMEROUS STAKEHOLDERS FORM THE BASE OF OUR GROWTH AND SUSTENANCE. ENGAGING OUR STAKEHOLDERS IN THE VALUE CREATION OF OUR COMPANY IS VALUABLE TO US. THEREFORE, IT IS IMPORTANT FOR US TO UNDERSTAND OUR STAKEHOLDER NEEDS AND RESPOND APPROPRIATELY TO CREATE VALUE IN THE SHORT, MEDIUM AND LONG TERM CONSISTENTLY.

OUR STAKEHOLDER ENGAGEMENT PROCESS



CUSTOMERS



EMPLOYEES

STAKEHOLDER INTEREST

- New services and technologies introduced
- Quality of the services received
- Availability of services.
- Advantages in terms of pricing, time consumption, and quality
- Maintain Customer Privacy

- Skill Development
- Operational issues
- Employee Benefits
- Employee suggestions and complaints
- Risk involved in work-place
- Social events

PLANNING STAKEHOLDER ACTIVITIES

- Innovation – New packages, new tests, new modern medical treatments
- Service excellence of the hospital
- Customer Complaints Management
- Continuous monitoring of process for improvements
- Restrict access to personal information

- Human Resource Development Plan
- Employee engagement
- Rewards and recognition
- Job security
- Grievance handling
- Establishing occupational health and safety policy and employee welfare
- Enhancing Employee Motivation

ENGAGEMENT WITH STAKEHOLDERS

- Public relationship officer, social media, corporate website and Above the Line and Below the Line marketing
- Periodic customer satisfaction survey feedback system
- Responding to concerns raised through e-mail and letters
- Meetings by public relationship officers
- Communication through social media, call centre, corporate website, Customer support desk
- Shred sensitive paper documents

- Monthly and weekly Inbound and Outbound Training,
- Meetings and Workshops
- Communicating operational updates via E-mails
- Quarterly performance appraisal
- Grievance Committee
- Open Door Policy
- One to one Discussion
- Employee forums
- Training and Awareness programmes
- Employee get-together
- Cricket fiesta
- Annual trip

EVALUATION AND REPORTING

- Repeat patients
- Level of patient satisfaction
- Number of patient complaints
- Patients waiting time

- Post meeting feedback evaluation
- Employee Turnover
- Employee Satisfaction Surveys
- Employee Comments and Suggestions



REGULATORS AND LEGISLATION

- Legal and regulatory compliance

- Establishment of legal department
- Adherence to all mandatory regulations

- Ongoing dialogue and review
- Press releases
- Filing reports and returns
- Submission of reports
- Adherence to environmental regulations

- Number of litigations
- Compensation paid for non-compliance



SUPPLIERS

- Expected quality and quantity, Prices, Delivery terms, Payment method, Credit period
- New Orders

- In detail supplier chain management policy
- Tender procedure

- Ongoing dialogue and tender committee meetings
- Equitable and on-time payments
- Transparent Tender Process
- Contract negotiations
- News papers, E-mails
- Tender committee
- Invite supplier via news paper and e-mails

- Number of repeat purchases
- Quality Complains
- Credit days
- On time delivery
- Stock out percentage



SOCIETY

- Contribution to the society

- Community development and capacity building
- Education and literacy
- Health and nutritional development of society

- Sponsorships
- Contributing to improve public facility such as sanitary and water supply
- Various medical awareness and discussion
- Programmes conducted for the general public
- Awareness programme
- Health promotional campaign
- Press conferences
- Medical campaign

- Number of complains
- Comments on social media
- Adverse news presented on public media



INVESTORS

- Financial and non-financial performance and improvement of CSR activities
- New Improvements
- Changes and improvement of governance

- Detailed financial management and operational management
- Improve Effectiveness and Efficiency
- Innovations – New Packages and new test
- Corporate Governance Practices

- Announcements to stock exchange
- Corporate Website
- Annual General Meeting
- Quarterly Reports and Annual Report
- Communication through Above the Line and Below the Line Advertising
- Compliance to Code of Best Practices on Corporate Governance

- Weekly management meetings
- Budgets
- Internal Controls



CONSULTANTS

- Time schedules for consultation
- Contribution to the hospital
- Consultant payments
- Additional medical facilities required

- Enhancing facilities to consultants
- Service excellence of the hospital
- CME Programmes

- Individual meetings
- Ongoing dialogue
- Consultant forum

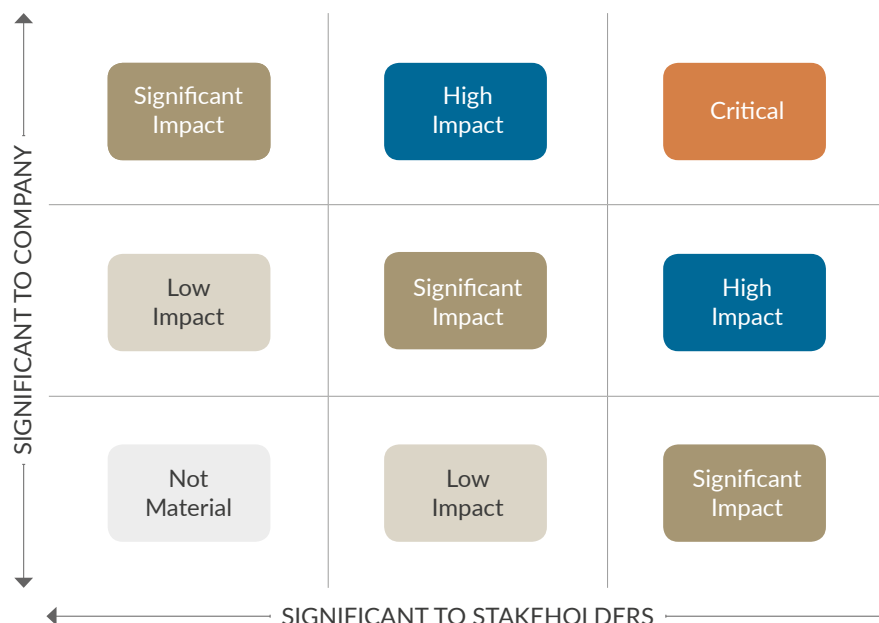
- Consultants' feed-back evaluation
- Experience of consultants

Determining Material Issues

NAWALOKA HOSPITAL PLC'S MATERIAL ISSUES HAVE A SIGNIFICANT IMPACT ON THE SUSTAINABILITY AND VALUE CREATION OF OUR BUSINESS IN THE SHORT, MEDIUM AND LONG TERM.

Each material issue enhances the value generated by the hospital towards its customers, stakeholders and the business. For this reason, we take great care to assess our material issues annually and to identify any areas that pose a risk or create an opportunity. They are then integrated into the group strategy, which helps the company manage the risks and opportunities effectively and efficiently.

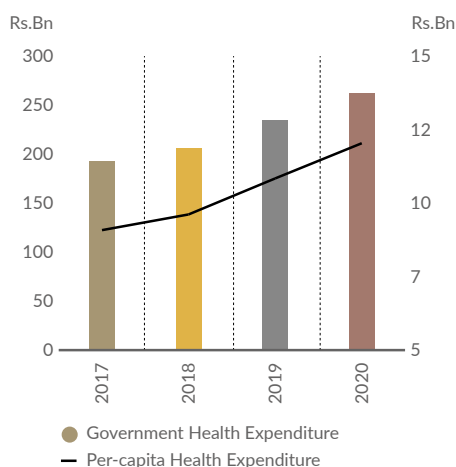
The issues identified below are the most relevant and have been evaluated and prioritized as summarized in the heat map and table below, considering their relative importance to stakeholders and potential impact on business operations. The material issues included in this Report are a combination of those prescribed by the GRI guidelines and those specific to our industry and value creation model. This process can be understood in depth under Value Creation.



MATERIAL ISSUES

Critical	High Impact	Significant Impact
• Quality (of care) • Consultant relationships • Customer health and safety • Customer privacy • State of the art technology • Innovation • Cost efficiency • Effluents and waste management • Environmental compliance • Occupational health and safety • Training and education • Prevention the spread of COVID-19	• Supply chain management • Government Policy • Operational efficiency • Marketing and labelling • Anti-competitive Behaviour • Anti-corruption	• Socio-economic compliance • Energy Efficiency • Water Efficiency • Emissions • Procurement practices (SME support) • Human rights assessments • Non-discrimination • Child labour • Forced labour

GOVERNMENT GUIDELINES ISSUED TO PRIVATE HEALTHCARE PROVIDERS ON CLINICAL MANAGEMENT OF COVID-19 PATIENTS AND SUSPECTED PATIENTS AS WELL AS ON PCR TESTING, MEANT THAT THE HEALTH SECTOR HAD TO RESORT TO NON-TRADITIONAL FORMS OF PATIENT SUPPORT.



The state also pumped in PPE equipment, masks and other safety gears essential to protect health workers whilst encouraging the private sector to import essential medical safety equipment with minimal levies.

Resource Availability

According to the Central Bank, the health sector reported a patient to doctor ratio of 1,117 persons to one doctor, 582 patients per nurse and 3.5 beds per 1000 patients in 2020. Further, 2,173 private sector beds were available in 217 registered private hospitals across the island. State hospitals contained 715 Intensive Care Unit (ICU) beds as at end 2020, reflecting 3.3 ICU beds per 100,000 persons. The sufficiency of these resources relied mostly on containing the number of patients at manageable levels, considering these resources must also split between COVID and non-COVID patients requiring medical attention.

MACRO ENVIRONMENT

With the world combating the COVID-19 pandemic, and Sri Lanka determined to keep the pandemic under control 2020 was a year of challenges and uncertainties. Sri Lanka's COVID-19 response during the year was positive and well managed. In contrast to many developed nations, Sri Lanka's COVID-19 number remained well below the global average during the first and second waves of the pandemic.

Sri Lanka's reported COVID-19 cases totalled 92,706 as at end March 2021 with a marginal 0.61% fatality rate.

The Government's COVID-19 response task force immediately set in place movement control measures, patient tracking, PCR testing and community awareness programs aimed at keeping the pandemic contained. Even during the second wave of the outbreak, the collaboration between the government, health sector and other stakeholders helped manage the rise of the pandemic, whilst ensuring public health was still safely available to non COVID patients at both state and private sector hospitals.

In the midst of this health crisis, the country also faced an economic downturn following a slowdown of economic activities, increased health and community support expenditure, and export revenue drop.

HEALTH CARE INDUSTRY

Double Jeopardy

The domestic healthcare industry which has been resilient to many crisis over the past, were faced with multiple challenges during the COVID-19 outbreak. On one hand, the outbreak required that health services were available continuously to attend to patient care. On the other hand, it posed a health and safety risk for both medical and non-medical staff who were exposed to possible COVID-19 patients.

As a result, the healthcare sector had to adapt and set in place mechanisms to minimize potential risks to staff whilst ensuring patients are given adequate medical attention. Protecting medical staff was of utmost importance during the outbreak as medical resources were limited and could not be enhanced immediately.

Thinking Out of the Box

Government guidelines issued to private healthcare providers on clinical management of COVID-19 patients and suspected patients as well as on PCR testing, meant that the health sector had to resort to non-traditional forms of patient support.

Private health sector was fast to resort to digital platforms, home care and delivery services, tele-consulting facilities and other innovative mechanisms to ensure safety of both patient and physician. The state also encouraged and supported these initiatives providing online drug purchasing platforms tying both hospitals and pharmacies across Sri Lanka. The web based mechanism established through public-private sector collaboration linked more than 1,800 pharmacies, covering 96.3 per cent of MOH areas in Sri Lanka.

Operating Environment

THE GOVERNMENT'S VACCINATION DRIVE FOR ESSENTIAL SERVICES SUCH AS MEDICAL, MILITARY AND HEALTH SECTOR STAFF WAS TIMELY. THE HOSPITAL AND HEALTH SECTOR STAFF WERE VACCINATED PRIOR TO THE COVID-19 PANDEMIC ESCALATING ISLAND-WIDE.

Vaccination Drive

The government's vaccination drive for essential services such as medical, military and health sector staff was timely. The hospital and health sector staff were vaccinated prior to the COVID-19 pandemic escalating island-wide. This gave medical and hospitals staff a safety net from becoming critically ill with the deadly virus. The government has successfully vaccinated all health workers with the first dose and the second dose was to be given during mid year 2021.

Regulatory Environment

Healthcare sector continues to be regulated by the National Medical Regulatory Authority (NMRA) and the Private Health Services Regulatory Council (PHSRC). The regulators ensure compliance with quality standards and service delivery, healthy competition, competitive pricing and protection of patient rights at private healthcare facilities.

While pricing pressures have been imposed by the regulators, the impact of same has been minimal to the health sector. In the outbreak of the pandemic, the regulators have been successful in ensuring the safety and affordability of COVID and non-COVID related testing and medical services to patients.

COVID-19 Response

WITH THE COVID-19 PANDEMIC CONTINUING INTO 2020, THE COUNTRY HAS HAD TO FACE CHALLENGES ON MANY FRONTS: HEALTH AND SAFETY, ECONOMY, SOCIAL CONCERNS, EDUCATION AND EMPLOYMENT.

World over, nations have been facing similar challenges and struggling to cope with the rapid spread of the pandemic and its subsequent impacts.

In 2020, the greatest challenge for the healthcare sector was in adapting to the 'new normal'. Being an essential service, the pandemic raised concerns over the health and safety of staff and patients whilst providing access to medicine, consultations, laboratory services and other health care requirements of customers.

Having experienced the initial phase of COVID-19 threat during the 2019/20 financial year, Nawaloka Hospital PLC was better equipped to adapt and manage the demands in the reporting period.

The Hospital initiated several internal and external services and safeguards to support the national COVID-19 effort whilst ensuring the safety of our employees and other stakeholders. Some of these initiatives include:



INTERNAL COVID-19 MEASURES

The Nawaloka Human Resource team was instrumental in initiating multiple efforts to create awareness, provide support, manage human resource who were working at the hospital and from home, and keep the health and safety of the premise under control.

Their timely collaborations helped the hospital successfully fight the pandemic from affecting the hospital operations whilst ensuring the health and safety of our employees. The HR division prepared a HRM strategy based on research of the COVID-19 virus and its symptoms; and investigations of the pandemic's spread within Sri Lanka.

The HRM strategies below have been implemented within the Hospital. They are:

01. Invest on training employees for remote working
02. Give more consideration for worker well-being
03. Conduct medical tests at the selection process
04. Create employee resource groups
05. Encourage sick employees to stay at home
06. Communicate all the necessary actions taken by the organization to employees

INTERNAL SAFETY AND SUPPORT PROVIDED TO EMPLOYEES BY THE HOSPITAL:

• Insurance Scheme with COVID-19 Cover

Nawaloka Hospital offered full board, fully accommodated COVID-19 treatment facility for employees who fall sick with the pandemic for a 10 day period. The hospital has rented a separate three star hotel at Mount Lavinia for this purpose. Employees are given a comprehensive insurance cover as agreed. This helps employees manage their treatments and related expenses during their recovery.

Internal	External
Employee Screening	Introduction of COVID-19 isolated treatment centres
Insurance Cover for COVID-19	Contact-less PCR testing and reporting
Transport Facility during the Pandemic	Online Consultation
Provision of Healthy and Safety Equipment	Regular Fumigation and Sanitization
Vaccination of employees	Restricted Usage of Common Facilities
Introduce work from home setup	Home medical visits
Separate COVID-19 treatment centre for staff who were test positive	Delivery of drugs

COVID-19 Response

- **Transport Facility During the Pandemic**

During the lock down period, Nawaloka Hospital provided transportation to staff to and from home so that they are safe from being exposed to the virus in public transport or through contact with the general public. Protecting the staff at this pandemic time was essential for Nawaloka Hospital as it meant the smooth functioning of the hospital as well as the safety of staff, consultants and customer. The transport facility operated on seven routes and 547 number of staff used this facility.

- **Provision of Health and Safety Equipment**

Employees were provided with necessary protective gear to ensure their safety during this COVID-19 health crisis. Equipment included face masks, face shields, gloves and all other necessary precautionary items.

In addition to the above measures, the Nawaloka Hospital also implemented a set of safety guidelines for employees. These guidelines were aimed at protecting both the employees as well as their immediate family members from the pandemic. It included:

- Strict safety procedures before entering hospital premises
- Safety measures (eg: wearing a mask, maintaining social distancing, hand sanitizing) were strictly monitored throughout working hours
- Disinfecting and cleaning hospital premises and surface cleaning in public areas.

- Creating awareness among employees on the COVID-19 pandemic through frequent communication (eg: announcements, posters, emails, in daily briefing sessions)
- Procedures to improve mental health and psychological well-being of employees
- Use of minimum back office staff and encourage work from home

EXTERNAL COVID-19 MEASURES

The external COVID-19 measures mainly focused on supporting the government's efforts to managing the spread and control of the pandemic within the country, as well as making our society a safer and healthy environment for the public.

During the pandemic, the hospital implemented as many initiatives as possible to minimize the risk of exposure and contact with hospital staff.

- **Introduction of COVID-19 isolated treatment centres**

These centres were set up away from the hospital premises as isolated treatment centres for patients. They were aimed at providing comfortable quarantine and monitoring spaces away from regular patients and the public under strict medical supervision and government health guidelines. Hospital acquired Mount Lavinia hotel, Hotel Mirage, OZO Hotel and Wonder Hotel to treat the patients. The Hospital has treated more than 7,500 patients during the period. A separate COVID management centre was established at Nawaloka Hospital for patients who needed extended care. Hospital has established 330 number of patient rooms at ICC Hotels and 20 number of ICU beds.

- **Contact-less PCR testing and reporting**

The contact-less PCR testing and reporting facilities provided customers the benefit of getting themselves checked without exposing themselves to staff and other stakeholders at the hospital. This allowed the hospital to ensure the safety of both patient and staff during the pandemic. Hospital conducted 480,000 number of PCR for customers.

- **Online Consultation**

This allowed patients to have access to their consultants and expert advice through digital medium without the exposure and contact of visiting the hospital.

- **Regular Fumigation and Sanitization**

Frequent sanitization and fumigation of the hospital premises were conducted, monitored through a scheduled roster sheet to ensure this is done within a gap of hours to maintain the cleanliness, health and safety aspects of the hospital premises at all times during this health crisis.

- **Restricted Usage of Common Facilities**

By limiting the use of common facilities, the hospital further reduced public gathering, contact and associations that were identified as a key contributor to the pandemic's spread.

CONQUERING CHALLENGES



With years of expertise and experience that have built a legacy of best practices, our lab technicians conquered the many challenges they had to face amid a medical emergency – committing to the principles of consistency and precision in order to deliver accurate results.

Management Discussion and Analysis

Committed to Saving Lives



WITH THE COVID-19 PANDEMIC CARRYING ON INTO THE YEAR UNDER REVIEW, THE HEALTHCARE SECTOR HAS BEEN PROMPTED TO ADAPT AND INNOVATE, RESULTING IN A FAVOURABLE PERFORMANCE DESPITE A CHALLENGING BACKDROP.

The year under review was one that had the spotlight on the healthcare industry. The challenges of the COVID-19 pandemic continued to limit patient visits to the hospital during the year and impacts of the economic downturn added pressure on imports and operational expenditure of the sector. Overall, the year continued to be dominated by the increasing concerns of the pandemic and the urgency for vaccination, prompting the healthcare sector to adapt and innovate to meet the needs of the 'new normal' patient-doctor needs.

Despite the challenges, the Group performed favourably in 2020/2021, reporting a revenue growth of 31 per cent over the previous year.

REVENUE

The Group reported a revenue of Rs. 11,828 Mn in the current financial year, a satisfactory improvement of Rs. 2,792 Mn, which is a 31 percent growth from Rs. 9,036 Mn reported in the previous year. The revenue was mainly from the laboratory services which increased during the year, with over 1,000,000 lab tests concluded during the year which was one of the highest performance rates in recent times.

PROFITABILITY

Notwithstanding the challenges of the financial year, the Group made a profit of Rs. 501.3 Mn. Increase in operational profit margin together with stricter control of the overhead expenditure has helped net profit growth during the year.

Operating profit increased 27 percent in 2020/2021 financial year recording a profit of Rs. 1,504 Mn compared with Rs. 1,180 Mn despite of the Provisions. Administration cost has been increased as a result of conformity cost such as fumigation cost, PPE cost etc. There is no significant fluctuation of the staff cost. Management has taken measures to contain increasing operational expenditure in the future whilst ensuring the highest quality of service and stakeholder safety

ASSETS

Group's total assets increase by 6 percent to Rs. 18,713 Mn, while non current assets decrease by 3 percent to Rs. 14,339 Mn during the 2020/21 financial year. Capital expenditure for year was Rs. 589 Mn. This is as a result of payments relating to construction of multi-storied car park building.

PORTFOLIO PERFORMANCE

While the pandemic's effects were felt across the board in the hospital's regular activities, some divisions of the hospital gained momentum showing a favourable performance during the year.

Laboratories alone accounted for Rs. 6,229 Mn revenue during the year, a growth of 215 per cent from the previous year.

In-patient and out-patient clients were limited due to multiple lockdowns that restricted public movements within the country, while the shutting down of the airport during COVID-19 management also impacted overseas clientele from accessing medical services.

The total number of consultancies and admissions were at 359,119 and 18,286 respectively during the year, significantly lower from previous non-COVID year performances.

The Intermediate Care Centres (ICC) which was a new service centre also contributed towards Group performance. ICC were established in multiple location in the Western provinces providing care for COVID-19 patients. A total of 4 ICC, over 330 beds and over 7,500 patients were treated during the year.

The pharmaceutical sector also performed poorly during the year, due to challenges faced during the initial lockdown. Lack of access for clients to pharmacies during the lockdown posed challenges in providing essential medication to loyal customers. However, this was addressed through Nawaloka initiative for pharmaceutical deliveries and online order placements. Pharmaceuticals sector reported 21 per cent drop during the year.

Rs. 501.3 Mn PROFITABILITY

HUMAN RESOURCES

Being one of the largest private sector hospitals in Sri Lanka Nawaloka Hospital provides for a human resource base of 2,754 employees which includes medical officers, nurses, medical support staff, and administrative staff. During the year, the hospital added 762 new recruits to the cadre to support the increasing demand for healthcare.

This year in particular, the hospital has taken extra measures to provide added facilities and training to the staff in keeping with the COVID-19 guidelines and healthcare requirements. Staff have undergone approximately 7,188 training hours some of which have been on new technology such as PCR testing, and enhancing patient care knowledge.

TECHNOLOGY ENHANCEMENT

The Hospital invested in multiple technology enhancements during the year to ensure uninterrupted service delivery to clients during the lockdown periods and thereafter.

As mentioned in detail under technology and innovation, (pg 64), the hospital transformed from a physical service provider to a digital service provider thanks to the pandemic. Multiple initiatives from online portals for lab testing, pharmaceutical orders, video conferencing or consultancies, lab report sharing via mobile technology, whats app and other mobile based health support mechanisms were introduced to provide the entire range of healthcare services to clients.

7,188 TRAINING HOURS

FUTURE OUTLOOK

We are confident that the impacts of the COVID-19 pandemic would ease in the coming year, with the state vaccination drive targeting to provide protection from the virus to majority of the high risk population.

We believe that the Intermediary Care Centres (ICC) services will attract a larger clientele who are COVID-19 tested positive in a situation another wave of the pandemic or a variant is identified.

Laboratory and pharmaceutical services are anticipated to see a growth as PCR testing and essential drug imports become limited due to state regulations. We are prepared to meet the rising needs of these services with our investments in advanced and speedy technology as well as our expansion of the lab and pharmacy network within the regions.

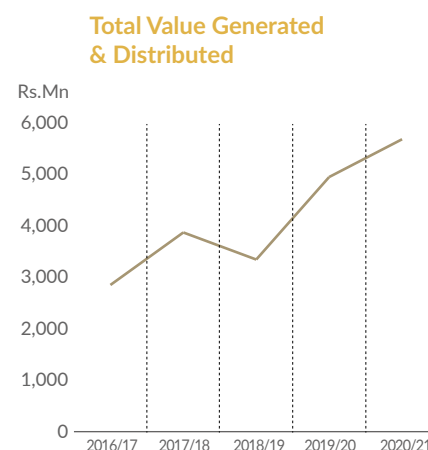
However, we are mindful of the economic challenges that lay ahead in the recovery journey that may require strategic planning and cost management measures to overcome.

The hospital will continue to invest in our non communicable disease treatments whilst aiming to optimize our existing resources and assets to curtail excessive expenditure.

Value Added Statement

	2020/21	2019/20 Restated
Value Added		
Revenue	11,828	9,036
Less: Cost of materials and services obtained	(6,285)	(4,248)
Add: Other income	126	149
Total value generated	5,668	4,937
Distributed as follows to;		
Employees: Salaries, wages & other benefits	(1,751)	(1,762)
Government: Taxes	154	182
Lenders of capital: Interest	(1,205)	(1,390)
Total expansion and growth	(2,866)	(1,967)
Total value Distributed	(5,668)	(4,937)

Year	Total Value Generated & Distributed (Rs. Mn) Restated
2016/17	2,844
2017/18	3,862
2018/19	3,337
2019/20	4,937
2020/21	5,668



SUPPORTING SOCIO ECONOMIC UPLIFTMENT OF COMMUNITIES

The company contributes economically for positive social impact as well.

Access to healthcare

Through our geographical footprint of hospitals, medical centres, and laboratories located island wide, we support the Government's efforts to provide universal access to quality healthcare for all Sri Lankans.

Youth empowerment

Through our dedicated Nurses Training School, we contribute towards youth empowerment and development of skills. The Group attracts many students from around the island. Trainee nurses are provided a monthly allowance with annual increments, subsidized meals, free accommodation, uniforms and medical facilities directly contributing towards regional socio-economic growth. During the year, 50 students were graduated from the school and absorbed into the Nawaloka Hospitals PLC cadre.

Development of Small and Medium Enterprises (SME)

We also contract with local suppliers whenever possible to source materials and services such as canteen services, janitorial services, transport services etc., contributing to the empowerment of Small and Medium Enterprises (SME). 2% of our local suppliers are SME to whom we made payment of Rs. 85 Mn, during the year.

Strategic Business Units

Overview
Our Leadership
Operating Context and Strategy
Management Discussion and Analysis
Risk and Governance
Financial Reports
Supplementary Information

WE ARE DEDICATED TO IMPROVING ACROSS ALL OUR FACILITIES AND SERVICES, PROVIDING OUR CUSTOMERS, STAFF AND CONSULTANTS WITH UPDATED SERVICES AND OPERATING SYSTEMS.



CHANNELLING SERVICES



Nawaloka Hospitals PLC offers the widest array of specialists and consultants in Sri Lanka with over 700+ specialist consultants. The new Specialist Centre will enable the hospital to increase the types of specialties and consultation services offered, where dedicated diagnostic and screening areas have been allocated ensuring convenience and privacy to patients. In 2020/21, 359,119 of consultation appointments were made contributing to a value of Rs. 395,274,711, a 15% decrease vis a vis 2019/20.



LABORATORY SERVICES



Having one of the largest network of laboratory services across the island, Nawaloka Hospitals PLC has been able to provide advanced diagnostic services with minimum travel in most parts of the island, in keeping with health and safety guidelines of limiting commute of patients. During the year, the extensive laboratory services included over 2,500 test options, in 2 reference labs, 2 regional labs, 5 mini labs, 12 company owned collection centres, 800 outsourced collection centres, a home visit and collection option, under the guidance of skilled medical professionals and technicians.



700+
CONSULTANTS



Over 2,500
TEST OPTIONS



14,892
SURGERIES



60,698
RADIOLOGY REPORTS

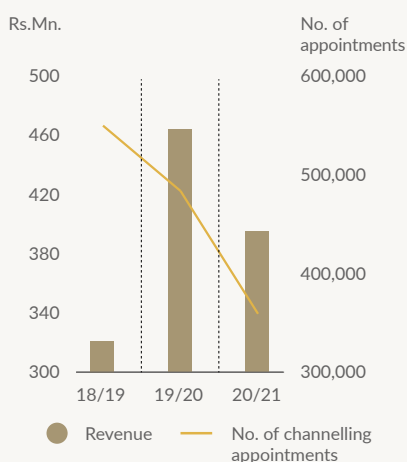


5
PHARMACIES

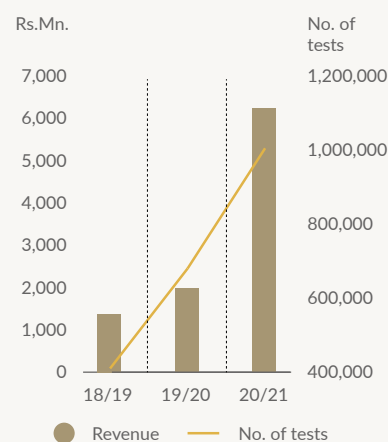


8
AMBULANCES

Revenue and Channelling Appointments



Revenue and No. of Tests



Strategic Business Units

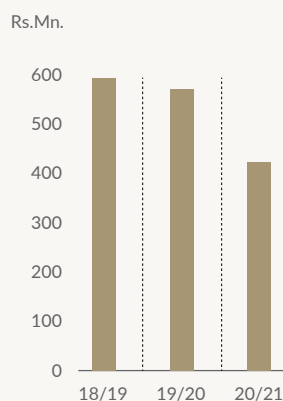


THEATRES



Nawaloka Hospital PLC houses the largest theatre complex amongst private hospitals in the country. The advanced theatre facility is updated with advanced technology on par with most theatres in developed countries. The theatre complex includes 12 dedicated sections for obstetrics and gynaecology, inclusive of two private delivery suites; and 6 dedicated neuro and orthopedic surgical theatres with the laminar air flow facility. Continuous maintenance and upgrade to the equipment and facilities are conducted frequently. In keeping with technology advancements, theatre staff are also regularly trained to enhance their knowledge and skills. In 2020, 14,892 surgeries were performed, of which 37% percent was eye surgeries, and 16% was general surgeries. The theatres' contributed Rs. 340,380,934 in revenue during the year.

Revenue from Surgical Unit

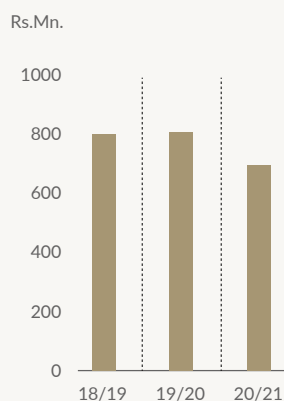


RADIOLOGY



Nawaloka Hospitals PLC has placed immense value to the contribution of radiology in disease identification, isolation and treatment. For this reason, the hospital has invested in the world's most technologically advanced scanning and radiology equipment for accurate and detailed results. The hospital is equipped with the world's fastest and most accurate 640 Slice CT scanner. We are the only private hospital to have two MRI scanners; namely TESLA 3 and TESLA 1.5. The hospital also provides speedy reports, thanks to its PACS (Picture Archiving and Communication System) system which allows consultants to view reports remotely. In 2020/21, the Unit generated 60,698 radiology reports, and have contributed Rs. 695,960,794 in revenue to the hospital. During the year company has upgraded their ultrasound unit by refurbishing the entire area.

Revenue from Radiology Unit

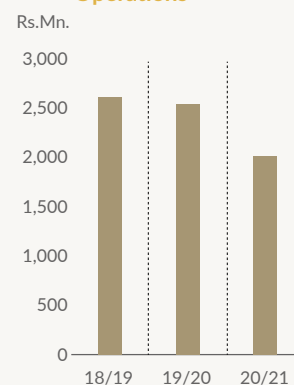


PHARMACEUTICALS



The hospital has expanded its pharmaceutical services during the year, providing patients the convenience of getting their medicine delivered during the COVID-19 pandemic. Being one of the only private sector hospitals to house 5 pharmacies for both in-patient and out-patient use, the hospital maintains sufficient stocks of medicines and other pharmaceutical items. The pharmacies operate 24/7 and are managed by qualified pharmacists who are capable of guiding patients on dosage and medical information. The combined revenue from the pharmacies were Rs. 2 Bn in 2020/21. A slight increase in demand for pharmaceutical delivery was seen during the year due to COVID-19 lockdown and safety guidelines followed by patients.

Revenue from Pharmaceutical Operations



EMERGENCY TREATMENT UNIT (ETU)

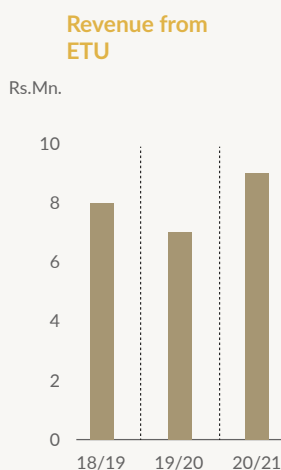


One of the busiest and most sought after services at the hospital, the ETU is well equipped and sufficiently manned by qualified nursing and medical staff who can provide emergency medical support. In addition to the Unit's 11 beds and 8 ambulances on standby, the ETU is frequently updated with essential equipment and facilities to manage all types of emergencies.

ENDOSCOPY UNIT



Nawaloka Endoscopy unit is one of the busiest units in the hospital with highly experienced friendly staff. Unit provides Endoscopy, Colonoscopy, Bronchoscopy, Sigmoidoscopy, Fibro scan, ERCP (Endoscopic Retrograde cholangiopancreatography), POEM (Per Oral Endoscopic Myomectomy), Fibro Optic Laryngoscopy with many other sub category services. The Nawaloka Endoscopy unit provides numerous exclusive services such as Fibro Scan and POEM, most of which are not available in most government sector hospitals. Currently the unit is fully furnished with two Olympus units and is looking forward to further improving its services to patients as an exclusive service provider.





Financial Capital

THE NAWALOKA GROUP PERFORMED COMPETENTLY DESPITE THE CHALLENGES OF THE FINANCIAL YEAR, REPORTING A REVENUE OF RS. 11,828 MN. THE GROUP'S NET PROFIT INCREASED TO RS. 501.3 MN COMPARED WITH RS. 15.9 MN. THIS IS DUE TO TIGHT CONTROL ON COST AND INCREASING MEDICAL SERVICES TO CUSTOMERS.

FINANCIAL PERFORMANCE

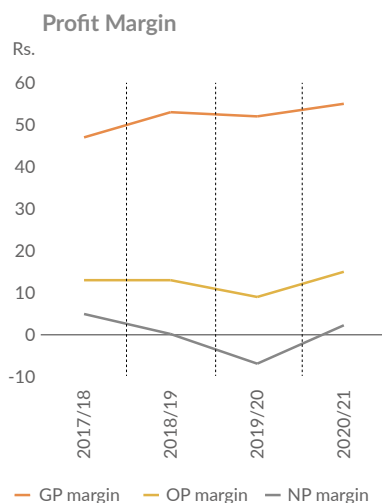
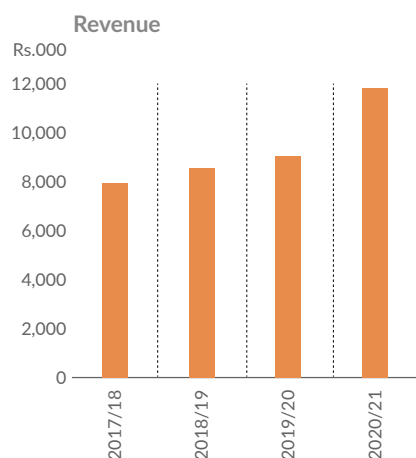
The year began under a COVID-19 lockdown leading to consultation and in-patient treatment units receiving insignificant number of patients. The slow start to the year picked up pace with the increased demand for laboratory services. The Group also strategically streamlined overhead expenditure and introduced innovative service offers to patients who preferred to receive consultations and treatments from the safety of their homes.

REVENUE

The Group reported a revenue of Rs. 11,828 Mn in the current financial year, a satisfactory improvement of Rs. 2,792 Mn, which is a 31 percent growth from Rs. 9,036 Mn reported in the previous year. The revenue was mainly from the laboratory services which increased during the year, with over 1,000,000 lab tests concluded during the year which was one of the highest performance rates in recent times.

Revenue from radiology services was Rs. 695 Mn and the surgical unit contributed over 450 Mn. Pharmaceutical services recorded a revenue of Rs. 2,010 Mn.

Nawaloka Medicare Negombo and Gampaha totalled to Rs. 1,267 Mn.



GP MARGIN

The GP margin of the Group decreased to 47 percent from previous year's 53 percent, as a result of the increased overheads for safety measures such as PPE kits, sanitization of the hospital, and other safety precautions, combined with the low volumes of patients during the lockdown period and increase in OPD business over admissions.

Previous year's initiations to analyse and address cost management concerns with a dedicated team; reduce waste in clinical and non-clinical waste and effective consumption; driving economies of scale through better supplier assessments; and obtaining efficiency improvement expertise will be continued.

OPERATING PROFIT

Operating profit increased 27 percent in 2020/2021 financial year recording a profit of Rs. 1,504 Mn compared with Rs. 1,180 Mn. The operational profit was not affected by the marginal increase in staff costs during the year which decreased by 1 percent. However, management has taken measures to contain increasing operational expenditure in the future whilst ensuring the highest quality of service and stakeholder safety.

FINANCE EXPENSES

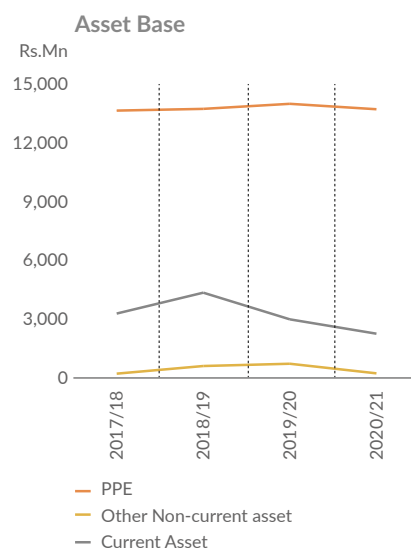
Interest rate in the financial year continued to decline on Central Bank's Monetary Policy directives. Short term borrowings reflects the Commercial Paper facility obtained by the Company. Fresh borrowings would finance the retention fund paid to the construction company of the new specialty building and to and refurbishment of rooms. Interest rates in the financial year continued to decline on central bank monetary policy. Company managed to reduced interest payment as a result of such decline. Company has to raise additional Rs. 200 Mn to support the final retention payment of the newly constructed multi stories building. Company has roll-over certain commercial paper maturities payment.

NET PROFIT

Notwithstanding the challenges of the financial year, the Group made a profit of Rs. 501.3 Mn. Increase in operational profit together with reduction of internal cost has helped net profit growth during the year.

ASSETS

Group's total assets increase by 6 percent to Rs. 18,713 Mn, while non-current assets decrease by 2.5 percent to Rs. 14,339 Mn during the 2020/21 financial year. Capital expenditure for year was Rs. 589 Mn, Rs. 540 Mn lower from the previous year. The economic uncertainties and low volumes of patients in key service areas prevented the Group from initiating capital expenses during the year as a precautionary measure.



Financial Capital

SHAREHOLDER RETURNS

		2020/21	2019/20
Net Assets Per Share	Rs.	2.91	2.43
Earnings Per Share	Rs.	0.36	0.01
Dividend Per Share	Rs.	0.00	0.00
No of Shares In Issue	Nos.	1,409,505,596	1,409,505,596
Compliant under option 5-float adjusted Market Capitalisation	Rs. Mn	2,361	1,302

LEARNING FROM THE CHALLENGES OF THE FIRST WAVE OF THE COVID-19 OUTBREAK, THE GROUP IS BETTER PREPARED TO MANAGE THE HURDLES AHEAD. THE GROUP WILL CONTINUE TO KEEP OPERATIONAL EXPENSES AND OVERHEADS UNDER CONTROL WHILST OFFERING CONSUMERS INNOVATIVE WAYS TO OBTAIN THEIR MEDICAL SERVICES IN A SAFE MANNER.

Profitability

	2020/21	2019/20	Change %
Revenue (Rs Mn)	11,827	9,036	31%
Operating Profit (Rs. Mn)	1,504	1,179	27%
Profit After tax (Rs. Mn)	501.3	15.9	3,053%

Financial Stability

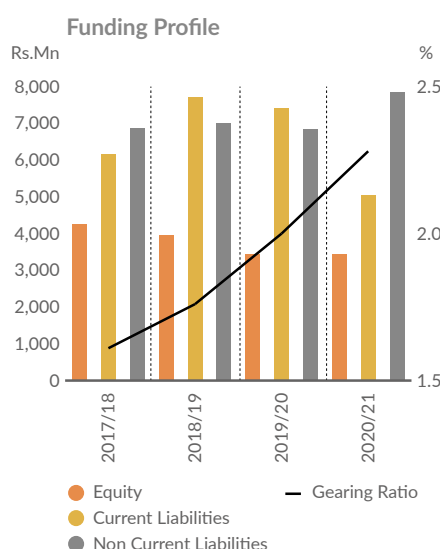
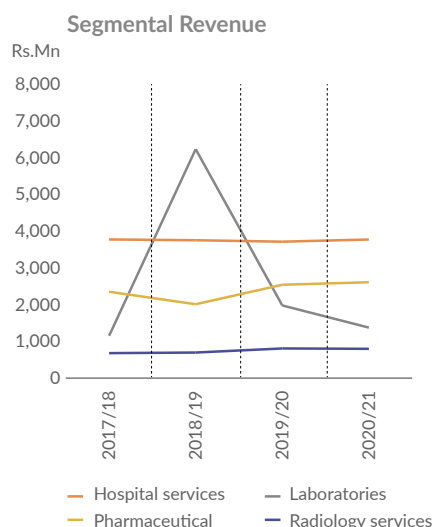
	2020/21	2019/20	Change %
Current ratio	0.57	0.40	43%
Gearing	1.44	1.62	-11%
Equity (Rs. Mn)	4,099	3,430	20%

Efficiency

	2020/21	2019/20	Change %
GP Margin	47	53	11%
OP Margin	13	13	-
NP Margin	4.24	0.18	2,256%

Growth

	2020/21	2019/20	Change %
Total Asset (Rs. Mn)	18,713	17,703	6%
Property Plant and Equipment (Rs. Mn)	13,729	13,987	-2%



Settlement will of capital payments will strengthen the profitability as it reduces internal costs of the Company. Multi storied car park building and its expansions of the OPD services are highly welcome by customers and help the comply to with social distancing regulations. Company has competed the refurbishment of most number of rooms and upgraded the inward facilities. New wing of the Negombo hospital will enhance the capacity and increase net cash flow of the Company.

CAPITAL STRUCTURE

The Group's investment in the multi-storey car park and channelling facilities contributed to the increase of the hospital's debt to Rs. 7,425 Mn. The Central Bank moratorium offered to companies during the COVID-19 pandemic has helped in managing the capital settlement while the Group has taken steps to restructure the capital payments during the year.

CASH FLOWS

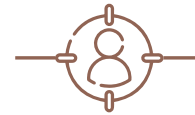
Cash flow generated through operating activities amounted to Rs. 524 Mn, decrease by 36% compared to last year. This was due to the drop in revenue caused by the COVID-19 pandemic and the widening gap between current assets and current liabilities. Cash outflow from investing activities amounted to Rs. 614.1 Mn. compared to Rs. 1,083 Mn Outflow in the previous year. This is due to payments to suppliers of construction of the building. Financing activity generated a net cash inflow on the back of the fresh borrowings made to bridge the gap in working capital and for the payment of the retention fund for the new building. Net cash and cash equivalents was Rs. (451.4) Mn at the year end.

LIQUIDITY

Working capital was increase from Rs. (4,432) Mn to Rs. (3,338) Mn Main reasons for such increase were to do increase in the Trade and Other Receivables relating to lab operations and decrease in the short term borrowing of the company other than that company current ratio increase from 0.4 to 0.57 during the year. Ratio will be further improved along with restructure of the facility.

FUTURE OUTLOOK

Learning from the challenges of the first wave of the COVID-19 outbreak, the Group is better prepared to manage the hurdles ahead. The Group will continue to keep operational expenses and overheads under control whilst offering consumers innovative ways to obtain their medical services in a safe manner. The laboratory services will be a key area of expansion in the future and other testing facilities provided at the regional medical centres.



Customer Capital

NAWALOKA HOSPITAL BELIEVES THAT OUR CUSTOMER CAPITAL IS VITAL TO OUR BUSINESS SUCCESS. AS AN ESSENTIAL SERVICE INDUSTRY, CUSTOMER AND CUSTOMER WELL-BEING IS AT THE HEART OF ALL OUR ACTIVITIES. TOWARDS THIS OBJECTIVE, OUR CUSTOMER RELATIONS AND SERVICES ARE DESIGNED TO ENSURE HIGH QUALITY HEALTHCARE SERVICE, PRIVACY AND CONFIDENTIALITY, SUPPORT AND CONVENIENCE AS WELL AS PROVIDING A RELIABLE AND AFFORDABLE SERVICE.

The COVID-19 pandemic during the year, posed several challenges in the customer care aspects, however we are pleased that the Hospital management and medical teams have overcome these challenges to provide safe, hygienic, and high quality service to our clients in a timely manner.

BEST QUALITY HEALTHCARE

At Nawaloka Hospitals we strive to “provide the best quality healthcare in accordance with international standards in a cost effective, timely and professional manner.” This is the mission

we uphold in our service offering and relationship with our customers.

Toward this effort, we provide best quality world class health care inclusive of experienced medical teams and cutting edge technology. The Hospital continues to invest in enhancing patient care experience and during the year under review this was further enhanced in addressing special needs arising out of the pandemic situation.

Foreign patient details

Year	No.
2020/21	163
2019/20	702
2018/19	1,020

ADVANCED TECHNOLOGY

The Hospital is proud to host some of the world’s advanced medical equipment and machinery at par with any leading global hospital. We have continuously invested in upgrading the hospital with the latest medical technology in our efforts to ensure that patients have

CUSTOMER VALUE PROPOSITION

Best Quality Healthcare

Timely Delivery

Reliability of Service

Affordability and Convenience

Professionalism and Care

International Standards

Advanced Technology

access to accurate investigations and diagnostics, treatments and care.

The hospital provides 640 slice CT scanning unit, which is the world's fastest and most accurate scanning device. We have also invested in two high-tech MRI machines, increasing speed of diagnostics and convenience. In addition, the Cobas 6000 laboratory Automation System has increased the accuracy and speed as well as capacity of our diagnostic testing capabilities.

CATER TO EVOLVING NEEDS

As we have seen during the last two years, patient needs and health care service expectations continuously evolve. The Hospital has been mindful in being sensitive towards these changing needs of the patients and the industry and to adapt to provide our services that suit these needs. In doing so, we have assessed and improved our services as well as streamlined them to ensure patient best interest and well-being is guaranteed.

Our Intermediary Care Centres (ICC) are one of the recent additions to our hospital services that has been identified as an essential requirement in treating COVID-19 positive patients as well as ensuring the safety of our medical teams and clients visiting regular hospitals. Currently we operate through 4 ICC centres that offer ICU, ambulance on call and regular medical attention 24/7 at the centres.

In addition, to ensure least exposure and risk to our clients, Nawaloka also enhanced our digital services through our website, what app mobile services, as well other platforms. Remote channelling and consultation services, online booking and ordering services and investigative services, as well as medicine delivery services, cashless online transaction options.

PROFESSIONAL AND EMPATHETIC STAFF

We have the best medical and clinical teams offering expertise and care in delivery healthcare services. Our employees are frequently trained in soft skills as well as professional expertise both on and off the job. They are kept well informed of best practices in health care service delivery and customer service trends.

New recruits undergo a compulsory 'I am Nawaloka' orientation programme which is structured to provide an insight into the industry, Nawaloka values, expected codes of conduct, quality standards as well as on ethical and moral conduct.

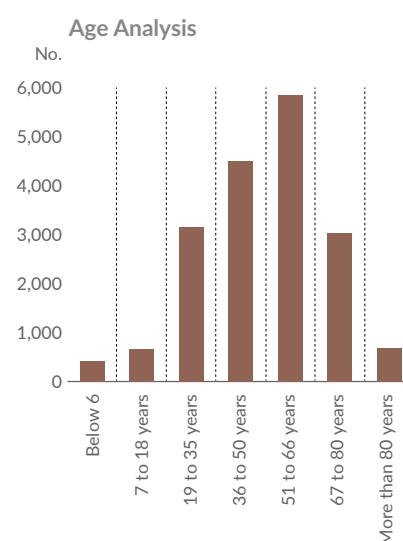
Teams are frequently evaluated to ensure excellence in service delivery and customer feedback on team performance is taken into consideration in improving quality of care. In doing so, we have assessed and improved our services as well as streamlined them to ensure the patients' best interest and well-being is guaranteed.

QUALITY ASSURANCE

Ensuring quality healthcare is a responsibility that the hospital would not compromise under any circumstances. We believe it is a key driver of our business and a reason for repeat client visits to our hospitals and laboratories. We take great care to ensure that all our standards, procedures, certifications are all aligned to provide unparalleled

patient safety, clinical outcomes, patient experiences, and employee safety.

Currently we abide by a comprehensive set of guidelines and policies that include Standard Operating Procedures and Practices, ISO 9001:2015 certified Quality Management Systems (QMS). The QMS manages our data and compliance ensuring a culture of continuous improvements.



Our clinical and operational procedures comply with regulatory requirements of Private Health Services Regulatory Council (PHSRC) which is in keeping with global standards. The Quality Assurance Department monthly monitors the implementation of quality standards within the hospital and provides feedback to the Deputy Chairman.

The Hospital also consist of a Quality Improvement and Patient Safety Committee which includes both medical and non-medical teams. They meet weekly to monitor and review quality of care provided and identify improvements on a timely manner, to ensure patient safety and consistency. Where needed, operational issues are shared with the Committee for their guidance.

Customer Capital

PATIENT SAFETY

We are committed to patient care and safety across all our services digital or offline. Our Standard Operating Procedures ensure that patient safety programs, laboratory safety programs, and infection control programs are included and adhered to. As a JCI accredited organization, we comply with International Patient Safety Goals that address key concern areas and guarantee patient safety.

CUSTOMER SATISFACTION

Ensuring our customers are satisfied is essential to Nawaloka as a leading healthcare service provider in Sri Lanka. It also impacts our brand reputation and equity. Our commitment to customer satisfaction extends to both local and international patients who seek medical services at our hospital. Understanding and addressing customer needs and concerns is a vital part of providing a satisfying healthcare experience to our clients. Therefore, we encourage patients to provide feedback on their experiences through multiple ways.



88%

Positive feed-back on SMILE application tabs

- Feedback Channels - SMILE customer feedback application tabs are made available at customer touch points such as cashiers, channelling counters. Customers also have the option to provide feedback via our social media portals such as Facebook and Instagram. We also encourage our Public Relations officer to visit in-patients regularly for direct feedback.

- All feedback received is shared with the Quality Assurance Department (QAD) for necessary measures and improvements, thereafter the departments are frequently monitored for improvement.

INTERNATIONAL STANDARDS

We are proud to be accredited by global service and quality standards/ certifications which is a testimony to the excellence of the healthcare services we offer at Nawaloka Hospital.

- JCI - The Joint Commission International (JCI) accreditation which is a confirmation of the high standards maintained in our hospital operations.
- ISO 9001:20015 - this certification for quality management system of the hospital administration of healthcare services which includes out patient, in-patient care, nutrition, surgical and intensive care, paramedical services and pharmacy
- ISO 15189:2012 - this certifies the excellence of our laboratory services and for conducting preventive services
- 5 Crown Award for Food hygiene - this award presented by the Indo-Expo Certification Ltd or the fifth consecutive year in recognition of the high quality and hygienic food provided to our patients

AFFORDABLE HEALTHCARE

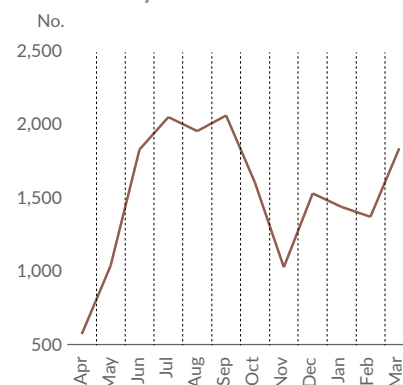
Being a leader in the Sri Lankan healthcare industry, we believe it is our duty to ensure that our healthcare services are affordable to our clients. We support the government to provide quality healthcare services at an affordable service and with the ease of access.

Admission Composition

	No.
Foreign	1,885
Local	16,401

At a time when the nation is facing a health crisis caused by the pandemic, providing affordable healthcare is of utmost importance in ensuring the health and well-being of the nation. Despite the economic pressures caused by the depreciating rupee, and increasing cost of medical equipment and supplies imports, Nawaloka has taken great effort to maintain our health services at a reasonable cost structure such as streamlining our processes, reducing wastage, enhancing digital services and optimizing the hospital's existing resources.

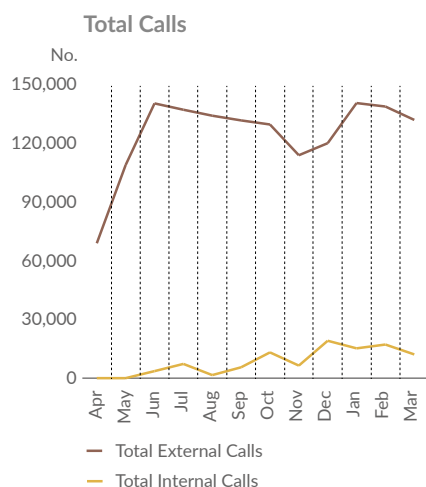
Monthly Admission



TIMELY

The COVID-19 pandemic and its spread during the year has placed immense pressure on the healthcare sector in providing timely delivery of investigative, medical and emergency services. Nawaloka Hospital has expanded our access points to provide speedier service and timely access to our private healthcare services. While this has increased the costs of safeguarding our teams, the Hospital has maintained our commitment to our clients in





delivering our services. Some of our initiatives include:

- Enhanced digital services – we have enhanced our digital services providing consultations, lab reports, online medicine order through our digital platforms. These include our website www.nawaloka.com, what's app facility, remote services including online booking and payment services.
- Increasing our branch network – we have a laboratory and hospital network across the island with 7 laboratories, 5 pharmacies and 3 regional hospitals.
- COVID-19 support intermediary care centres – setting up ICC to provide timely healthcare to patients needing medical attention during the pandemic
- Easy access through centrally located service points
- 24/7 call centre

PROFESSIONALISM

Engaged in a sector that is sensitive and is personal in nature, Nawaloka teams ensure that patient privacy and confidentiality is maintained all times. In addition we follow ethical business conduct in our relations with our clients as well as in our marketing and communications.

MAINTAINING PRIVACY

Patient privacy and information confidentiality is essential to us. All patient information including medical records are stored in a secured platform designed with securing features preventing hacking and unauthorized access. We have taken into account possible cyber threats and have invested in ensuring systems and processes are secure and patient information is protected.

During the year, no violations or attempts to hack personal information was reported.

ETHICS AND BUSINESS CONDUCT

We take ethics very seriously and continuously maintain and endorse high quality ethical and moral conduct across our operations and services. Our legal policy includes a zero-tolerance policy on fraud, corruption and competitive behaviour.

Nawaloka's Code of Conduct and Ethics shares the Group's policy on conflict of interest, gifts, confidentiality, corruption,

BEING A LEADER IN THE SRI LANKAN HEALTHCARE INDUSTRY, WE BELIEVE IT IS OUT DUTY TO ENSURE THAT OUR SERVICES ARE AFFORDABLE TO OUR CLIENTS. WE CONTINUE TO OFFER OUR SUPPORT TO THE GOVERNMENT TO PROVIDE QUALITY HEALTHCARE SERVICES THAT ARE ACCESSIBLE AND AFFORDABLE.

fair associations, whilst providing best practices and guidelines on expected standards of conduct for employees.

These are frequently reiterated through the training programmes, awareness initiatives and during the annual appraisals to ensure they are practiced and consistently applied during their employment at Nawaloka.

MARKETING AND COMMUNICATIONS

Nawaloka Hospital ensures that all marketing and communication comply with relevant regulations including Private Health services Regulatory Council (PHSRC) and Consumer Affairs Authority (CAA) guidelines.



Nawaloka Hospitals Colombo



Nawaloka Medicare Gampaha



Nawaloka Medicare Negombo



Social and Relationship Capital

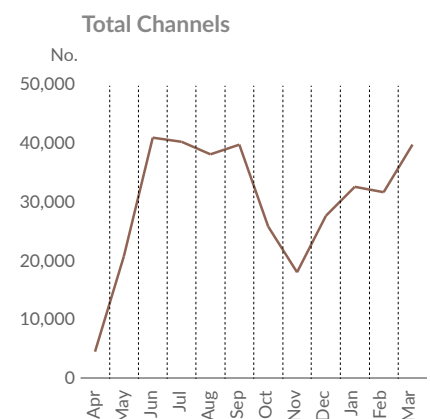
OUR STRONG PARTNERSHIPS WHICH IS A PART OF OUR SOCIAL AND RELATIONSHIP CAPITAL HAS BEEN INSTRUMENTAL IN NAWALOKA HOSPITALS' SUCCESS. IT HAS BEEN AN INTEGRAL PART OF OUR SUSTAINABILITY AND GROWTH OVER THE YEARS. OUR RELATIONSHIPS WITH OUR STAKEHOLDERS SUCH AS OUR CONSULTANTS, SUPPLIERS AND COMMUNITIES HAVE BEEN BUILT ON MUTUAL RESPECT, TRUST AND ACCOUNTABILITY.

CONSULTANTS

Nawaloka Hospital is proud to have the largest pool of visiting consultants from amongst the local private hospital chains. The hospital maintains strong relationships with the visiting consultants engaging them through sponsorships, study sessions and conferences, and assessing their needs and satisfaction levels and partnering to improve patient experience. Visiting consultants is a key factor in increasing patient volumes. Increasing competition in the private healthcare system and the

demand for the limited consultant pool has made it challenging for hospitals to sign up the best visiting consultants. However, through our superior value proposition, Nawaloka Hospital has attracted leading consultants to serve in our hospital.

Despite being an year of lockdown and COVID-19 challenges, the Hospital recorded 359,119 channel consultations and 14,892 surgeries during the year.



CONSULTANT VALUE PROPOSITION

Access to patients

Location – convenience and regional presence

Availability – channelling access being made available through multiple mediums such as call centre, at the hospital and through third party platforms

Facilities

Design convenience – modular building design to allocate dedicated and private spaces for each specialty

Technology

- Audio-visual conferencing and channelling facilities
- Advanced medical equipment

Competence – well trained and competent support staff

Engagement

Frequent engagement and access to the senior management has increased the trust and communication between the consultant and management, making way for speedier problem solving and addressing needs

Skill Development

Sponsoring training sessions and forums that facilitate professional development

Organizing frequent technical knowledge and skills development sessions for medical staff

SUPPLIERS

Nawaloka Hospital engages with a large pool of suppliers who provide both medical and non-medical supplies to the hospital. Our supply chain is the lifeblood of the hospital that ensures a smooth and seamless functioning of every division and service. Therefore, we focus on ensuring a secure, safe, efficient and high quality supply base. Our suppliers therefore are of utmost importance. The Hospital maintains ethical and open relationships with our suppliers who are kept informed of our quality standards and procurement processes. Our suppliers include medical equipment, pharmaceuticals, food and beverages, and maintenance equipment.

Types of Suppliers

Medical Equipment

This is one of the most important supplies for the hospital, imported through local agents of original manufacturers. All medical equipment are ensured of highest quality standards and are tested prior to use within the hospital premises. Staff are frequently trained by the agents on handling these equipment and they are all purchased through transparent tender processes and negotiated contract terms.

Pharmaceuticals

Our pharmaceutical purchases are often subjected to the approval of the NMRA, SLS certification and other product test certificates.

Food and Beverages

Highest quality standards are ensured in our purchase of food and beverages and suppliers must adhere to standard food and beverage safety guidelines including SLS certifications.

Supplier Composition

Pharmacy Suppliers	266
Other suppliers	292
Total Suppliers	558

SUPPORTING LOCAL SME SECTOR

Nawaloka Hospital makes a conscious effort to support local SME sector by giving them an opportunity to partner with us. Supporting small and medium enterprises help boost local economies and communities.

GOVERNMENT AND REGULATORY BODIES

We maintain cordial relationships with our government counterparts and regulatory authorities. The Hospital actively participates in industry forums and policy discussions that determine the future of the healthcare industry. The Hospital holds memberships in:

- Private Health Services Regulatory Council
- The Ceylon Chamber of Commerce
- The Employers' Federation of Ceylon

COMMUNITIES (CSR)



The Nawaloka Hospital holds the community as one of its primary beneficiaries and benefactors. Whilst ensuring that the community we operate within is protected, the Hospital also contribute towards social and economic upliftment of the community. During

Supplier Assessment

Quality

- Quality certifications
- Service agreements
- Site visits
- Prior testing
- Supplier Audits

Conformity of regulatory and ethical requirements

- Regulatory approvals
- CEA certifications
- Other authorized certifications

Financial stability

- Liquidity
- Financial position
- Existing clientele and their client relations

Social and Relationship Capital

the year, we have conducted many community support schemes through our signature community development project 'Nawaloka Sathkara'.

As a leading private sector hospital group setting industry benchmarks, the Nawaloka Hospitals Group believes that it is our duty and responsibility to support and look after the multiple aspects of our community and the environment. Our CSR activities are designed to ensure that individuals, communities, the environment and our staff are cared for.

COVID-19 RESPONSE

The COVID-19 pandemic was one of the worst global health crisis in recent times. Millions across the world have been effected by the health concerns and economic slowdown. In Sri Lanka too, rising pandemic patients and the lockdown led economic challenges can be seen in most parts of the country. During this time, Nawaloka Hospitals initiated numerous activities to support the government, employees, patients, communities and other stakeholders through our CSR initiatives.

- **Safe Access to Healthcare**

The Hospital set up dedicated COVID-19 treatment centres to treat patients who are tested positive. The centres are well equipped and staffed to attend to the health needs of COVID-19 patients identified within the quarantine period.

These are aimed towards supporting the government's efforts of managing the spread, providing care and treatment.



Staff Training Session

- **Creating Preventive Awareness**
Nawaloka Hospitals have implemented multiple awareness campaigns at the hospitals, laboratory facilities and select public spaces to inform the public on how best to protect themselves from contracting the virus. These are aimed at keeping the spread of the COVID-19 pandemic at a minimal. In addition, hospital conducted several awareness programmes among corporate using Zoom technology.
- **Promoting Public Sanitation**
Nawaloka Sathkara" is our flagship community development and assistance project which has supported many helpless and needy communities. The project has uplifted communities and helped conserve the environment. Despite the lockdown and challenges of the year, "Nawaloka Sathkara" has implemented several projects.

- **Relief to Economically Affected Communities**

The Hospital took steps to provide dry rations and essential items to affected communities in at COVID-19 pandemic. These were distributed through our Executive staff to 50 numbers of families in these areas.

- **School Infrastructure Development Project**

Under this project, 4 schools from UVA provinces received clean drinking water facilities, sanitary facilities such as toilets and wash basins, and related infrastructure development to sustain these initiatives in the long term. " Nawaloka Sathkara" selected the following schools to implement the project:



Distributing dry ration during COVID-19 lockdown period

Yahala Arawa School

- Drinking water basin
- Water Lines for 02 sinks
- 2000L Water Tank
- Filter

Nadungamuwa Vidyalaya

- 02 Toilets with sinks
- Water lines for toilets and sinks
- Madowita Primary School
- Drinking water basin
- Water Lines for 02 sinks

Thennakoon Wela Primary School

- 02 Toilets with Sinks
- Drinking water basin
- Water Lines for 02 sinks

- **Medical Camps**
Nawaloka Sathkara also organized multiple medical camps to provide free medical advice and consultancy services to needy individuals and communities. Medical and awareness programs were also held to increase public awareness and knowledge on among rural communities.

Medical Campaigns

Year	No. of Medical Camps	No. Of Participants
2018/19	42	3800
2019/20	40	4090
2020/21	20	1520

Awareness Programme

Year	No. of Awareness Programmes	No. Of Participants
2018/19	52	10650
2019/20	56	10995
2020/21	65	8200

Key Performance Indicators (CSR)

Aspect	Measure	2020/21	2019/20	2018/19
Corporate Social Responsibility	No. of school development projects	4	3	5
	Investment in school development project (Rs.)	1.8mn	1.5 Mn	2.6 Mn
	No. of Medical Camps	20	40	42
	No. of Awareness Programmes	65	56	52
Investments in the Community	Charity and donations (Rs.)	3.9mn	2.8 Mn	5.7 Mn
	No. of job opportunities created	762	618	953



Manufactured Capital

NAWALOKA HOSPITALS PLC TAKES PRIDE IN THE COMMITMENT AND FOCUS WE PLACE IN PROVIDING OUR CLIENTS WITH ADVANCED AND ACCURATE TECHNOLOGY AND INFRASTRUCTURE. WE BELIEVE THAT THIS IS ONE OF THE MAIN THE REASONS THAT MAKES NAWALOKA HOSPITAL AN INDUSTRY LEADER AND A KEY DIFFERENTIATOR IN THE PRIVATE HEALTH CARE SECTOR.

Our investments in technology and infrastructure has enabled the hospital to provide superior diagnostic and treatment capabilities, and ensure best care for patients.

This year, with the COVID-19 pandemic, the hospital took greater care to invest in state of the art PCR testing and related infrastructure and technology.

TECHNOLOGY AND INNOVATION

We are committed to provide our customers the best quality medical care as well as the most advanced diagnostic and treatment facilities that provide speedier disease identification and treatment. The hospital invested in COVID-19 sensitive technology which helped the hospital to provide timely and accurate diagnostics to our customers.

PCR Testing

With the COVID-19 pandemic and its increasing demands on diagnostics and treatment, the hospital invested in PCR testing facility. Four new PCR machines were installed at the hospital to increase the quality. Since their installation, 480,000 PCR tests have been conducted.

WE ARE COMMITTED TO PROVIDING OUR CLIENTS WITH THE BEST QUALITY OF MEDICAL CARE AS WELL AS THE MOST ADVANCED DIAGNOSTIC AND TREATMENT FACILITIES, PROVIDING FASTER RESULTS AND BETTER TREATMENT OPTIONS.



Memogram Unit

RNA Extraction Units

The hospital also invested in RNA extraction units that have made the PCR testing process more reliable and efficient. Four units of bio-safety extraction cabinets that could extract RNA manually were added to the diagnostics division. This made the process safer and hygienic for laboratory staff as the machine automatically extracted RNA from samples to feed into the PCR machines.

CT Scanning

The hospital's radiology unit is one of the most advanced private sector facilities providing cutting edge medical imaging services with detailed images that are accurate and clear. The hospital houses the world's fastest and accurate CT scanner Toshiba Aquillion One. It is 20 times faster than the regular CT scanners used in Sri Lanka and can routinely scan at 0.275 seconds scan speed.

MRI Scanning

The hospital is proud to be the only private sector hospital in Sri Lanka with multiple MRI scanning facilities under one roof. This has enabled the hospital to offer MRI scanning facilities

to customers with minimum waiting time thanks to the 3 TESLA and 1.5 TESLA MRI units installed at the hospital premises.

PACS

The Hospital's Picture Archiving and Communications System (PACS) has cut down on waiting time as consultants are able to view the scanned images on a real time basis through their mobile devices. This has increased the efficiency of the process and granted access to diagnostics and consultation on the diagnostic imaging sooner.

This has helped doctors to provide decisions faster and to collaborate across multiple disciplines to enhance patient outcomes, by providing patient charts and test results remotely via mobile technology.

FibroScan

We are proud to be the first hospital to introduce the FibroScan technology to Sri Lanka. This focus on assessing a patient's liver without invasive investigations, and give immediate results. FibroScan also helps in monitoring a patient's liver overtime.

Laboratory Service

With over 800 laboratory and collection centres across Sri Lanka with approximately 20,000 square feet of space for testing, Nawaloka Hospitals PLC is a leader in the diagnostics and laboratory services. The introduction of the laboratory automation system, Cobas 6000, customer value has been enhanced and turnaround time has been improved.

INFRASTRUCTURE

The Specialist Centre

Nawaloka Specialist Centre is the first health facility to introduce modular channelling and consultation rooms in Sri Lanka, offering patients increased privacy and confidentiality. With 400,000 square feet of consultation space provides ample safety to both patients and doctors during the COVID-19 pandemic.

Being centrally located, the centre could be easily accessed by patients within the Colombo district and its strategic location closer to bus and train stations making it accessible for the greater public.

Manufactured Capital



Nawaloka Premier Centre

The centre has been designed to ensure that patients are not inconvenienced before, during and after their consultations, that each floor has a pharmacy, laboratory and diagnostic division whilst 3 floors have been dedicated for patient consultations.

The centre also provides customers the convenience of ample parking through the multi-story parking facility that includes 600 parking slots, as well as a fully stocked supermarket facility that provides essentials for in-patients as well as out-patients.

In keeping with the hospital's environment policy to minimize carbon footprint and reduce waste, the designs and installations rely on environment safe technology providing minimum energy usage and least wastage.

Elders Holistic Centre

Elders holistic Centre has been providing specialized care for the elderly that has been tailor made for the needs of elderly patients. The services offered at the centre are available to both inpatient and outpatient elderly healthcare needs.

The centre operates an active ageing care program providing assistance in maintaining physical, mental and emotional health.

One of the key services offered is palliative care through compassionate and professional nursing care for patients suffering from terminal illnesses. The centre also offer rehabilitative care as well as a respite care program.

Being well equipped with infrastructure and technology, the centre's medical and nursing professional team includes specialist nurses, physiotherapists, occupational therapists, dieticians and speech therapists.

Nawaloka Hospital has established a Premier Care Centre at Colombo 07. This provides unique medical services in addition to ordinary medical services such as OPD, Lad, Pharmacy, etc. Premier centre has yoga classes, zumba classes, etc to promote healthy living.

Nawaloka Hospital Negombo invested in a new wing to expand their expanded client base. New wing has a channel room, pharmacy, laboratory, dental etc.

This building will support the current space constraint at Nawaloka Hospital Negombo. Hospital has invested Rs. 80Mn for the project and total invested project is Rs. 400Mn.

DIGITAL TRANSFORMATIONAL EXCELLENCE

With the onset of the COVID-19 pandemic, the importance of digital transformation for day to day functioning as well as providing an efficient and speedy service was evident. The Nawaloka Hospital Group's investments in technology across our diagnostics, consultation processes, treatments, specialist facilities have helped the hospital provide an efficient and speedy service without interruption to our customers, during this time.

It has also allowed patient and doctor to engage in one-to-one consultations and share diagnostic reports and images during the lockdown and from the comfort of their homes.

Being in an industry in which technology and accuracy of technology are of utmost importance to saving a life, Nawaloka Hospitals have invested heavily in increasing the efficiency of processes and delivery of healthcare.

Our other initiatives include:

- Audio and video conferencing facilities for consultations
- Usage of mobile applications for contact free and convenient communications for channelling and obtaining test reports
- Online based doctor channelling facility via www.nawaloka.com
- Mobile SMS alerts on report collection from laboratory
- Installation of KIOSKS to obtain lab reports and to obtain patient feedback
- Ordering medicine at our numerous pharmacies by sharing the prescription via WhatsApp
- Availability of WIFI at hospital premises to all patients enhancing their customer experience
- Digitized doctor diagnostic cards have helped increase remote access to medical records at convenience



Intellectual Capital

NAWALOKA HOSPITALS PLC PLACE IMMENSE IMPORTANCE ON OUR INTELLECTUAL CAPITAL. IT IS ONE OF THE HOSPITAL'S KEY STRENGTHS AND COMPETITIVE ADVANTAGES THAT HAS BEEN THE FOUNDATION OF CREDIBILITY, LOYALTY AND TRUST AMONGST OUR VALUED CUSTOMERS.

The Hospital was awarded the prestigious Joint Commission International Certification (JCI) for the exemplary skills and expertise, systems and processes the Hospital has continued to uphold. The Nawaloka brand, our culture and values, our brand promise, and our service quality are integral parts of our intellectual property which has strengthened and nurtured us over the years.

JCI GOLD ACCREDITATION

The Joint Commission International's (JCI) gold seal of approval is an affirmation of the Hospital's emphasis towards patient safety and quality health care, on par with international standards.

This accreditation an affirmation of the high standards maintained in hospital operations after a rigorous on-site survey evaluating the hospital's commitment to a spectrum of areas such as access to care and continuity of services; anaesthesia and surgical

care; patient assessment and care; medical management; patient and family education rights; quality improvements; access to care and continuity of services; governance; direction and leadership; facility management and safety; staff qualifications and education ; information management.

The meticulous processes and practices together with the high operational standards has helped Nawaloka Hospitals PLC to enhance its performance and to provide better quality healthcare to its patients.

Intellectual Capital

EXPERTISE

As a healthcare provider, our professional expertise is our key decider of the service we provide to our customers. Nawaloka's expertise lay in the experience and knowledge of our teams. Our expertise ensures that we deliver quality services consistently which is essential for a healthcare institute.

Over the years, our customers have benefited from the collective expertise of our teams, which has in turn gained Nawaloka customer loyalty, high brand equity and overall satisfaction and success.

Nawaloka's policies are designed to encourage growth and innovation across our teams. Towards this end, the Hospital offers numerous opportunities for knowledge and experience sharing, new knowledge attainment, technology and skill enhancement.

The Hospital has been successful in retaining top talents within the organisation, whilst maintaining an experience rich team of professionals.

In addition to the medical and nursing staff, the Management of Nawaloka comprise of senior and renowned industry personnel whose experience and knowledge in the industry have been a driving force in our success.

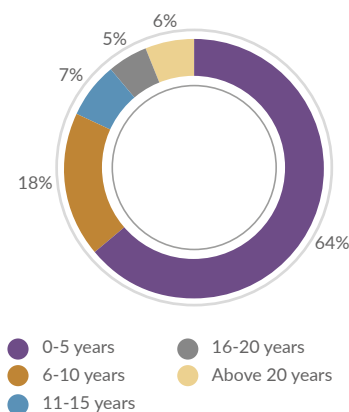
Composition of our Medical Staff:

- Medical Consultants
- Medical Officers
- Nursing
- Paramedical Staff

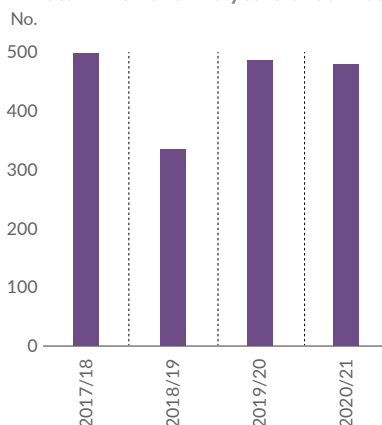
Compositions of our Non-Medical Staff:

- Executive Staff
- Secretarial Staff
- Technical Support Staff
- Clerical and other

Staff by Number of Years in Service



Staff with over 10 years of service



SYSTEMS AND PROCESSES

Our systems and processes needs to be efficient and relevant to meet the demands of the healthcare industry and to position Nawaloka ahead of the competition. It also ensures greater productivity across all divisions. We continuously focus on upgrading our processes and systems to ensure that they work seamlessly and competently. Towards this goal, our technology and digital competencies are updated frequently, ensuring efficiency and productivity improvements with each update.

The digitization of our systems, processes and key communication platforms have increased the efficiency of our operations, enhanced the productivity of our services, and improved the speed of communication and subsequent results between doctor-patient. The upgrades in our ERP system has supported this process by integrating all our platforms for ease of functioning and tracking, as well as minimizing clinical risks.

With the COVID-19 pandemic, the Hospital has further introduced digital platforms to prevent the spread of COVID-19 and protect all stakeholders from exposure to the virus. Some of these include doctor-patient consultation, laboratory testing and result release, contact-less service options such as ordering of medicines online.

Other initiatives include:

- OPD doctor diagnosis card to facilitate remote access to digitized medical records
- Implementation of HIS cluster solution to upgrade server
- Cobas 6000 Laboratory Automation System
- Picture Archiving and Communications Systems (PACS)

QUALITY STANDARDS

Nawaloka Hospitals has been recognized over the years for its quality of service, expertise, processes, as reflected in the below certifications and accreditations;



- JCI Gold Certification/Accreditation**
 This certification is awarded after an on-site survey and audit evaluating the hospital's commitment to a spectrum of areas such as access to care and continuity of service, anaesthesia and surgical care, patient assessment, medical management, patient and family education rights. Quality improvements, access to care and continuity of services, governance, direction and leadership, facility management and safety, staff qualification, and information management.
- ISO 9001:2015 Quality Management Systems Certifications**
 We set a benchmark becoming the first ISO certified hospital in Sri Lanka in 2017. Our comprehensive quality management systems encompasses all business functions and ensures quality services to our customers
- 5 Crown Award for Food Hygiene**
 This certification awarded by the Indo-Expo Certification Ltd recognizes and certifies food safety management systems that align with high kitchen procedures detailing international standards. Its rating is given after a comprehensive audit which includes maintenance of accurate documentation detailing all processes that takes place within the kitchen.
- ISO 15189:2012 for Clinical Testing and Good Laboratory Practices**
 This certifies that laboratory equipment, reagents, consumables, pre examination processes, examination processes, testing quality, post examination processes, reporting and release of results, and laboratory management are in line with international standards.



Nawaloka Care Mobile App
www.nawaloka.com
Nawaloka KIOSK



Download
Revolutionary
mobile application

INNOVATION

Continuous innovation is as important to our hospital as much as expertise or infrastructure. Technology and innovation ensures we provide accurate diagnostics and advanced medical care to our customers at all times.

We have innovated over the years in our ways of operations, our systems and processes, our technological advancements, our responsibility towards the environment. Similarly, we also innovate in ensuring growth and providing advanced medical facilities.

As medical technology is dynamic and evolves at rapid pace, it is essential that we upgrade our technology to meet the demands of the industry. Nawaloka has pioneered the introduction of advanced technology to the local private healthcare system over the years. More on this can be found in the chapter on Manufactured Capital.

BRAND VALUE

Our brand has lasted three and a half decades and become one of the most respected and trusted corporate brands in Sri Lanka.

As a pioneer in Sri Lanka's private healthcare, we have ensured to provide best quality healthcare and medical technology to our patients, which has earned Nawaloka the trust and reputation of being the best medical technology provider in the country.

CULTURE

Nawaloka has always maintained a positive, open, growth culture within our organization which is inclusive and nurturing. Our values, ethics, expectations, practices as well as our procedures are guided by our culture, which has a strong impact in every aspect of our business.

We provide employees, as well as customers the opportunity to share their views, make suggestions, and express concerns through our open door policy, and customer suggestion and feedback forms.

We also encourage career progression by encouraging our employees to achieve their aspirations, by motivating and rewarding towards success.





Human Capital

NAWALOKA HOSPITAL BOASTS OF A HUMAN CAPITAL OF 2,754 EMPLOYEES FOR THE YEAR UNDER REVIEW. IT CONSISTS OF MEDICAL OFFICERS, NURSES, MEDICAL SUPPORT STAFF AND ADMINISTRATIVE STAFF. DURING THE YEAR, 762 NEW STAFF WERE RECRUITED AND 7,188 HOURS OF TRAINING WERE HELD TO ENHANCE OUR SERVICES TO THE CUSTOMER.

By nature of the healthcare industry, the Hospital has maintained a significant gender representation in each level of employment from management and medical staff to administrative and support staff. As part of Nawaloka's recruitment practices, the Hospital has continued to ensure that there is sufficient gender representation as well as support mechanisms for the female heavy healthcare industry. Some of these will be discussed later in this section.

NO OF EMPLOYEES

	2020/2021	2019/20	2018/19	2017/18	2016/17	2015/16
No: of Employees	2,754	2305	2765	2837	2363	2157

OUR HUMAN CAPITAL STRATEGIES

Recruitment

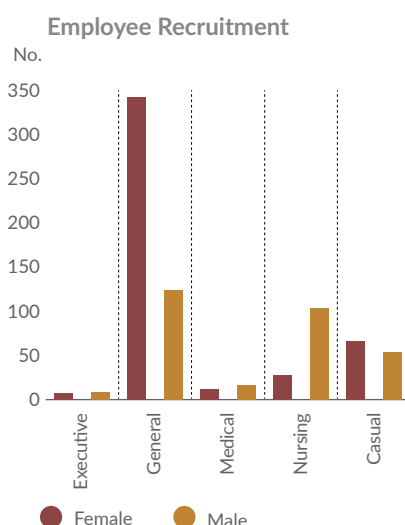
While the healthcare industry is globally known for its high turnover, it is also one of the most competitive due to increased demand for skilled and qualified professionals. Nawaloka Hospital's human capital is one of our key differentiators and strengths in Sri Lanka's private health care sector. We are known for our top consultants, medical teams and care givers. Therefore, recruitment and selection is of utmost importance to the hospital.

Our Human Resource Division implements an efficient and effective recruitment policy to address all recruitment needs. It focus on sourcing the 'crème de la crème' of talent in Sri Lanka even in the face of stiff competition and demand for the best talent.

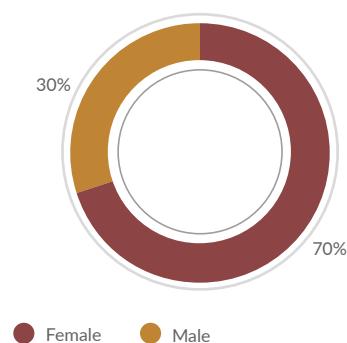
Maintaining transparent, non-discriminatory and clear sourcing and selection process across all recruitments is a tedious task but one the highly trained and efficient HR team has managed to implement. Once a recruit is finalized by the independent interview panel, the candidate undergoes a health check-up to assess his/her physical fitness to manage the tasks of the job.

Our recruitment process has also ensures equal opportunities and non-discriminatory policies on counts of gender, age as well as place of residence.

In 2020/2021, a total of 762 new staff members were recruited to our Hospital.



Gender Analysis



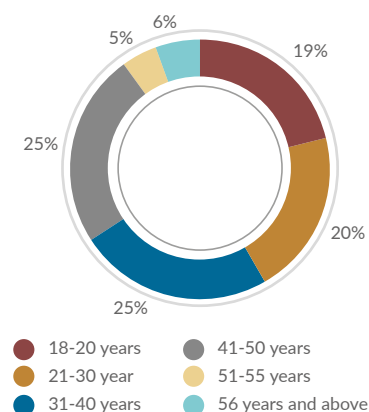
RETENTION

Retention is a difficult task in the healthcare sector due to many private sector opportunities available for healthcare and healthcare support professionals in Sri Lanka and overseas. However, Nawaloka Hospital has been successful in retaining majority of its professional staff categories by ensuring their professional and personal needs are met.

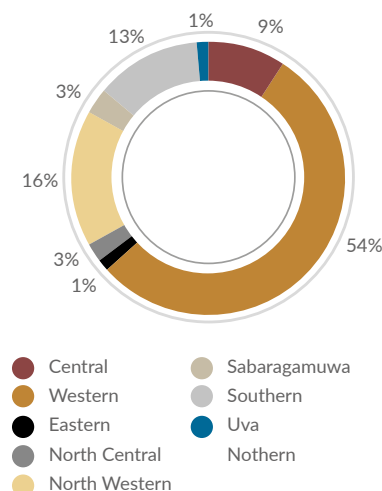
At the time of recruitment, the HR division begins the retention process by analysing the profile of the recruit through a careful evaluation of experience, qualifications and references. The candidate is further evaluated during his/her probation period for suitability to the Nawaloka team.

Several strategies and benefits are offered to the staff to encourage employees to retain their employment at Nawaloka Hospital. It also benefits our patients as well as our business as employee retention helps reduce recruitment overheads, increase our expertise and improve overall satisfaction and experience for patients. Our retention strategies also include benefits and growth opportunities for employees. The HR division frequently conducts staff surveys to obtain information on employee satisfaction, expectations, needs, and they

Age Analysis



New Hires by Region



Human Capital

also act as a mutually beneficial source of communication between the management and employees.

Some of the benefits offered to staff include:

- bonus schemes,
- rewards and recognitions,
- learning and development opportunities,
- social and family welfare programmers,
- health and other benefits.
- risk allowance
- incentive
- insurance
- transport

Number of Hostels	Total Capacity	Annual Expenditure
11	800	30M

CODE OF CONDUCT

Nawaloka Hospital maintains a Code of Conduct that defines appropriate behaviour that must be followed by employees and the organization. It includes a set of standard social

norms, regulations and responsibilities; and provides an understanding of consequences and disciplinary actions for any violation of this Code. This is included in the Employee Handbook for their reference.

The Code of Conduct includes important guidelines on below:

- **Whistle-blowing Policy**
This refers to occurrence of frauds, malpractices or other illegal activities. A set of preventive, monitoring and follow up actions are provided in this policy. It also allows employees to raise concerns, and these reports are held in utmost confidentiality and is not subjected to reprisals.
- **Employee Grievance Handling**
This strives to create a safe, happy, and engaging working environment to motivate our employees. Employees can share their grievances systematically and be assured of a fair hearing by relevant authorities.

The following are some of the grievances that were raised during the year:

Identified & Filed Grievances	Priority	Addressed
Employee Accommodation	180	175
Employee Vehicle Parking	5	5
Staff Meals	205	200
Long Shifts	1	1

PERFORMANCE EVALUATION

Evaluating the performance of our employees is essential in providing high quality service to our customers. Continuously consistent quality of services would ensure customer loyalty and patronage.

Nawaloka Hospitals conducts quarterly and annual performance appraisals to identify any lacunas in our employees' performance. Based on identified areas of improvement, trainings and employee engagement activities are organized to support their growth.

Evaluation is conducted under a number of criteria which are shown below:

- Job related knowledge & Skills
- Quality of Work
(Neatness, Accuracy, Creativeness & Timely Action)
- Reliability
(Dependability on him/her)
- Work attitude
(Co-operation, Sense of Responsibility etc.)
- Leadership
(Ability to get a job done)
- Inter- Personal Relationship
(Ability to get on with the Staff)
- Public Relations
(Positive relationship with customer)
- General Conduct
(Observation of Rules & Regulations)
- Career Development
(Learning through Experience)
- Punctuality
(Unauthorized Leave and Absenteeism Records)

TRAINING AND DEVELOPMENT

Continuous training and development is essential for healthcare professionals. Our teams are empowered with essential skills and knowledge to achieve their career goals through multiple training and development opportunities conducted by the hospital. Our training programs focus on a variety of areas such as patient care, healthcare trends, treatments and techniques as well as new technology.

During the year under review, there were several challenges in conducting all training programmes as was planned by the HR Division due to challenges faced by the COVID-19 and its limitations on gatherings and meetings.

However, the Hospital managed to complete a total of 7,188 training hours during the year.

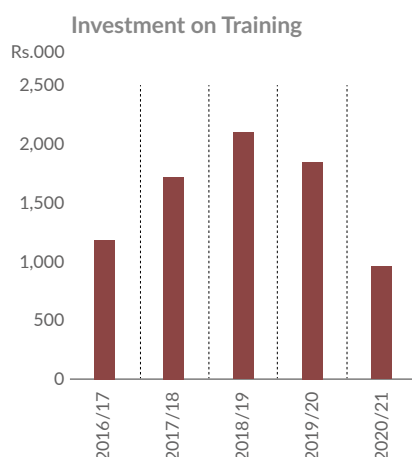
In addition to these training sessions, the medical staff participated in academic and technical sessions on new developments in the medical field, held by senior consultants in their respective fields.

Nawaloka Hospital successfully conducted the below professional development programmes during the period:

- BLS/CPR - 30
- CME - 16
- Staff Safety - 51
- Patient Safety - 66
- Quality Improvement - 84
- Pharmacy - 14
- Nutrition - 5
- Orientation/Soft skills - 518

INVESTMENT ON TRAINING

Due to the COVID-19 pandemic, physical training programme has reduced in 2020/21 and increased online sessions via Zoom, Microsoft Teams etc.

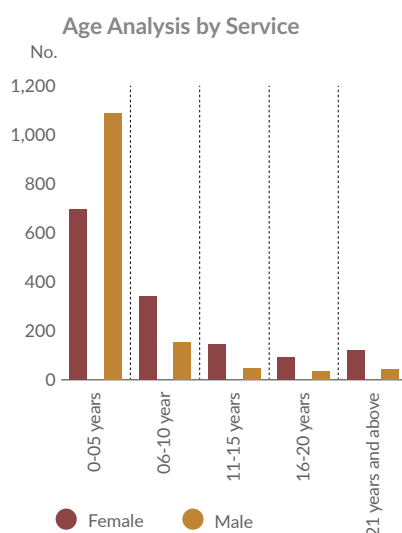


CAREER GROWTH

Providing an opportunity for career growth plays a crucial role in retaining a good quality team. Employees are given the opportunity to enhance their skills and knowledge through training and development whilst being recognized for promotions through the independent performance evaluation process.

The HR Division of Nawaloka continuously support employee career advancement by encouraging training and development, rotating employee roles, supporting work-life balance, and succession planning.

Best performing employees are given priority in applying for existing vacancies within the hospital, as well as for succession grooming. This has increased our retention capabilities while reducing overheads, enhancing job satisfaction, and increasing productivity.



REMUNERATION AND BENEFITS

Nawaloka Hospital has always maintained a fair and transparent remuneration policy based on individual performance and contribution towards the Company. Being in an industry that is highly competitive, our remuneration structures are equally competitive

to attract and retain the best talent on grounds of skill, experience, qualification, and level of responsibility.

The Hospital understands and values the investment in our human capital which is one of Nawaloka's key strengths and resources. Hence, we provide added benefits and incentives to ensure that human capital is satisfied and content in their employment at Nawaloka Hospital.

Some of the benefits offered to employees include cash benefits, recreation and entertainment benefits, and social and development activities.

Cash Benefits

- Bonuses, performance-based incentives, festival advances
- Travel allowances, fuel allowances, vehicle allowances, staff loans at concessionary interest rates and reimbursement of membership fees
- Employee-defined benefit plans
- Marriage allowance
- Hostel benefit
- Scholarships for children of employees who passed GCE O/L, GCE A/L and entered university

Recreation and Entertainment Benefits

- Dry ration packs
- Meals and refreshment

Social development activities

- Book donations
- Dry rations distribution

Health Benefits

- Free surgeries

Human Capital

WE TAKE GREAT PRIDE IN CONFORMING TO INTERNATIONAL STANDARDS OF ETHICS AND COMPLIANCE IN OUR HR POLICIES AND PRACTICES.

HEALTHCARE PASS

As a leading private sector healthcare provider, Nawaloka Hospital believes it is our duty and responsibility to ensure the best of health of our own employees. Giving them the best possible healthcare available in Sri Lanka is a privilege that comes with being a team member of Nawaloka Hospital. A healthcare pass is issued to all hospital employees on completion of three months to obtain necessary treatment and care. In addition, a general insurance scheme is also available to all employees.

COMPLIANCE

We take great pride in conforming to international standards of ethics and compliance in our HR policies and practices. In keeping with the guidelines issued by the International Labour Organization (ILO) and the United Nations' Universal Declaration of Human Rights, all processes of Nawaloka Hospital abide by principles of human rights, child labour and gender equality.

We actively promote best practices and ethical work environments in our hospital. We also follow best practices on working hours, minimum working age limit, and health and safety measures at the workplace. No grievances pertaining to human rights were recorded during the year under review.

Child labour

Our Human Rights Policy clearly defines that any form of child labour or employment is prohibited at Nawaloka Hospital. Stringent screening measures are set in place to prevent recruitment of under-age members. Some of these measures include obtaining Grama Niladari certificates, police reports, referees reports, character certificates, and educational certificates prior to recruitment. No cases of child labour were reported during the year.

Gender Equality

In addition to providing equal opportunities to both male and female recruits, the Nawaloka Hospital ensures quality in our remuneration policy as well. Our remuneration procedures conform to a non-discrimination policy on the basis of gender when deciding on the remuneration of our employees. Any grievances can be addressed through our Grievance Management Committee.

Health & Safety

The health and safety of all employees is of utmost importance to Nawaloka. Being a JCE accredited hospital, all guidelines and requirements in keeping with the JCI accreditation are followed

and implemented within the hospital premises. The employee are also eligible for health packages under the HR benefits scheme which has been shared earlier in this section.

While our regular health and safety precautions to identify any potential risks and mitigate their exposure to staff were in place, Nawaloka also implemented COVID-19 health and safety measures to protect all stakeholder including employees, customers and others from the pandemic. This is detailed under the COVID-19 Response section of this annual report.

NAWALOKA "BEST EMPLOYEE"

Nawaloka "Best Employee" program encourages employee engagement and increase retention in the sector, by giving due recognition to our excellent performers and loyal long standing employees. The "Best Employees" receive certificates and awards and are also considered for promotions and salary increments.

Women's Day Celebration 2021

This year, International Women's Day was celebrated grandly since the Women's day theme was "Women in leadership: Achieving an equal future in a COVID-19 world," with the presence of famous actresses Ms. Yasodha Wimaladharma and Ms. Sangeetha Weeraratne.

Ms. Yasodha Wimaladharma and Ms. Sangeetha Weeraratne addressed the gathering and emphasized the value of women and their work specially during the COVID-19 Pandemic situation.

Employee Appreciation and rewarding program – "Achiever"

Employee will be rewarded with the certification "Achiever" of the month, regardless of their work, Level of employment, tenure and the department.

Main objective of this program is to give recognition to committed employees and enhance customer satisfaction as well.



Natural Capital

ENSURING ENVIRONMENT SUSTAINABILITY IS AN INTEGRAL PART OF OUR BUSINESS. WE ARE AWARE OF THE IMPACT OUR BUSINESS HAS ON THE ENVIRONMENT AND THE NEED TO PROTECT THE ENVIRONMENT FROM ANY POSSIBLE HARMFUL EFFECTS THROUGH PROACTIVE INITIATIVES TO MINIMIZE THEM.

Towards this goal, we have efficiently reduced our consumption of limited resources through technology usage and staff efforts.

WASTE MANAGEMENT

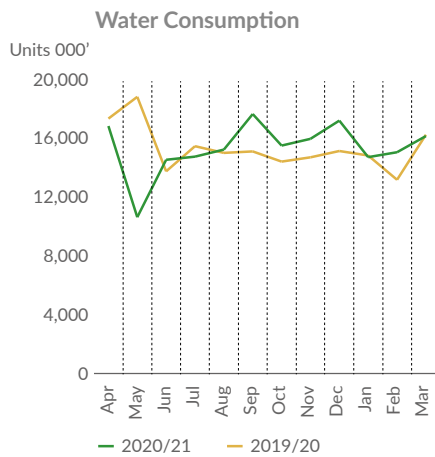
As a hospital, we have multiple types of waste generated. For each of these categories, we have set in place waste management procedures in line with international waste disposal guidelines and in accordance with government regulations. Infectious and hazardous

medical waste is disposed according to regulatory requirements. Incineration is used for waste categories such as needles, injections, and scissors. Prior to any incineration, all toxic waste is pre-treated. Other types of waste such as paper, cans and plastics are segregated and a third party company is entrusted with the recycling of the same.

WATER CONSUMPTION

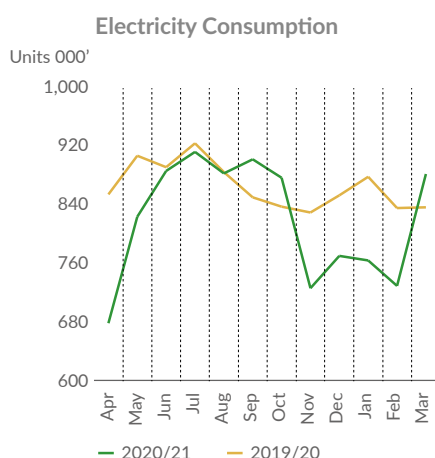
We take great care to ensure that water is not wasted at our departments and wards, through a departmental monitoring systems that tracks the water consumption and flags any unusual consumption levels. The heads of each department are held responsible for excessive consumption that needs to be authorized. We actively promotes water management through staff awareness programs and have obtained technology assistance where possible to limit water wastage such as through water tap sensors.

Natural Capital



ENERGY CONSUMPTION

The hospital's main source of energy is the national grid. This consumption is regularly monitored through the building management system installed in the hospital. In order to manage our energy consumption, we have installed solar panels to power the hospital rooms and hot water usage; used LED and sensor based lighting; installed high performance chillers for air conditioning. Further, as an ISO 14001 certified institute, the ISO guidelines are adhered to in the conservation of electricity. In addition, frequent energy efficiency and conservation programs are held for staff in ensuring minimum waste.



CONTROLLING EMISSIONS

The combined efforts toward energy saving has helped the hospital bring down our emission levels from our operations. As a responsible organization, we strive to minimize the release of emissions and to reduce our carbon footprint further in the years to come.

SAFEGUARDING THE ENVIRONMENT

In our efforts to protect the environment from possible harmful effects, Nawaloka Hospitals have taken many steps to reduce wastage, lower release of toxins to the environment as well as to recycle and reuse as much as possible.

We are conscious of the value of limited resources and place much importance in managing our energy usage. Currently, a combination of solar and grid electricity powers the hospital's energy requirements. However, we are taking measures to ensure that we reduce our carbon footprint in all our operations and activities.

FUTURE OUTLOOK

We are continuously exploring new technology and ways to minimize our carbon footprint. The hospital's building management system ensures that our energy and water consumptions don't exceed unjustifiably. In addition to internal measures to manage waste and maximize resources, we hope to create greater awareness amongst visitors and patients on the importance of conserving limited resources and minimizing any damage caused to the environment.

GUIDING THE WAY



Across our hospital, our nurses worked tirelessly to protect the health of our patients, wherever there is someone in need of care. Going beyond the time-honoured reputation for compassion and dedication, these highly specialized professionals are guiding the way through our society's evolving healthcare needs.

Risk and Governance

Risk Management

IN AN INCREASINGLY CHALLENGING AND COMPETITIVE BUSINESS LANDSCAPE, WE BELIEVE THAT PROACTIVE MANAGEMENT OF THE ASSOCIATED RISKS IS KEY TO CREATING VALUE IN THE YEARS TO COME. OUR EFFECTIVE STRATEGIES THUS FAR HAVE ENSURED THE SUSTAINABILITY OF VALUE CREATION FOR OUR STAKEHOLDERS.

Our Risk Management Framework ensures risks are managed consistently across the Group with appropriate oversight and accountability. The framework defines how we identify, understand, and mitigate risks, and realize their related opportunities. The framework has also been designed to accommodate the risk monitoring requirements of Joint Commission International (JCI) and other accreditations as well as requirements of statutory bodies including Sri Lanka Medical Council (SLMC), Private Health Services Regulatory Council (PHSRC) and Central Environmental Authority (CEA).

RISK GOVERNANCE



The Board bears ultimate responsibility for ensuring the effectiveness and adequacy of the Group's risk management practices. The Board is assisted in the discharge of duties by the Audit Committee and Risk Management Committee.

The Audit Committee has oversight responsibility for matters relating to risk and internal control.

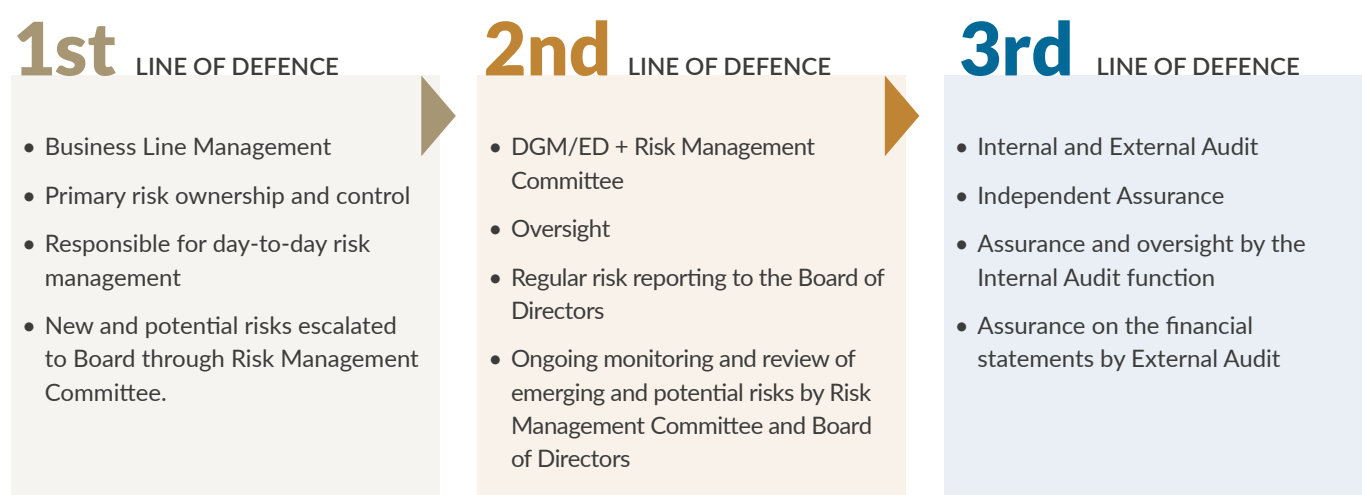
Responsibility for effective execution of risk management lies with the Risk Management Committee, fostering a high level of risk awareness and control across the Group. The Risk Management Committee meets monthly and regularly reports to the Board on key risks identified, evaluated, and managed.

Risk Management Committee

Composition	Areas of Oversight
Vidya Jyothi Professor Lal Chandrasena – <i>Chairman (DGM/ED)</i>	• Comprehensive Risk Management Framework
Mr U Harshith Dharmadasa – <i>ED</i>	• Risk measurement, monitoring and management
Mr A G Dharmadasa – <i>ED</i>	• Compliance with regulatory and internal prudential requirements
Ms A G Dharmadasa – <i>ED</i>	
Mr Nalaka Niroshana – <i>Head of Finance and Corporate Planning</i>	
Dr Tissa Perera – <i>Medical Superintendent</i>	
Mrs R M Jayarathne – <i>Chief Nursing Officer</i>	
Mr Kanishka Warusavitarana – <i>Senior Manager – Operations</i>	

RISK ASSURANCE

We follow a combined assurance process with three lines of defence to ensure accountability, distinguish between owning and managing risks, overseeing risks, and providing independent assurance. Embedding risk management processes into our day-to-day operations ensures that the Group is better equipped to identify events impacting our objectives and to manage risks in line with our strategy.



PRINCIPAL RISKS

Risk Factor/Description	Potential impact	Mitigating actions
● COVID-19 Pandemic Outbreak		
• Social distancing measures implemented by the Government and heightened concerns over virus contagiousness has a significant impact on hospital footfall. • Potential impact on employee and patient safety. • Interruptions to the Hospital's supply chain could affect the continuity of operations. • Reduction in medical tourism following international travel restrictions.	• Reduction in footfall and inpatient days places pressure on revenue, squeezing margins and reducing profits.	• Following latest guidance and recommendations from Ministry of Health and the World Health Organization on implementation of appropriate health and safety measures on employees, visitors, and patients to curb the spread of disease. • Adhering to latest protocols on hygiene and cleaning of Group properties. • Raising awareness among employees, visitors, and patients. • Nurturing relationships with a diverse pool of suppliers thereby limiting exposure to a single party.

Risk Management

Risk Factor/Description	Potential impact	Mitigating actions
● Evolving to Changing Patient Needs		
• Fear over contraction of COVID -19 and avoidance of public places post COVID-19, pay cuts and financial difficulties etc. has resulted in a shift in consumer mindsets towards more frugal lifestyles and safer experiences. • Proactively responding to changing customer preferences and offering a patient experience that meets their needs is essential in increasing customer satisfaction and growing market share.	• Erosion of market share. • Impact on profitability margins.	• Promote safety activities implemented by the hospital. • Initiate online services such as video channelling, pharmacy delivery. • Understanding customer needs better through a high level of patient engagement from satisfaction surveys, social media platforms, face to face interactions, tracking loyalty programme metrics. • Reviewing and innovating service offerings to cater to evolving requirements such as increasing digitalized product and service offerings including enhancing NawalokaApp features, facilitating lab tests from home, 'Whatsapp' and delivery of prescription medicine and drive through lab facilities. • Building brand loyalty through enhanced offerings on loyalty programs. • Driving organization wide cost efficiencies to maintain affordability of services.
● Competition		
• Increased competition from new entrants with reputed brand names and capacity expansions by existing players.	• Decreased market share resulting in pressure on revenue and profitability margins. • Difficulties in building brand loyalty.	• Investing in customer value propositions to enhance patient healthcare experience including retaining reputed consultants and skilled nurses, investing in technology and specialty services, service delivery, affordable pricing. • Marketing and developing brand based on customer value proposition. • Identifying growth areas relating to both services and location. • Promotion of Customer loyalty programme. • Rewards for frequent patronage.
● Macro-Economic Pressures		
• The macro economic environment in Sri Lanka has changed dramatically since the outbreak of the COVID-19 pandemic. The effectiveness and efficiency of measures taken by the Government will be a key consideration on how fast the economy recovers.	• Fluctuations in interest rates, exchange rates, and inflation directly impacts profitability. • Recession and reduction in disposable incomes may result in delaying non -urgent medical treatments.	• Monitoring economic trends and outlook on an ongoing basis. Giving due consideration when formulating Strategic Corporate plans. • Hedging exposure to currency fluctuations on imports through forward contracts.

Risk Factor/Description	Potential impact	Mitigating actions
● Financial and Liquidity risk		
Nawaloka Hospitals PLC has increased exposure to high levels of gearing following increased debt from funding of capital expenditure on the Speciality Centre and refurbishment projects. This has been exacerbated by cash flow constraints from impacts of the Easter Sunday attacks and COVID-19 pandemic.	Possible constraints in meeting liability obligations.	- Restructure of long-term debt to support cash-flows. - Obtaining debt moratorium offered by the Central Bank of Sri Lanka as COVID-19 relief. - Organisation wide cost reduction initiatives to improve margins and cash flows. - Strategy in place to improve business volumes, operational efficiencies and margins.
● Shortage of Skilled Healthcare Professionals		
- Attracting and retaining consultants of high repute. - Shortage of technically skilled staff such as nurses, laboratory technicians and pharmacists in the country could negatively affect the quality of care provided by the Hospital Group.	Affects ability to deliver quality patient care and service, impacting growth prospects, and ultimately, the sustainability of operations.	- Proactively identifying the next generation of consultants and attracting them prior to competitors. - Ensuring consultant satisfaction through a superior value proposition including provision of facilities, technology, staff quality. - Maintaining competitive remuneration packages for skilled staff. - Ongoing investments in the Nurse Training School.
● Clinical and patient safety risk		
Failure to deliver safe, high-quality care to our patients. Associated risks include reputation risk and legal risk.	Customer dissatisfaction could lead to loss of reputation and loss of market share impacting revenue and profits.	- Commitment to maintaining global standards of quality and safety of healthcare services through international accreditations. - Regular maintenance and upgrade of equipment. - Regular training and upskilling of employees.
● Technological obsolescence		
Inability to acquire latest technology and maintain high technological standards as well as technological obsolescence.	Loss of competitive edge and market share impacting revenue and profits.	- Ongoing investments in the latest technology for specific areas. - Keeping abreast of current developments in medical technology and evaluating the possibilities of adopting same.

Risk Management

Risk Factor/Description	Potential impact	Mitigating actions
● IT and Cyber Risk		
- Following the drive towards electronic health records and digitization. - Possibility of cyber security breaches and threat to compromising confidential patient information. - Possibility of system failures and breakdowns and negative impact on operations.	- Impact on customer privacy in the event of a potential loss event. - Potential loss of information assets and the hospital loss in reputation.	- Well-defined cyber security incident response process. - Training employees and creating staff awareness on the importance of maintaining information security and handling of sensitive information. - Comprehensive IT and information systems security policy. Implementation and regular testing and verification of network protection technology.
● Reputation Risk		
In the healthcare industry, consumer trust and reputation are key factors distinguishing players within the same industry. Incidents including adverse events while performing clinical procedures, cyber-attacks and breach in security and customer confidentiality could negatively affect Nawaloka Hospitals PLC's reputation and its relationships with its key stakeholders.	- Loss in market position and share. - Impact on profitability margins.	- Standard operating protocols. - Quality audits. - Accreditations and awards provide assurance to stakeholders regarding the quality of our offering. - Procedures to ensure responsible marketing communications. - Nurturing and maintaining strong relationships with key stakeholders and ensuring needs are satisfied.
● Terrorism and heightened security concerns		
The hospital was significantly impacted following the Easter Sunday attacks by way of a decrease in footfall, given security concerns at places of public gathering.	Lower patient volumes placed pressure on revenue and margins, reducing profits.	- Increased security checks on vehicles and guests. - Property risk insurance in place.

Net Risk Assessment ● High ● Moderate ● Low

OUR APPROACH TO CORPORATE GOVERNANCE

Listed on the Colombo Stock Exchange with a public holding of 34.21%, the NHPLC remains largely a family owned business. Yet, in the belief that high standards of corporate governance is fundamental to sustainability of the business, the Board has set in place a governance framework and structure that balances the interests of the Nawaloka Group and its stakeholders, and strengthens Board and management accountability.

1.0 FRAMEWORK AND STRUCTURE

The Board bears responsibility to ensure NHPLC pursues its strategic goals in accordance with sound corporate governance principles, safeguarding its reputation, values and assets while balancing stakeholder interests.

Effective control is retained through the governance framework which comprises an organizational structure, reporting mechanisms, internal controls and compliance and risk management processes. The Governance framework is bound by several external and internal steering instruments.

Governance Highlights 2020/21

Following the uncertainty and unprecedented challenges arising following the COVID-19 pandemic from April 2020, the Board regularly assessed the impact and risks to the business and monitored implementation of the Group business plan.

Approved capital expenditure of LKR 589 Bn, for the hospital renovation and upgrade.

GOVERNANCE STEERING INSTRUMENTS

EXTERNAL

- Companies Act No. 7 of 2007
- Private Medical Institutions Act No.21 of 2006
- Continued listing requirements of the Colombo Stock Exchange
- Code of Best Practice on Corporate Governance (2013) issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka
- Integrated Reporting Framework issued by the International Integrating Reporting Council (IIRC)
- GRI Standards for Sustainability reporting issued by the Global Reporting Initiative

INTERNAL

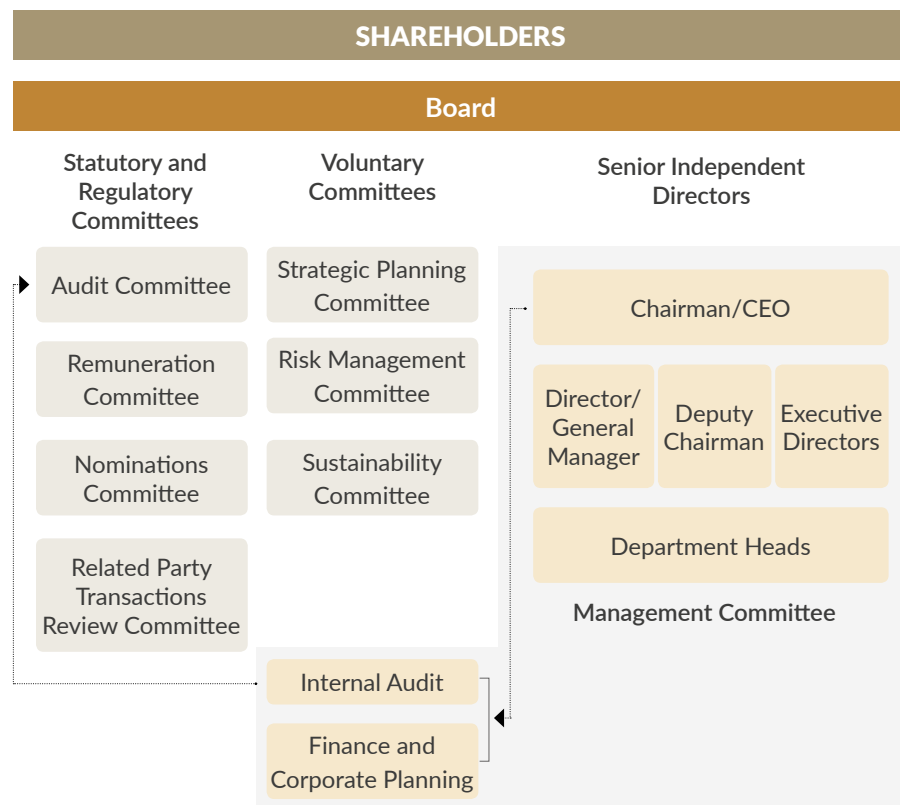
- Articles of Association
- Board and Sub-Committees Charters
- Policy framework
- Risk Management Framework

COMPLIANCE SUMMARY

REGULATION/CODE	ADOPTION	ADHERENCE	DISCLOSURE
The Companies Act No.7 of 2007 (Companies Act)	Mandatory	Compliant	Page 120
Listing Rules of the Colombo Stock Exchange (CSE)	Mandatory	Compliant	Page 87
Securities and Exchange Commission Act No.36 of 1987, including directives and circulars	Mandatory	Compliant	Pages 94 and 95
Code of Best Practice on Corporate Governance (2013) issued jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Securities and Exchange Commission of Sri Lanka	Voluntary	Compliant	Page 94

Corporate Governance

ORGANIZATION STRUCTURE



The Board bears ultimate responsibility for the performance of the Group and is accountable to the shareholders who appoint the Directors. To assist in the discharge of duties, the Board has delegated functions warranting greater attention to 07 Board Sub-committees, with responsibility to oversee the same. The terms of reference of the Committees outlines their respective roles and responsibilities.

The Management Committee (MC) led by the Chairman and comprising of the Deputy Chairman, Director/General Manager, Executive Directors and department heads, formulate and oversee the execution of strategy within the policy framework set out by the Board. The MC meets weekly and is supported by executive committees

responsible for operational management of the Group. Regular reporting on key matters enables effective overseeing by the Board and the MC respectively.

2.0 AN EFFECTIVE BOARD

2.1 Board Composition

Chairman (Executive)	
Executives	    
Non Executives	     
Independent Directors	   

The Board comprises of 12 members as at March 31, 2021, whose profiles are at page 14 onwards.

Navigating the Report

This report has been structured under the following governance principles:-

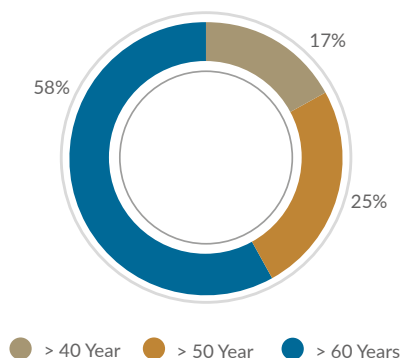
1. Framework and Structure
2. An Effective Board
3. Responsible and Fair Remuneration
4. Board Accountability
5. Relationship with Shareholders

Details of Compliance with respective statutes and codes as described in the Compliance Summary at page 84 are tabled at the end of the report.

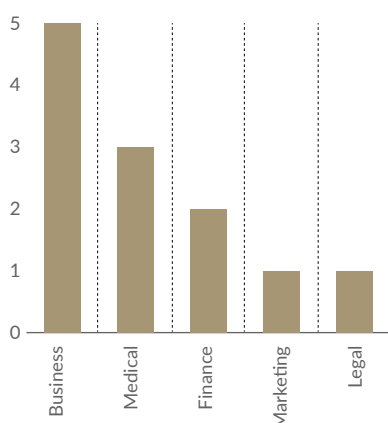
7 Directors are Non-Executive of whom 4 are deemed independent. NED are eminent professionals in their respective fields. Appointment of Deshabandu Tilak De Zoysa as Senior Independent Director, further strengthens the independence of the Board. Sufficient balance of power minimizes the tendency for one or few members of the Board to dominate the Board processes or decision making. Although four Executive Directors- Dr. H K Jayantha Dharmadasa (Chairman/CEO), Mr. Harshith Dharmadasa (Deputy Chairman), Mr. Anisha Dharmadasa and Ms. Ashani Dharmadasa are related to each other, they act in the best interests of the Group with focus and purpose.

The Board is diverse in its experience, age and expertise contributing varied perspectives to boardroom deliberations and exercising independent judgment to bear upon matters set before them.

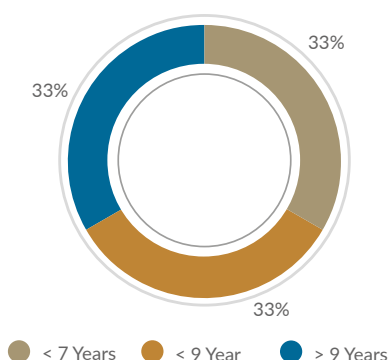
Age Diversity



Expertise



NED Tenure



The Directors possess financial acumen and knowledge gained through experience from leading large enterprises. Two Directors on the Board are finance professionals.

2.2 Directors Independence

Directors exercise their independent judgement, promoting constructive board deliberations and objective evaluation of the performance of the Group.

Definition

Independence is determined against criteria set out in the Listing Rules of the Colombo Stock Exchange.

Assessment

Independent assessment of directors is conducted annually by the Board, based on annual declaration and other information submitted by Non Executive Directors

Outcome

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

The Board is of the view that the periods of service as Board Members of Deshabandu Tilak De Zoysa, Mr Tissa Bandaranayake and Mr. Sunil AbeyRatna, which exceeds nine years do not compromise their independence and objectivity in discharging their functions as Directors. Therefore, the Board determined that Deshabandu Tilak De Zoysa, Mr Tissa Bandaranayake and Mr. Sunil AbeyRatna are 'independent' as per the Listing Rules.

2.3 Appointment, Re-Election and Resignation

Directors are appointed by the shareholders at the Annual General Meeting (AGM), following a formal process and based on recommendations made by the Board of Directors. Recommendations are based on the collective decision of the Board having considered the combined skills, knowledge, experience and diversity of the Board and any gaps therein.

In compliance with the Articles of Association, 1/3rd of the Non-Executive Directors retire from office at each Annual General Meeting, and upon recommendation by the Board, be eligible to stand for re-election by the shareholders at the AGM. The Nomination Committee recommends the Directors for re-election, and approval by the Board.

Appointments, Retirements and Re-Election

- No new appointments to the Board was made during the period under review.
- Mr. D. Sunil AbeyRatna, Mr. Palitha M Kumarasinghe, PC and Mr. V. R Ramanan will retire by rotation in terms of Article 74 at the AGM to be held on 30th September 2021 and have offered themselves for re-election.
- Dr Jayantha Dharmadasa, Vidya Jyothi Professor Lal Chandrasena, Deshabandu Tilak De Zoysa, Mr Tissa K Bandaranayake and Mr D Sunil AbeyRatna who have exceeded the age of 70 years and being eligible for re-election in terms of Section 211 of the Companies Act No. 07 of 2007, have also offered themselves to be reappointed as Directors of the Company.

Corporate Governance

A director appointed by the Board to fill a casual vacancy that has arisen since the previous AGM, will offer himself for election at the next AGM. Appointments are communicated to the CSE and shareholders through announcements through the CSE website and press releases and include a brief résumé of the Director.

Resignations or removal, if any, of Directors and the reasons therefore are informed promptly to the Colombo Stock Exchange together with a statement confirming whether there are any matters that need to be brought to the attention of shareholders.

2.4 Board Responsibilities

The Board provides ethical and effective leadership to the organization and bears ultimate responsibility for the economic, social and environmental performance of the Group. The Board determines overall strategy and oversees implementation of the same. Key responsibilities are summarized alongside.

The Directors and Key Management Personnel are indemnified by the Company in respect of liabilities incurred as a result of their office, in terms of Section 218 of the Companies Act.

The Board seeks independent professional advice from external parties when necessary, in the discharge of their duties.

2.5 Chairman, Chief Executive Officer and Senior Independent Director (SID): -

The functions of the Chairman and the Chief Executive are vested in one person, namely Dr. Jayantha Dharmadasa, as the Board is of the opinion that it is the most appropriate arrangement for the Group, considering

1. His exposure and immense experience in the operations of the Group which makes him the ideal CEO.
2. The superior skills he possesses in mediating and communication between the Board and the Shareholders. He also acts as the main pivot of communication between the Board and the Management.

The Board has appointed as Senior Independent Director (SID), Deshabandu Tilak de Zoysa, in compliance with Best Practice in Corporate Governance which requires the appointment of a SID, when the role of Chairman and CEO are not separate. The SID strengthens the independence and effectiveness of the Board by providing leadership and advice. The SID has made himself available for any material discussion with any of the other Directors.

Key Board Responsibilities

- Ensuring formulation and implementation of business strategy;
- Meeting shareholders, employees and other stakeholder's obligations, balancing their interests in a fair manner;
- Establishing systems of risk management, internal control and compliance;
- Ensuring optimal resource allocation for sustainable value creation;
- Safeguarding assets; Ensuring legitimate use;
- Presenting a balanced and understandable assessment of the Group's position and prospects;
- Ensuring compliance with all laws, regulations and ethical requirements; and
- Ensuring succession planning and the continued ability of the Group to operate without any disruption.

Key Roles and Responsibilities

Chairman	Chief Executive Officer	Senior Independent Director
• Leads the Board, observing good corporate governance and ensuring that the Board acts in the best interest of the Group. • Builds and maintains stakeholder trust and confidence. • Ascertains views of all Directors on issues under consideration. • Ensures a balance of power is maintained between Executive and Non-Executive Directors (NED).	• Develops Group Strategy and ensures its implementation. • Establishes a Group organizational structure, appropriate for execution of strategy. • Monitors and reports performance of the Group and its compliance with applicable laws. • Ensures proper succession planning of the corporate management team. • Ensures the Group operates within the approved risk appetite.	• Supports executive leadership whilst monitoring their conduct. • Promotes high standards of corporate governance and compliance. • Be available to shareholders for discussion of matters of their concern. • Be available to Directors for advice and material discussion.

2.6 Board Committees

The Board has appointed Sub-Committees to assist in the discharge of its duties and in pursuance of the Listing Rules of the Colombo Stock Exchange. Areas of overview and the composition of these committees are given below.

Board Committee	Areas of Overview	Composition	Further Information
Audit Committee	- Financial Reporting - Internal Controls - Internal Audit - External Audit	Mr. Tissa K. Bandaranayake – Chairman (INED) Deshabandu Tilak De Zoysa - Member (INED) Mr. D. Sunil AbeyRatna – Member (INED)	Report of the Audit Committee at page 103
Nominations Committee	- Appointment of Key Management Personnel/ Directors - Succession Planning - Effectiveness of the Board and its Committees	Deshabandu Tilak De Zoysa – Chairman (INED) Mr. Tissa K. Bandaranayake – Member (INED) Mr. D. Sunil AbeyRatna – Member (INED)	Report of the Nominations Committee at page 85
Remuneration Committee	- Remuneration policy for Key Management Personnel - Goals and targets for Key Management Personnel - Performance evaluation	Deshabandu Tilak De Zoysa – Chairman (INED) Mr. Tissa K. Bandaranayake – Member (INED) Mr. D. Sunil AbeyRatna – Member (INED)	Report of the Remuneration Committee at page 102
Related Party Transactions Review Committee	Review of related party transactions	Mr. Tissa K. Bandaranayake – Chairman (INED) Deshabandu Tilak De Zoysa – Member (INED) Mr. D. Sunil AbeyRatna – Member (INED) Mr. Palitha Kumarasinghe, PC (INED) Vidya Jyothi Professor Lal Chandrasena – Member (DGM/ED)	Report of the Related Party Transactions Review Committee at page 105
Risk Management Committee (Voluntary Committee)	- Development of contingency plans - Training and professional development - Information technology and cyber risks - Risk mitigation, including insurance where this is cost-effective	Vidya Jyothi Professor Lal Chandrasena – Chairman (DGM/ED) Mr. U. Harshith Dharmadasa – Member (ED) Mr. A. G. Dharmadasa – Member (ED) Ms. A. G. Dharmadasa – Member (ED)	-
Strategic Planning Committee (Voluntary Committee)	The Strategic Planning Committee assists the Board with its responsibilities for the organization's mission, vision and strategic direction.	Dr H K Jayantha Dharmadasa – Chairman/CEO Vidya Jyothi Prof Lal Chandrasena – Member (DGM/ED) Mr U Harshith Dharmadasa – Member (ED) Mr A G Dharmadasa – Member (ED)	-
Sustainability Committee (Voluntary Committee)	The Sustainability Committee will assist the Board to meet its overall responsibilities in relation to the Company's sustainability policies and practices.	Dr H K Jayantha Dharmadasa – Chairman/CEO Vidya Jyothi Prof Lal Chandrasena – Member (DGM/ED) Mr U Harshith Dharmadasa – Member (ED) Mr A G Dharmadasa – Member (ED)	-

Corporate Governance

2.7 Meetings & Minutes

Agenda and Board papers are sent in advance of the Board meetings, giving members sufficient time to review same. The Company Secretaries prepare the Board Agenda in consultation with the Chairman. Care is taken to ensure that the Board spends sufficient time considering matters critical to the Group's success, as well as compliance and administrative matters.

Board meetings are held on a monthly basis with flexibility to arrange additional meetings when required. The Board met Eight times during the year. Minutes are circulated to Directors and formally approved at the subsequent Board meeting(s). Directors' concerns regarding matters which are not resolved unanimously, are recorded in the minutes.

Attendance at Meetings

Directors	Status	Board	Audit	Related Party Transaction Review
Dr H K J Dharmadasa	EXED	6/8	-	-
Deshabandu Tilak de Zoysa	SID/INED	8/8	5/5	3/3
Vidya Jyothi Prof. Lal Chandrasena	EXED	8/8	-	3/3
Mr Tissa K Bandaranayake	INED	8/8	5/5	3/3
Mr U H Dharmadasa	EXED	8/8	-	-
Mr A G Dharmadasa	EXED	7/8	-	-
Ms A G Dharmadasa	EXED	8/8	-	-
Mr D Sunil AbeyRatna	INED	8/8	5/5	3/3
Mr Palitha Kumarasinghe, PC	INED	8/8	-	1/3
Mr Victor R Ramanan	NED	7/8	-	-
Dr Chandima De Mel	NED	8/8	-	-
Vidya Jyothi Prof S. K. A. Arjuna P. De Silva	NED	8/8	-	-

EXE D – Executive Director

NED- Non-Executive Director

INED – Independent NED

SID – Senior Independent Director

2.8 Other Business Commitments/Directors Interests/Conflicts of Interest

All Directors allocate sufficient time from their schedule to enable them to discharge their duties and responsibilities. Directors declare their business interests at the time of their appointment and annually thereafter. Details are maintained in a Register by the Company Secretaries and are available for inspection in terms of the Companies Act. Directors excuse

themselves from meeting(s) when the Board considers any matters in which a conflict may arise, thereby abstaining from participation and voting.

2.9 Related Party Transactions

The Related Party Transactions Review Committee considers all transactions that require approval in compliance with regulations. Related party transactions are disclosed in Note 41 to the financial statements at page 191.

2.10 Company Secretaries

Secretarial services to the Board are provided by M & A Company Secretaries (Private) Limited, an associate company of Nithi Murugesu & Associates, Attorneys-at-Law & Notaries Public which is a firm consisting of members of the Legal Profession and qualified Company Secretaries comprising a Senior Attorney-at-Law and several Associates who are also Attorneys-at-Law. The Company Secretaries guide the Board on discharging their duties and responsibilities and keep members abreast of relevant changes in legislation and compliance with the continuing Listing Rules of the Colombo Stock Exchange. All Directors have access to the advice and services of the Company Secretaries, as necessary.

2.11 Induction and Training for Directors

Upon appointment, Directors are provided with an orientation pack with all relevant external and internal regulatory documents and a tour of the hospital premises.

The Board of Directors recognize the need for continuous training and expansion of knowledge and skills required to effectively perform their duties. They also undertake training and professional development in their personal capacity as they consider necessary.

2.12 Board access to information and resources

Directors have unrestricted access to management and information of the organization to clarify matters in the effective discharge of their duties and responsibilities. Regular presentations by the Executive Management on matters including progress in implementation of the strategic goals, financial, social and environmental performance, compliance, risk management, changes and

challenges presented by the operating environment, to ensure that the Board is apprised of developments impacting the Group.

Access to independent professional advice is co-ordinated through the Company Secretaries and is available to Directors at Group's expense.

2.13 Executive Committees

These committees meet monthly and are responsible for delivering strategic

goals. These cross functional teams are managed through delegation and reporting obligations and are key to enhancing employee engagement and empowerment.

2.14 Board appraisal

The Board's performance is assessed annually against pre-set targets relating to self-evaluation of individual performance and collective performance of the Board as a whole.

Appraisal of Board Performance

The Board should assess their own performance in order to ensure that the Board responsibilities are satisfactorily discharged.

A.9.1	Adopted	The Board's performance is assessed annually against pre-set targets relating to self-evaluation of individual performance and collective performance of the Board as a whole.
A.9.2	Adopted	Please refer above comment. (A.9.1)
A.9.3	Adopted	Please refer above comment. (A.9.1)

3.0 RESPONSIBLE AND FAIR REMUNERATION

3.1 Remuneration Policy

The Nawaloka Group Remuneration Policy seeks to motivate and reward performance while meeting regulatory requirements, market expectations and corporate values. The Remuneration Committee (RC) consisting of three Independent Non Executive Directors is responsible for making recommendations to the Board regarding the remuneration of the Executive Directors within agreed terms of reference and in accordance with the remuneration policies of the Company.

The Board as a whole determines the remuneration of the NED's who receive a fee for being a Director of the Board. Services of HR professionals are sought when required by the Board and RC in discharging their responsibilities.

3.2 Level and Make Up of Remuneration

The Remuneration packages of Executive Directors are designed to attract eminent professionals as Directors with the requisite skills and experience. Remuneration is structured taking into consideration performance and risk factors entailed in the job and aligned to corporate and individual performance.

Remuneration of Executive Directors comprises two components, fixed remuneration and variable remuneration comprising of an annual performance bonus. No special early termination clauses are included in the contract of employment of Executive Directors that would entitle them to extra compensation. However, such compensation, if any, would be determined by the Board of Directors.

Please refer page 191 - Notes to Financial Statements for the total Directors' Remuneration.

4.0 BOARD ACCOUNTABILITY

4.1 Compliance

Directors are conscious of their duties to comply with the laws, regulations, regulatory guidelines, internal controls and approved policies. The Group is compliant with all relevant legal and statutory requirements.

4.2 Risk Management and Internal control

The Board is responsible for formulating and implementing effective risk management and internal control systems to safeguard shareholder interests and the assets of the Company. These systems cover all controls, including financial, operational and compliance and are monitored and regularly reviewed for effectiveness by the Board. The Internal Audit Department supports the Audit Committee, reviewing the adequacy and effectiveness of the internal control systems and reporting to the Audit Committee on a regular basis.

Role of Risk Committee

The purpose of the Risk Management Committee of Nawaloka Hospital is to assist the Board of Directors in the effective discharge of its primary responsibilities of identifying principal risks and implementing appropriate systems and risk assessments processes to manage such risks.

4.3 Accountability & Audit

Every effort has been made to present the Annual Report, Quarterly Financial Statements and any other price-sensitive public reports, with a balanced and understandable assessment of the Group's financial position, performance

Corporate Governance

and prospects and in compliance with the various legal and regulatory requirements and voluntary codes and frameworks adopted. The Group's position and prospects have been discussed in detail in the following sections of this Annual Report.

- Chairman's Review - pages 06 to 27
- Director/General Manager's Review - pages 32 to 34
- The Capitals Report - at pages 46 to 76
- Way Forward - at pages 30 to 31
- Managing Risk - at pages 80 to 82

The following reports provide further information required by the Code:

- The Directors' Report on pages 100 to 101 (including the declaration that the Company is a going concern)
- The Statement of Directors' Responsibilities on page 108
- Report of the Auditors on page 111

4.4 External Auditor

The Audit Committee (AC) makes recommendations to the Board for the appointment, re-appointment or removal of the External Auditor in-line with professional and ethical standards, legislative and regulatory requirements. The AC monitors and reviews the External Auditor's independence, objectivity and the effectiveness of the audit process considering relevant professional, legislative and regulatory requirements.

In the assignment of non-audit services to External Auditors, the AC ensures that the External Auditor has the necessary skills and experience for the assignment and ascertains that independence and objectivity of the External Auditor in carrying out his duties and responsibilities will not be impaired.

On the recommendation of the Board, the shareholders approved the reappointment of Messrs. KPMG (Chartered Accountants) as the External Auditors for 2020/2021 at the last AGM. In compliance with Section 163(3) of the Companies Act No. 07 of 2007, the External Auditors submit a statement annually confirming their independence in relation to the external audit.

4.5 Major or Material Transactions

During the year, there were no major or material transactions as defined in Section 185 of the Companies Act No. 07 of 2007 which materially affect the net asset base of the Company.

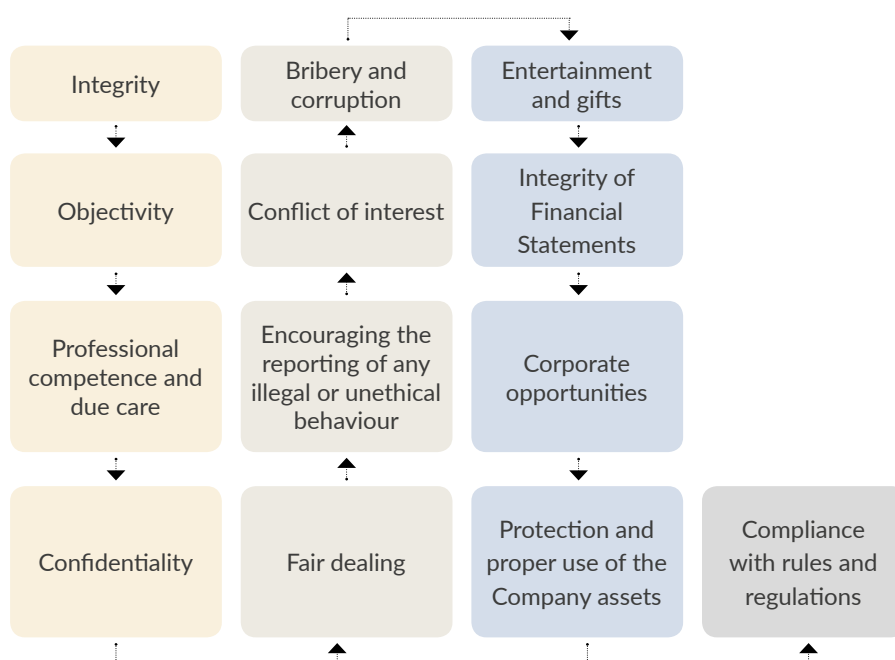
4.6 Code of Conduct and Ethics

The Group is committed to conducting its business operations with honesty, integrity and with respect to the rights and interests of all stakeholders. The Group's Code of Conduct and Ethics articulates the standards of conduct expected of employees. Key topics

covered are given alongside. The Board is not aware of any material violations of any of the provisions of the Code of Conduct by any Director or employee of the Group.

4.7 Clinical Governance

The Group is committed to the continuous improvement in the quality of services and safe-guarding high standards of patient care. Obtaining Joint Commission Inter-annual accreditation this year is a reflection of this commitment, as the Group invests in technology and training, automation and streamlining processes to comply with the International Patient Safety Goals, as detailed at page 58. The Quality Improvement and Patient Safety Committee monitors performance and ensures compliance with the Goals, while the Board Ethics Committee reviews the ethical challenges which have been raised during clinical practice. (Note to Nalaka: Please check if such committees are there.)



Quality Improvement and Patient Safety Committee

At Nawaloka we have an on-going process of improving the quality of customer service. Quality-related data is reviewed regularly by the Quality Improvement and Patient Safety Committee. The large number of accolades we have received relating to quality listed below, are a testament to our commitment to quality:

- The first Hospital in Sri Lanka to be awarded the ISO9001: 2008 Sri Lanka Quality Award and the National Business Excellence Award
- ISO9001: 2015 Certification (Awarded 2016)
- National Productivity Award for 2015
- National Business Excellence Gold Award in Healthcare Sector for 2018
- The Nawaloka laboratory is accredited and certified for PHSR certificate for 2019
- In 2019 we have won JCI Standards

4.8 Digital Governance

Smart technology has been transforming the healthcare industry over the past few years. Nawaloka Hospitals has invested in advanced technology to enhance customer experience, improve operational efficiency and reduce costs. Consequently, IT governance has been a key focus area of the Board.

4.9 Sustainability Governance

The Group places significant emphasis on sustainable value creation. Sustainability principles are embedded in the business strategy and endorsed throughout its operations. Such

activities undertaken are presented in the Integrated Annual Report as follows:-

- Economic Sustainability – pages 52 to 55
- Environment – pages 75 to 76
- Labour Practices – pages 70 to 74
- Society – pages 60 to 63
- Service Responsibility – page 56
- Shareholder identification, engagement and effective communication – Investor Relations on page 198

5.0 RELATIONS WITH SHAREHOLDERS

The Board is conscious of their responsibilities towards stakeholders and is committed to fair disclosure, with emphasis on integrity, timeliness and relevance of the information provided.

5.1 Communication with Shareholders

Shareholders are engaged through multiple channels of communication, including the Annual General Meeting (AGM)(detailed below), annual report, interim financial statements, a dedicated investor relations page on the company's website and notification of key events through announcements in the CSE website.

Shareholders also have the opportunity to ask questions, make the comments and suggestions to the Board through the Company Secretaries whose contact details are provided at page 88 of this report and the Investor Relations page of our website. All significant issues and concerns of Shareholders are always

referred to the Board of Directors with the views of the Management.

5.2 Constructive use of Annual General Meeting (AGM)

The AGM is the main mechanism for the Board to interact with and account to the shareholders and provides an opportunity for shareholders' views to be voiced. Notice of the AGM, the Annual Report and Accounts and any other resolution together with the corresponding information that may be set before the shareholders at the AGM, are circulated to shareholders with a minimum of 15 days' notice prior to the AGM. Shareholders are encouraged to participate at the AGM and exercise their voting rights. The Company proposes a separate resolution for each item of business, giving shareholders the opportunity to vote on each such issue, separately. Voting procedures at the AGM are circulated to the shareholders in advance. The Company has an effective mechanism to record and count all proxy votes lodged for each resolution.

At the AGM, the Board provides an update to shareholders on the Group's performance and shareholders have the opportunity to ask questions and vote on resolutions. The Board Chairman, Board members particularly Chairmen of the Board Committees on the request of the Board Chairman, and External Auditors, are present and available to answer questions. All concerns of the Shareholders are recorded in the minutes of the meeting and addressed thereafter. The Board reviews the minutes of the meetings and ensures that the Shareholders' issues are resolved systematically.

Corporate Governance

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

Rule No.	Subject	Requirement	Complied	Action/Reference (within the Report)	Page
7.10 (a-c)	Compliance	Compliance with Corporate Governance Rules			
7.10.1(a)	Non-Executive Directors (NED)	At least 2 or 1/3 of the total number of Directors on the Board whichever is higher should be NEDs	Yes	Board Composition	83
7.10.2(a)	Independent Directors (ID)	2 or 1/3 of NEDs, whichever is higher, should be independent	Yes	Board Composition	84
7.10.2(b)	Independent Directors (ID)	Each NED should submit a signed and dated declaration of his/her independence or non-independence	Yes	Directors Independence	85
7.10.3(a)	Disclosure relating to Directors	The Board shall annually determine the independence or otherwise of the NEDs, and Names of each IDs should be disclosed in the Annual Report (AR)	Yes	Directors Independence Board Profiles	85
7.10.3(b)	Disclosure relating to Directors	The basis for the Board's determination of ID, if criteria specified for independence is not met	Yes	Directors Independence	88
7.10.3(c)	Disclosure relating to Directors	A brief resume of each Director should be included in the AR including the Director's areas of expertise	Yes	Board Profiles	14-18
7.10.3(d)	Disclosure relating to Directors	Provide a brief resume of new Directors appointed to the Board with details specified in Rules 7.10.3(a), (b) and (c) to the CSE	Yes	Board Profiles	14-18
7.10.4 (a-h)	Criteria for defining Independence	Requirements for meeting criteria to be an Independent Director	Yes	Directors Independence	14-18
7.10.5	Remuneration Committee (RC)	A listed company shall have a Remuneration Committee	Yes	Remuneration Committee Report	102
7.10.5(a)	Composition of Remuneration Committee	RC Shall comprise of NEDs, a majority of whom will be independent One NED shall be appointed as Chairman of the committee by the Board of Directors	Yes	Remuneration Committee Report	102
7.10.5.(b)	Functions of Remuneration Committee	The RC shall recommend the remuneration of Executive Directors	Yes	Remuneration Committee Report	102

Rule No.	Subject	Requirement	Complied	Action/Reference (within the Report)	Page
7.10.5.(c)	Disclosure in the Annual Report relating to Remuneration Committee	Names of Directors comprising the RC Statement of Remuneration Policy Aggregated remuneration paid to Executive and NEDs, should be included in the Annual Report	Yes	Remuneration Committee Report Note 120 to the Financial Statements	102 191
7.10.6	Audit Committee (AC)	The Company shall have an AC	Yes	Audit Committee Report	103
7.10.6(a)	Composition of Audit Committee	Shall comprise of Non-Executive Directors, a majority of whom are Independent Chief Executive Officer and the Chief Financial Officer should attend Audit Committee Meetings The Chairman of the Audit Committee or one member should be a member of a professional accounting body	Yes	Audit Committee Report	103
7.10.6(b)	Audit Committee Functions	Overseeing of the – Preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) Compliance with financial reporting requirements, of the Companies Act and related regulations and requirements Processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards (SLFRS/LKAS) Assessment of the independence and performance of the External Auditors Make recommendations to the Board pertaining to appointment, re-appointment and removal of External Auditors, and approve the remuneration and terms of engagement of the external auditor	Yes	Audit Committee Report	103
7.10.6(c)	Disclosure in Annual Report relating to Audit Committee	The Annual Report shall contain Names of Directors comprising the AC The AC shall make a determination of the independence of the Auditors and disclose the basis for such determination Report of the AC setting out the manner of compliance with their functions	Yes	Audit Committee Report	103

Corporate Governance

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

Rule	Requirement	Complied	Reference (within the Report)	Page
(a)	Details pertaining to Non-Recurrent Related Party Transactions (RPT)	Yes	Report of the Related Party Transactions Review Committee	105
(b)	Details pertaining to Recurrent RPTs	Yes	Notes to the Financial Statements	120
(c)	Report of the Related Party Transactions Review Committee	Yes	Report of the Related Party Transactions Review Committee	105
(d)	Declaration by the Board of Directors in the Annual Report as an affirmative statement of compliance with the rules pertaining to RPT, or a negative statement otherwise	Yes	Annual Report of the Board of Directors	97

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

Rule	Requirement	Complied	Reference (within the Report)	Page
168 (1) (a)	The nature of the business together with any change therein	Yes	Annual Report of the Board of Directors	97
168 (1) (b)	Signed financial statements of the Group and the Company	Yes	Financial Statements & Annual Report of the Board of Directors	110 and 97
168 (1) (c)	Auditors' Report on financial statements	Yes	Independent Auditor's Report	111
168 (1) (d)	Accounting policies and any changes therein	Yes	Notes to the Financial Statements & Annual Report of the Board of Directors	120 and 97
168 (1) (e)	Particulars of the entries made in the Interests Register	Yes	Annual Report of the Board of Directors	97
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	Yes	Notes to the Financial Statements & Annual Report of the Board of Directors	120 and 97
168 (1) (g)	Corporate donations made by the Company	Yes	Notes to the Financial Statements & Annual Report of the Board of Directors	120 and 97
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	Yes	Board Profiles & Annual Report of the Board of Directors	14-18 and 97
168 (1) (i)	Amounts paid/payable to the External Auditors as audit fees and fees for other services rendered	Yes	Notes to the Financial Statements	120
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Yes	Report of the Audit Committee/ Financial Statements & Annual Report of the Board of Directors	103, 114 and 97
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Financial Statements/ Annual report of the Board of Directors	114 and 97

Appendix IV: Compliance with The Code of Best Practice On Corporate Governance Issued Jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka, 2013

Code Ref.	Requirement	Complied	Reference (within the Report)	Page
A	Directors			
A.1	An effective Board should direct, lead and control the company			
A.1.1	Regular Board meetings, provide information to the Board on a structured and regular basis	Yes	Meetings & Minutes	88
A.1.2	Role and Responsibilities of the Board	Yes	Board Responsibilities	86
A.1.3	Act in accordance with laws of the Country	Yes	Board Responsibilities Compliance	86
A.1.4	Access to advise and services of the Company Secretary	Yes	Company Secretary	
A.1.5	Independent judgement	Yes	Directors Independence	107
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	Yes	Other Business Commitments / Related Party Transactions / Conflicts of Interest	105
A.1.7	Board induction and Training	Yes	Induction and training for Directors	88
A.2	Chairman and CEO	Yes	Chairman, Chief Executive Officer and Senior Independent Director (SID)	86
A.3	Chairman's role in preserving good corporate governance	Yes	Chairman, Chief Executive Officer and Senior Independent Director (SID)	86
A.4	Availability of financial acumen	Yes	Board Composition	84
A.5	Board Balance	Yes	Board Composition	84
A.5.1	The Board should include sufficient number of NEDs	Yes	Board Composition	84
A.5.2	If the Board includes only 2 NEDs, both should be independent	N/A	7 NEDs	84
A.5.3	Independence of Directors	Yes	Directors Independence	107
A.5.4	Annual declaration of independence by Directors	Yes	Directors Independence	107
A.5.5	Annual determination of independence of NEDs	Yes	Directors Independence	107
A.5.6	Alternate Directors	N/A	(No Alternate Directors appointed)	-
A.5.7 & A.5.8	Senior Independent Directors	N/A	Chairman, Chief Executive Officer and Senior Independent Director (SID)	84
A.5.9	Annual meeting by the Chairman with NED	Yes	Chairman/Chief Executive Officer	88
A.5.10	Recording of dissent in minutes	Yes	Meetings and minutes	88
A.6	Supply of Information	Yes	Board access to information and resources	88
A.7	Appointments to the Board and Re-election	Yes	Appointment, Re-election and Resignation	97
A.7.1	Establishing a Nomination Committee, Chairman and Terms of Reference	Yes	Nomination Committee Report	102

Corporate Governance

Code Ref.	Requirement	Complied	Reference (within the Report)	Page
A.7.2	Annual assessment of Board composition	Yes	Board Evaluation	102
A.7.3	Disclosures on appointment of new directors	Yes	Appointment, Re-election and Resignation	97
A.8	Directors to submit themselves for re-election	Yes	Appointment, Re-election and Resignation	97
A.9	Appraisal of Board and sub-Committee Performances	Yes	Board Evaluation	102
A.10	Annual Report to disclose specified information regarding Directors	Yes	Board Profiles Meeting Attendance Directorships in Other Companies Membership in Committees	84
A.11	Appraisal of the CEO	Yes		
B.1	Establish process for developing policy on Executives and Directors remuneration.		Responsible and Fair Remuneration	191
B.2	Level and Make Up of Remuneration	Yes	Responsible and Fair Remuneration	191
B.3	Disclosures related to remuneration in Annual Report • Remuneration Policy statement • Aggregate Board remuneration paid • HRRC report	Yes	Responsible and Fair Remuneration Note 41 to Financial Statements Remuneration Committee report	191
C.1.	Constructive use of the AGM & Other General Meetings	Yes	Constructive use of the Annual General Meeting (AGM)	91
C.2.	Communication with shareholders	Yes	Communication with Shareholders	91
C.3	Disclosure of major and material transactions	Yes	There were no transactions which would materially alter the Company's or Group's net asset base nor any major related party transactions apart from those disclosed in Note 2.5 to the Financial Statements at page 121	
D. 1	Present a balanced and understandable assessment of the Company's financial position, performance and prospects	Yes	Communication with Shareholders	91
D.2.	Process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets	Yes	Risk Management and Internal control	80
D.3.	Audit Committee	Yes	Audit Committee Report	103
D.4	Code of Business Conduct and Ethics	Yes	Code of Conduct	81
D.5	Corporate Governance Disclosures	Yes	Corporate Governance Report	91
E & F	Institutional and other investors, encourage voting at AGM	Yes	Relations with Shareholders	
G	Principals of Sustainability Reporting	Yes	Sustainability Governance	91

Annual Report of the Board of Directors

The Directors have pleasure in presenting to the members, their Report together with the Audited Financial Statements for the year ended 31st March 2021.

The details set out herein provide the pertinent information required under the Companies Act No. 7 of 2007, the Listing Rules of the Colombo Stock Exchange and recommendations, in adherence with best accounting practices.

LEGAL FORM

Nawaloka Hospitals PLC is a Public Company with limited liability incorporated in Sri Lanka on 1st July 1982 under the Companies Ordinance No. 51 of 1938 and re-registered on 07th September 2007 under the provisions of the Companies Act No. 7 of 2007, and assigned the Company Re-Registration No. PQ 78. Since 2004 its Shares are quoted at the Colombo Stock Exchange. This information is disclosed as required by Section 168 of the Companies Act No. 7 of 2007, which also requires the following information to be disclosed:

PRINCIPAL BUSINESS ACTIVITIES

Nature of the business of the Company and the Group are described below as required by Section 168 (1) (a) of the Companies Act No. 7 of 2007. There have been no material changes to the activities of the Company or any of its subsidiaries during the period under review, subject to what is stated below.

Company

The principal activities of the Company is providing of health care and hospital services.

Subsidiaries

New Nawaloka Hospitals (Private) Limited (PV 3426)

This is a Private Company with limited liability incorporated in Sri Lanka under the provisions of the Companies Act No. 17 of 1982 and re-registered under the New Companies Act No. 7 of 2007. It is also domiciled in Sri Lanka and is a wholly owned subsidiary of Nawaloka Hospitals PLC.

New Nawaloka Medical Centre (Private) Limited (PV 14363)

This too is a Private Company with limited liability incorporated in Sri Lanka under the provisions of the Companies Act No. 17 of 1982 and re-registered under the New Companies Act No. 7 of 2007. It is also domiciled in Sri Lanka and is a wholly owned subsidiary of Nawaloka Hospitals PLC.

Nawaloka Greencross Laboratories (Private) Limited (PV 121462)

A new Private Company with limited liability was incorporated in Sri Lanka in the year 2017 under the provisions of the New Companies Act No. 7 of 2007. It is domiciled in Sri Lanka and is also a wholly owned subsidiary of Nawaloka Hospitals PLC. Green Cross Laboratories of South Korea provide technical advice to Nawaloka Greencross Laboratories (Private) Limited for Laboratory Services.

Nawaloka Medicare (Private) Limited (PV 93186)

This is a Private Company with limited liability incorporated in Sri Lanka in the year 2014 under the provisions of the Companies Act No. 7 of 2007. It is also domiciled in Sri Lanka and is a wholly owned subsidiary of Nawaloka Hospitals PLC.

REVIEW OF BUSINESS/FUTURE DEVELOPMENT

A review of the business of the Company and the Group and its performance during the year are contained in the Chairman's review/Chief Executive Officer's Performance Review and of the Director/General Manager's Operational & Management review at pages 26, 32 and 34 respectively of this report. These reviews form an integral part of this report and together with the Financial Statements described in detail of the state of affairs of the Company and the Group.

FINANCIAL STATEMENTS

The Financial Statements which include the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statements and Notes to the Financial Statements are given at pages 110 to 196 and have been prepared in conformity with the Sri Lanka Accounting Standards and the requirements of Section 168 (1) (b) of the Companies Act No. 7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

AUDITOR'S REPORT

The Financial Statements for the period under review were audited by Messrs KPMG (Chartered Accountants) for the year ended 31st March 2021 and the Independent Auditor's Report issued thereon appears at page 111 of this Annual Report as required by Section 168 (1) (c) of the Companies Act No. 7 of 2007.

Annual Report of the Board of Directors

FINANCIAL RESULTS

(All figures in Sri Lanka Rupees)	Group		Company	
	2020/21	2019/20	2020/21	2019/20
	Rs.	Rs.	Rs.	Rs.
Profit before Taxation	347,172,889	(166,262,398)	(237,490,915)	17,169,213
Less: Taxation	154,091,058	182,243,138	(65,440,641)	81,852,838
Net Profit after Taxation	501,263,947	15,980,740	(302,931,556)	99,022,051
Profit attributable to Equity Holders of the Company	501,263,947	15,980,740	(302,931,556)	99,022,051
Earnings per share	0.36	0.01	(0.21)	0.07

ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

The Accounting Policies adopted in the preparation of Financial Statements of the Company and the Group are given at pages 122 to 123 of this Annual Report as required by Section 168(1) (d) of the Companies Act. There have been no changes in the accounting policies adopted by the Company during the period under review other than the depreciation rates.

ENTRIES IN THE INTERESTS REGISTER

The Interests Register is maintained by the Company, as required by Section 168(1)(e) of the Companies Act No. 07 of 2007.

DIRECTORS' REMUNERATION AND OTHER BENEFITS

Directors' remuneration and other benefits of Directors are given at Note 41 to the Financial Statements at page 191 as required by Section 168(1) (f) of the Companies Act No. 07 of 2007.

DONATIONS

Total donations made by the Group during the year amounted to Rs. 6,525,127 and is being disclosed as required by Section 168(1)(g) of the Companies Act No. 07 of 2007 and this expenditure was incurred upon the mandate conferred upon the Board by the Shareholders at the last Annual General Meeting.

SHAREHOLDERS' FUNDS

After the above mentioned appropriation, the total Group Shareholders' funds as at 31st March 2021, stood at Rs. 4,098 Mn. The total Shareholders' Funds of the Company as at 31st March 2020 stood at Rs. 3,430 Mn. The movements are shown in the Statement of Changes in Equity.

INTERIM DIVIDEND

No interim dividend was declared or paid during the financial year. Further no dividend was declared in the 2019/2020 financial year.

DIRECTORATE

The Directors, who served on the Board during the financial year are the following and this information is provided as required by Section 168(1) (h) of the Companies Act No. 07 of 2007:-

Name of Director	Executive/Non Executive status	Status of Independence
Dr. H. K. Jayantha Dharmadasa <i>Chairman & Chief Executive Officer</i>	Executive	
Mr. U. Harshith Dharmadasa <i>Deputy Chairman</i>	Executive	
Deshabandu Tilak de Zoysa <i>Senior Independent Director</i>	Non -Executive	Independent
Vidya Jyothi Prof. Lal Chandrasena <i>General Manager</i>	Executive	
Mr. Tissa K. Bandaranayake <i>Independent Director</i>	Non -Executive	Independent
Mr. A. G. Dharmadasa	Executive	
Ms. A. G. Dharmadasa	Executive	
Mr. D. Sunil AbeyRatna	Non-Executive	Independent

Name of Director	Executive/Non Executive status	Status of Independence
Mr. Palitha Kumarasinghe, PC	Non-Executive	Independent
Mr. V. R. Ramanan	Non-Executive	
Dr. W. Chandima P. De Mel	Non-Executive	
Vidya Jyothi Prof S. K. A. Arjuna P. De Silva	Non-Executive	

The qualifications and experience of each of the Directors, are given in the individual profiles of the Board of Directors at pages 14 to 18 of the Annual Report.

Appointments and Resignations

New appointments to the Board are based on the collective decision of the Board. In making new appointments, the Board considers the composition of the Board in order to assess whether they have the right mix of skills, experience and competence in the management of the Company.

The information of new appointments and resignations to the Board of Directors of the Company are shown as an integral part of the Annual Report of the Board of Directors, in compliance with Section 168(1) (h) of the Companies Act No. 7 of 2007.

There were in fact no new appointments or resignations to the Board during the financial year under review.

Recommendations for Re-election

In terms of Article 74 of the Articles of Association of the Company, Mr. D. Sunil AbeyRatna, Mr. Palitha Kumarasinghe, PC and Mr. V. R. Ramanan who retire from the Board by rotation at the forthcoming Annual General Meeting and being eligible for re-election, have offered themselves for re-election.

Further, Dr. Hewa Komanage Jayantha Dharmadasa, Vidya Jyothi Professor Lal Chandrasena, Deshabandu Tilak de

Zoysa, Tissa Kumara Bandaranayake and Damian Sunil Abeyratna who have exceeded the age of 70 years and being eligible for re-election in terms of Section 211 of the Companies Act No. 7 of 2007, have offered themselves to be re-appointed as Directors of the Company.

Independent Directors

Deshabandu Tilak De Zoysa and Mr. Tissa K. Bandaranayake who were appointed as Independent Directors of the Company, have served their respective first term of nine years and thereupon the Board of Directors Resolved that despite having previously served for a term of nine years that they are yet regarded as Independent Directors in terms of Rule 7.10.4 (read with sub-rules [a] to [h]) of the Revised Rules of the Colombo Stock Exchange, and accordingly were re-appointed for a second term of nine years.

Mr. D. Sunil AbeyRatna and Mr. Palitha Kumarasinghe, PC were appointed as Independent Directors of the Company on 28th February 2012 and 24th March 2016 respectively.

Mr. D. Sunil AbeyRatna who was appointed on 28th February 2012 and has served as a Board Member and as an Independent Director of Nawaloka Hospitals PLC for a period exceeding nine years, Nevertheless the Board resolved on 27th July 2021 that although he has served the Board for a period of Nine Years that yet he be regarded as an Independent Director in terms of Rule 7.10.4 (read with sub-

rules [a] to [h]) of the Revised Rules of the Colombo Stock Exchange, and accordingly continues for a second term of nine years.

Board Sub-committees

Several Board Sub-Committees established by the Board continue to oversee matters relating to policy and governance. A 'Related Party Transactions Review Committee' was established to comply with the directives issued by the Securities and Exchange Commission to ensure that the interests of shareholders as a whole are taken into account by a listed entity when entering into related party transactions. The composition of the Sub-Committees during the Financial year under review are as follows:

Audit Committee Members

Mr. Tissa K. Bandaranayake
Chairman (INED)

Deshabandu Tilak De Zoysa
Member (INED)

Mr. D. Sunil AbeyRatna
Member (INED)

Remuneration Committee Members

Deshabandu Tilak De Zoysa
Chairman (INED)

Mr. Tissa K. Bandaranayake
Member (INED)

Mr. D. Sunil AbeyRatna
Member (INED)

Annual Report of the Board of Directors

Related Party Transactions Review Committee Members

Mr. Tissa K. Bandaranayake
Chairman (INED)

Deshabandu Tilak De Zoysa
Member (INED)

Mr. D. Sunil AbeyRatna
Member (INED)

Vidya Jyothi Professor Lal Chandrasena
Member (ED)

Mr. Palitha Kumarasinghe PC
(INED)

Nomination Committee Members

Deshabandu Tilak De Zoysa
Chairman (INED)

Mr. Tissa K. Bandaranayake
Member (INED)

Mr. D. Sunil AbeyRatna
Member (INED)

Members of the Risk Management Committee

Vidya Jyothi Professor Lal Chandrasena
Chairman (DGM/ED)

Mr. U. Harshith Dharmadasa
Member (ED)

Mr. A. G. Dharmadasa
Member (ED)

Ms. A. G. Dharmadasa
Member (ED)

Strategic Planning Committee

Dr. H. K. Jayantha Dharmadasa
Chairman/CEO

Vidya Jyothi Professor Lal Chandrasena
Member (ED)

Mr. U. Harshith Dharmadasa
Member (ED)

Mr. A. G. Dharmadasa
Member (ED)

Sustainability Committee

Dr. H. K. Jayantha Dharmadasa
Chairman/CEO

Vidya Jyothi Prof. Lal Chandrasena
Member (ED)

Mr. U. Harshith Dharmadasa
Member (ED)

Mr. A. G. Dharmadasa
Member (ED)

DGM - Director General Manager

ED - Executive Director

INED - Independent Non-Executive Director

Directors' Meetings

Details of meetings which comprise Board meetings, the Board's Sub-Committee meetings namely the Audit Committee, Remuneration Committee, Strategic Planning Committee, Nomination Committee, Related Party Transactions Review Committee and Risk Management Committee are dealt with at page 88 of this Annual Report.

Directors' Shareholding

The aggregate shareholding of the Directors for the year ended 31st March 2021 and the previous year, are as follows:-

	2020/21 Ordinary	2019/20 Ordinary
Mr. H.K. J. Dharmadasa	462,736,182	462,736,182
Deshabandu Tilak de Zoysa	218,000	218,000
Vidya Jyothi Prof. Lal Chandrasena	601,198	601,198
Mr. U. H. Dharmadasa	3,360	3,360
Mr. A. G. Dharmadasa	3,004,026	3,004,026
Ms. A. G. Dharmadasa	5,066,686	5,066,686
Mr. Damian Sunil AbeyRatna	NIL	NIL
Mr. Tissa K. Bandaranayake	NIL	NIL
Mr. V.R. Ramanan	3,410,088	3,410,088
Mr. Palitha Kumarasinghe, PC	NIL	NIL
Dr. W. Chandima P. De Mel	NIL	NIL
Vidya Jyothi Prof S. K. A. Arjuna P. De Silva	NIL	NIL

Related Party transactions

The Directors have also disclosed the transactions if any, that could be classified as 'Related Party transactions' in terms of LKAS 24 - "Related Party Disclosures" and thus complied with the CSE Listing Rules. Related Party Transactions are given in Note 41 to the Financial Statements.

Directors' Interests

The Interests Register is maintained by the Company as per the Companies Act No. 07 of 2007.

CAPITAL EXPENDITURE

Details of Property, Plant & Equipment and their movements in the Company and the Group during the year, are listed in Note 19 to the accounts at pages 144 and 145.

STATED CAPITAL

The Stated Capital of the Company is 1,409,505,596 ordinary shares. There were no changes in the Stated Capital during the year.

	Group		Company	
	2020/21	2019/20	2020/21	2019/20
	Rs.	Rs.	Rs.	Rs.
Issued & Fully Paid	-	-	-	-
At the beginning of the year	1, 409,505,596	1, 409,505,596	1, 409,505,596	1, 409,505,596
At the end of the year	1, 409,505,596	1, 409,505,596	1, 409,505,596	1, 409,505,596

SHARE INFORMATION

The composition of shareholders and the information relating to share trading, net assets and market value per share are given at pages 198 of this Annual Report.

MAJOR SHAREHOLDERS

The 20 largest shareholders of the Company as at 31st March 2021 are given at page 199 of this Annual Report.

EMPLOYMENT POLICY

The Company's Employment Policy is totally non-discriminatory and equal opportunities are given to all employees irrespective of ethnicity, race, origin, religion, political opinion, gender or marital status.

The Company applies 'equal opportunity policy' in selection, training, development and promotion opportunities, ensuring that all decisions are based on merit and qualification.

The employees are always encouraged to discuss issues relating to operations and to make suggestions to improve performance.

The number of persons employed by the Group as at 31st March 2021 was 2,784

GROUP REVENUE

The Revenue of the Group was Rs. 11,828 Mn. The analysis thereof is given in Note 10 to the Financial Statements.

STOCK EXCHANGE LISTING

The Company was listed on the Main Board of the Colombo Stock Exchange in the year 2004, and continues to be so listed.

GOING CONCERN

The Board firmly believes that the Company and its subsidiaries have sufficient resources to continue in operational existence for a very long foreseeable future. Therefore, Financial Statements of the Group have been prepared on the principle of a "Going Concern".

EVENTS OCCURRING AFTER THE REPORTING DATE

There are no significant events that have occurred after the reporting date which would have any material effect on the Company or on the Group that require adjustments to or disclosure in the Financial Statements.

APPOINTMENT OF AUDITORS

Messrs KPMG (Chartered Accountants) who are willing to continue in office are recommended for re-appointment, at a remuneration to be decided by the Board of Directors.

The fees paid to the Auditors are disclosed in Note 12 to the Financial Statements.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of Auditors) with the Company or any of its subsidiaries other than those disclosed above. The Auditors also do not have any interest in the Company, or its subsidiaries as required by Section 168 (1) (j) of the Companies Act No. 7 of 2007.

For and on behalf of the Board,



Dr. Jayantha Dharmadasa
Chairman/Chief Executive Officer



Vidya Jyothi Prof. Lal Chandrasena
Director/General Manager

By Order of the Board,



M & A Company Secretaries (Private)
Limited

30th August 2021

The Board Remuneration Committee Report

FORMATION, COMPOSITION AND STRUCTURE

The Remuneration Committee is a Sub-committee, appointed by and responsible to the Board of Directors and consists of three Independent Non-Executive Directors:

Deshabandu Tilak De Zoysa

Chairman - Senior Independent Non-Executive Director

Mr. Tissa K. Bandaranayake

Member - Independent Non-Executive Director

Mr. D. Sunil AbeyRatna

Member - Independent Non-Executive Director

The Committee meetings held during the financial year are subject to the following criteria:-

DUTIES AND RESPONSIBILITIES

The Remuneration Committee reviews and recommends the policy on remuneration of the Executive Staff and the Specific remuneration package for the Executive Directors while considering the following:

1. Determining the compensation of the Chairman and the Board of Directors, while ensuring that no Director or any of their Associates are involved in determining their own remuneration or any other benefit(s).
2. Establishing transparent procedures to determine remuneration for Executives and Directors.

In this context, the Remuneration Committee took into account:
 - a. Competition;
 - b. Qualifications and experience;
 - c. Market information ;
 - d. Business performance, and
 - e. Industry standards, in declaring the overall remuneration policy of the Group.
3. Recommending corporate management appointments to the Board.
4. Approving remuneration levels for each designation of senior management.
5. Maintaining competitive and attractive remuneration packages to senior managers and ensure that it is in par with the industry levels.
6. Recommended promotion of Key Management Personnel to the Board of Directors.
7. Deciding performance based on remuneration, increments, incentive and bonus with the regular evaluation of performance against targets.
8. Giving directions regarding statutory payments made by the Company on behalf of its employees.

CHALLENGES

In a highly competitive environment attracting and retaining high calibre executives is a key challenge faced by the Group.

EVALUATION OF THE EFFECTIVENESS OF THE COMMITTEE

The Board reviews and updates the Committee Charter annually. The minutes of meetings and other reports from the Remuneration Committee are submitted to the Board of Directors, and in addition, plans are initiated for the Non-Committee members to evaluate the Committee on an annual basis by way of a checklist.

The Remuneration Committee wishes to highlight that in this regard that the Company is in compliance with the provisions of the Listing Rules.



Deshabandu Tilak De Zoysa
Chairman

30th August 2021

Audit Committee Report

In keeping with the Code of Best Practice on Corporate Governance and the requirements of the Securities and Exchange Commission of Sri Lanka for Public Limited Companies, Nawaloka Hospitals PLC has established an Audit Committee whose functions, authority and duties have been clearly identified in the Audit Committee Charter. This Charter integrates all the requirements of the Securities and Exchange Commission and Code of Best Practice on Corporate Governance.

The role of the Audit Committee is to oversee the financial reporting system of the Company with a view to safeguarding the interests of all the stakeholders and ensuring that it has been extended to its subsidiaries.

This includes selecting and applying appropriate accounting policies for the purpose of financial reporting, ensuring sound internal control principles and its effective implementation, thus ensuring the integrity of Financial Statements.

FORMATION AND COMPOSITION OF THE COMMITTEE

The Audit Committee was established by the Board and comprises three Independent Non- Executive Directors.

The Chairman of the Audit Committee is Mr. Tissa K. Bandaranayake, who is an Independent Non-Executive Director and a senior Fellow Member of the Institute of Chartered Accountants of Sri Lanka and a former Partner of Messrs Ernst & Young, Chartered Accountants.

BROAD PURPOSE OF THE AUDIT COMMITTEE

The Audit Committee assisted the Board in the following manner:-

- Ensuring that the preparation, presentation and adequacy of disclosures in the Financial Statements are in accordance with LKAS/SLFRS and with the requirements in the Companies Act No. 7 of 2007 and other relevant financial reporting related regulatory requirements.
- Reviewing the appropriateness of the procedure in place for the identification, evaluation and management of business risks whilst seeing that the systems of internal control with regard to all functions are adequate and functioning properly.
- Assessing the Company's ability to continue as a going concern in the foreseeable future and also in addition, ensuring compliance with all relevant statutory and regulatory requirements.
- Overseeing of the independence and performance of the Company's External Auditors.

MEMBERS OF THE AUDIT COMMITTEE

Name of Director	Non-Executive	Independent
Mr. Tissa K. Bandaranayake <i>Chairman</i>	✓	✓
Deshabandu Tilak De Zoysa	✓	✓
Mr. D. Sunil AbeyRatna	✓	✓

DUTIES AND RESPONSIBILITIES

In brief, the duties and responsibilities performed by the Audit Committee are as follows:

External Audit	• Examining any non-audit work performed by the Auditors together with the fees thereon and other relevant criteria to ensure that their objectivity and independence is not impaired. • Reviewing the scope and performance of the audit and its effectiveness. • Discussing with the Auditors at appropriate stages of the audit, with or without the presence of management the audit plan, key audit issues and their resolution together with management responses. • Based on the above evaluation, recommending the re-appointment or otherwise of the current Auditors for the financial year ending 31st March 2022.
Internal controls and internal audit	• Reviewing the internal audit function and making recommendations. • Ensuring that there are satisfactory arrangements for monitoring internal control in keeping with delegated authorities. • Reviewing mechanisms for the confidential receipt and treatment of complaints alleging fraud received from internal/external sources and pertaining to internal control, accounting or other such matters.

Audit Committee Report

Risk Management	- Monitoring the policies and practices related to risk management. - Obtaining statements of business risks, evaluating the severity, the process in place for the management of these risks and persons responsible for the management of risks within specified time frames.
Financial Statements	Reviewing Company's quarterly unaudited and annually Audited Financial Statements and if approved, making recommendations to the Board for their adoption and release.

MEETINGS

The Audit Committee held Five (5) meetings during the year under review. The proceedings of the Audit Committee are regularly reported to the Board of Directors. The attendance of members at these meetings is given below:-

Name of Director	No. of Meetings Attended	Attendance Percentage %
Mr. Tissa K. Banadaranyake	5/5	100%
Deshabandu Tilak de Zoysa	5/5	100%
Mr. D. Sunil AbeyRatna	5/5	100%

The Committee has provided the Chairman of the Audit Committee with all powers to convene meetings, regularly with the Financial Controller, Internal Auditor, Sectional Heads and Company's External Auditors, separately and periodically.

The Committee having given due consideration to the nature of the services provided by the Auditors and the level of audit services provided by the Auditors to Nawaloka Hospitals PLC and the audit fees charged by them, are satisfied of the Independence of the External Auditors. The Committee also noted that the External Auditors have performed non-audit services to Nawaloka Hospitals PLC and no conflict of interest arose during the year ended 31st March 2021 and hence the independence of the External Auditors, has not been impaired.

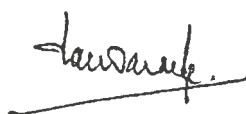
The fees paid to the Auditors are shown under note 12 to the accounts .

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company or any of its subsidiaries other than those disclosed above. The

Auditors also do not have any interest in the Company, or its subsidiaries as required by Section 168 (1) (j) of the Companies Act No. 7 of 2007.

The Committee also noted the arrangements made by the Auditors to maintain their independence.

The Audit Committee recommended to the Board of Directors that M/s KPMG, Chartered Accountants be re-appointed as auditors of the Company for the financial year ending 31st March 2022, subject to the approval of the shareholders at the Annual General Meeting. The recommendation was made upon the confirmation obtained from the Auditors on their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.



Mr. Tissa K. Bandaranayake
Chairman

30th August 2021

Related Party Transactions Review Committee Report

THE OBJECTIVE

The “Related party Transaction Review Committee” (RPTRC) takes into account the interests of shareholders as a whole when the company enters into Related Party Transactions. Further, the Committee takes certain measures to prevent Directors, Chief Executive Officers or Substantial Shareholders taking advantage of their positions.

COMPOSITION OF THE COMMITTEE

The Board appointed a ‘Related Party Transactions Review Committee’ (RPTRC), comprising of one Executive Director and Four Independent Non-Executive Directors, as stipulated by the Code of Best Practice on Related Party Transactions, issued by the Colombo Stock Exchange (CSE). The RPTRC as at the end of the financial year comprised of the following members:

Mr. Tissa K. Bandaranayake
Chairman
(Independent Non-Executive Director)

Deshabandu Tilak De Zoysa
Member
(Senior Independent Non-Executive Director)

Mr. D. Sunil AbeyRatna
Member
(Independent Non-Executive Director)

Mr. Palitha Kumarasinghe, PC
Member
(Independent Non-Executive Director)

Vidya Jyothi Prof. Lal Chandrasena
Member
(Executive Director)

TERMS OF REFERENCE OF THE COMMITTEE

The RPTRC was formed by the Board at the end of 2014, to assist the Board in reviewing all Related Party Transactions (RPT) carried out by the Group, by adopting the Code of Best Practice on Related Party Transactions, as issued by the CSE, which became mandatory from 1st January 2016.

The mandate of the Committee includes inter alia the following:

- Ensuring that the Company has identified and reorder the list of its related parties, consistent with the definition of related parties as detailed in the CSE Regulations.
- Updating the Board of Directors on the RPT of each of the related parties of the Group.
- Making immediate market disclosures on applicable RPT, as required by Section 9 of the Continuing Listing requirements of the CSE.
- Making appropriate disclosures on RPT in the Annual Report, as required by Section 9 of the Continuing Listing Requirements of the CSE as well as the Sri Lanka Accounting Standards.

The Committee scheduled quarterly meetings to review and report to the Board, on matters involving RPT falling under its Terms of Reference.

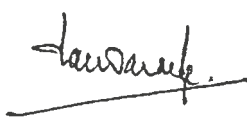
The RPTR Committee noted that the Directors have disclosed the transactions if any, that could be classified as ‘Related Party transactions’ in terms of LKAS 24 - “Related Party Disclosures” and thus complied with the CSE Listing Rules. Related Party Transactions are given in Note 41 to the Financial Statements.

ACTIVITIES DURING THE YEAR

All related party transactions which took place during the financial year 2020/2021 were reviewed by the members of the Committee at the committee meetings held on 13/08/2020, 09/11/2020 and 10/2/2021 and the Committee is of the opinion that the transactions are on normal commercial terms, and are not prejudicial to the interests of the entity and its minority shareholders. The Committee examines fairness and transparency in all related party transactions entered by the company with related parties.

Proceedings of the Committee meetings were regularly reported to the Board of Directors. The Members of the Committee noted that, no related party transaction had exceeded the limits prescribed in Section 9 of the Listing Rules. Thus Shareholder approval by way of a Special Resolution or immediate disclosure was not required.

All related party transactions for the year ended 31st March 2021 are disclosed in the Financial Statements.


Mr. Tissa K. Bandaranayake
Chairman

30th August 2021

Directors' Responsibility in Financial Reporting

The responsibility of the Directors in relation to the Financial Statements is set out in the following statement.

The Board of Directors of Nawaloka Hospitals PLC are responsible under Section 148 of the Companies Act No. 7 of 2007 for keeping proper accounting records which have been disclosed with reasonable accuracy, at all times including, the financial position of the Company and of the Group and to enable them to ensure that the Financial Statements comply with, inter alia the Companies Act No. 7 of 2007.

In preparing these Financial Statements, the Directors of the Company have to comply with the requirements specified in Sections 150(1), 151(1), 152(1) and 153(1) of the Companies Act No. 7 of 2007. In accordance therewith the Directors of the Company and the Group maintain proper Books of Accounts of all the transactions and prepare Financial Statements that give a true and fair view of the state of affairs of the Company at the date of the Statement of Financial Position and the Profit or Loss for the year ending on that date of the Statement of Financial Position.

Accordingly, the Directors are of the view that:

1. Appropriate accounting policies have been selected and applied in a consistent manner and material departures if any, have been disclosed and explained;
2. All applicable and relevant Accounting Standards have been followed; and
3. They have exercised due and proper judgment and estimates which are reasonable and prudent.

The Financial Statements of the Company and the Group have been certified by the Company's Chief Financial Officer, the person responsible

for its preparation, as required by the Act. Financial Statements of the Company and the Group have been signed by two Directors on 30th August 2021 as required by Sections 150(1) (c) and 152(1)(c) of the Companies Act. Accordingly, the Board of Directors wish to confirm that they have complied with all the requirements of the Companies Act No. 7 of 2007 and have also met all the requirements under Section 7 of the Listing Rules of the Colombo Stock Exchange.

The Directors also have taken reasonable steps to safeguard the assets of the Company and to prevent and detect frauds and other irregularities. In this regard, the Directors have installed an effective and comprehensive system of internal controls and an efficient system of monitoring its effectiveness, internal audit being one of them. The Board has been provided additional assurance on the reliability of the Financial Statements through a process of independent and objective reviews conducted by the Audit Committee. The Report of the Audit Committee is at pages 103 and 104 of this Annual Report.

The Directors are also of the view that the Company has adequate resources to continue in business for the foreseeable future and have applied the "Going Concern" basis in preparing these Financial Statements.

The Directors confidently state that they have discharged their responsibility as set out in the Statement.

COMPLIANCE REPORT

The Directors also confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the Employees of the Company and other known statutory dues as were due and

payable by the Company as at the date of the Statement of Financial Position have been paid or where necessary provided for, in arriving at the financial results for the year under review.

Further, all documents required by the Companies Act No. 7 of 2007 to be filed with the Registrar-General of Companies have been duly filed and compliance has been made with all the other legal requirements in connection with the said Companies Act and all dividend cheques have been dispatched on the due date.

By order of the Board,



M & A Company Secretaries (Private) Limited

30th August 2021

Senior Independent Director's Statement

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The Securities and Exchange Commission and the Institute of Chartered Accountants of Sri Lanka have published a Code of Best Practice on Corporate Governance 2017 (the Code) and recommends that a Senior Independent Director (SID) who is a Non- Executive Officer of the Company, be appointed in the event the Chairman and the Chief Executive Officer is the same person on the Board. This has been observed by the Company as the Chairman and the Chief Executive Officer are one and the same person.

I have thus been entrusted with the tasks as specified in the Code, as the Senior Independent Non-Executive Director, to make my services available for advice and guidance to the Board including to the Chairman so that at all times the principles of good Governance, are observed .



Deshabandu Tilak De Zoysa
Senior Independent Director

30th August 2021

Chief Executive Officer's and Head of Finance Statement of Responsibility

The Consolidated Financial Statements of Nawaloka Hospitals PLC (the Company), as at 31 March 2021 are prepared and presented in compliance with the following requirements:

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka);
- Companies Act No. 07 of 2007;
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995;
- Listing Rules of the Colombo Stock Exchange (CSE); and
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka.

The disclosure and preparation format of the Financial Statements are in compliance with the rules of the Central Bank of Sri Lanka (CBSL) and those financial outcomes are circulated amongst the shareholders on a quarterly basis.

Significant accounting policies are applied consistently by the Group and the complicated estimates that involve high degree of judgment were discussed amongst the Internal and External Auditors.

We confirm that to the best of our knowledge, the Financial Statements, Accounting Policies and other financial information pertaining to material financial conditions, and cash flows contained in this Annual Report were acquired legitimately. We confirm that the Group has the resources to pursue its operations and have justification to be classified as 'a going concern basis' in formulating these Financial Statements.

We are responsible for establishing, implementing and maintaining internal controls and procedures within the Company and all of its subsidiaries. We ensure that effective internal controls and procedures are in place, collaborating material information relating to the Group to safeguard its assets, preventing and detecting frauds as well as other irregularities. We have reviewed, evaluated and updated the internal controls and procedures on an ongoing basis including through Company's Internal Audit Department of which we are satisfied and that there were no significant deficiencies and weaknesses in the design or operation.

The Financial Statements of the Group were audited by Messrs KPMG, Chartered Accountants and their Report is given at pages 111 to 113. The Board's Audit Committee (BAC) pre-approves the audit and non-audit services provided by Messrs KPMG, in order to ensure that the provision of such services do not impair KPMG's independence and objectivity.

The BAC, reviewed the Internal Audit Programs and External Audit Plan, the efficiency of Internal Control Systems and procedures and also reviewed the quality of Significant Accounting Policies and their adherence to statutory and regulatory requirements, the details of which are given in the "Board Audit Committee Report" appearing at pages 103 to 104. To ensure independence, the External Auditors and the Internal Auditors have full and free access to the members of the BAC to discuss any matter of substance. However, there are inherent limitations that should be recognized in weighing the assurances provided in any system of internal control and accounting.

It is also declared and confirmed that the Group and the Company have complied with and ensured compliance with the guidelines for the audit of listed companies where mandatory compliance is required.

We confirm that to the best of our knowledge the Company and the Group have complied with all applicable laws, regulations and guidelines and there is no litigation of a material nature against the Company/Group.



Dr. Jayantha Dharmadasa
Chairman/Chief Executive Officer



Nalaka Niroshana
Head of Finance

30th August 2021

DEDICATING THEIR TIME



Every effort and commitment of our team was dedicated to help the nation eradicate the rapid spread of the virus, and this was apparent through their exceptional, timely response that have assured a hopeful and better future.

Financial Reports

Financial Calendar

1st Quarter Results	September 2020
2nd Quarter Results	November 2020
3rd Quarter Results	February 2021
4th Quarter Results	May 2021
Annual Report	August 2021
Annual General Meeting	September 2021

Independent Auditors' Report

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Risk and Governance
Financial Reports
Supplementary Information



KPMG
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TO THE SHAREHOLDERS OF NAWALOKA HOSPITALS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nawaloka Hospitals PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2021, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 114 to 196 of this Annual Report.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1. Revenue Recognition

(Refer Note 10 to the financial statements)

Risk Description	Our response
The Company and the Group has recognized a revenue of Rs 3,554 Mn and Rs. 11,828 Mn respectively for the year ended 31st March 2021.	Our audit procedures included;
Revenue is a key performance indicator used to evaluate the performance of the Group and the Company. Given the significance of the total value, the number of transactions, judgement involved in the timing of recognition and the dependence on IT systems over recognition of revenue, the recognition of revenue was considered as a key area of focus.	- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in respect of the Group's revenue recognition basis; - Engaging our IT specialists to check the effectiveness of key IT system controls related to recognition of revenue. - On a sample basis, testing invoices to ensure revenue is recognized and measured in accordance with the contractual terms of the contracts and the Group's accounting policies; - Assessing the appropriateness of the recognition of revenue and related discounts including carrying out substantive testing in respect of revenue cut off procedures at the end of the year; and - Assessing the adequacy of financial statements disclosures.

KPMG, a Sri Lankan Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

M.R. Mihular FCA
T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara FCA
S.A.U. Kanunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA
P.Y.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C. Abeyaratne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. P.M.K. Sumanasekara FCA, W.A.A. Weerasekara CFA, ACMA, MRICS

Independent Auditors' Report



2. Measurement of inventories

(Refer Note 24 to the financial statements)

Risk Description	Our response
The Company and the Group has recorded an inventory of Rs. 170 Mn and Rs, 445 Mn respectively as at 31st March 2021. Inventories are considered as one of the key components in evaluating the working capital status of a Company. Valuation of inventories involves additional judgments and estimates due to the nature of products and stringent quality requirements of the industry. In addition, the business model of the Group requires the inventories to be sold and allocated among companies within the Group. As such, both existence and valuation of inventories are key areas of focus.	Our audit procedures included; - Assessing adequacy and consistency of provisioning for inventories at the reporting date with the Group's/Company's inventory provision policy; - On a sample basis, compared the carrying amounts of the Group's/ Company's inventories with net realization value of those inventories - Validating the cost allocation within Group entities - Agreeing the physically counted inventory balances with the records in the inventory management system on sample basis and performing roll back procedures where applicable. - Assessing the adequacy of disclosures made in the financial statements.

3. Measurement of Expected Credit Losses on Trade Receivables

(Refer Accounting policies No 7.3,18 and Notes 25 to the financial statements)

Risk Description	Our response
As at 31st March 2021, the Group and the Company's Gross trade receivables amounted to Rs 1,985 Mn and Rs. 1,904 Mn, against which a provision for impairment of Rs 326 Mn and Rs 313 Mn were recorded respectively. In recognizing this provision for expected credit losses, the Company has used statistical models which considers the past due status of the portfolio of trade receivables along with certain macro-economic factors. As such, due to the significance of the amount of the provision for expected credit losses recognized on trade receivables during the year ended 31st March 2021 and due to the significant management judgement and uncertainty linked to the estimation process, we considered the recognition of expected credit loss provision on trade receivables to be a key audit matter for the year ended 31st March 2021.	Our audit procedures included; - Evaluating the appropriateness of the accounting policies for ECL and underlying methodology applied based on the requirements of SLFRS 9 with the involvement of the inhouse accounting specialists, with our business understanding and industry practices. - Reviewing the mathematical accuracy of the statistical models used and checking the accuracy of the input data including macro-economic forecasts. - On a sample basis, checking the accuracy of the age analysis of trade receivables used for the calculation of provision for expected credit losses as at 31st March 2021. - Assessing the adequacy of disclosures in the financial statements as required by the relevant 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.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so,

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

Responsibilities of Management and Those Charged with Governance 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SLAuSs, we exercise professional 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 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 and the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3029.

Chartered Accountants
Colombo, Sri Lanka

30th August 2021

Statement of Profit or Loss and other Comprehensive Income

		GROUP		COMPANY	
For the Year Ended 31st March		2021	2020	2021	2020
	Note	Rs.	Rs.	Rs.	Rs.
Revenue	10	11,827,738,761	9,035,829,577	3,554,428,501	3,732,633,886
Cost of Services		(6,285,289,880)	(4,248,181,070)	(1,572,724,022)	(1,710,637,789)
Gross Profit		5,542,448,881	4,787,648,507	1,981,704,479	2,021,996,097
Other Income	11	125,629,915	149,388,093	62,619,125	205,770,909
Staff Costs	12.1	(1,751,096,434)	(1,762,425,847)	(539,071,024)	(560,551,041)
Administrative Expenses		(2,002,126,452)	(1,873,023,494)	(682,461,219)	(784,072,239)
Other Operating Expenses		(85,697,010)	(70,819,263)	(42,483,931)	(73,469,092)
Impairment of financial assets	25.1 & 26.1	(325,653,568)	(51,033,652)	(253,683,172)	(37,423,544)
Profit from Operations	12	1,503,505,332	1,179,734,344	526,624,258	772,251,090
Finance Income	13	48,267,346	44,166,904	10,902,061	7,873,779
Finance Costs	13	(1,204,599,789)	(1,390,163,646)	(775,017,234)	(762,955,656)
Net Finance Costs		(1,156,332,443)	(1,345,996,742)	(764,115,173)	(755,081,877)
Profit/(Loss) before Tax		347,172,889	(166,262,398)	(237,490,915)	17,169,213
Income Tax Reversal/(Expense)	14.1	154,091,058	182,243,138	(65,440,641)	81,852,838
Profit/(Loss) for the year		501,263,947	15,980,740	(302,931,556)	99,022,051
Other comprehensive income/(expense)					
Items that will not be reclassified to profit or loss					
Remeasurement of retirement benefit liability	31.2.c	(50,175,558)	(31,360,706)	(31,478,517)	(8,044,058)
Related Taxes	14.2	7,024,579	8,780,996	4,406,992	2,252,336
Change in fair value of investments in FVOCI	23.1	-	(4,935,000)	-	(4,935,000)
Deferred tax impact on revaluation reserve due to change in tax rate	14.2	210,671,994	-	7,428,113	-
Other comprehensive Profit/(loss) for the year, net of tax		167,521,015	(27,514,710)	(19,643,412)	(10,726,722)
Total comprehensive income/(expenses) for the year		668,784,962	(11,533,970)	(322,574,968)	88,295,329
Earnings/(Loss) per share					
Basic Earnings/(Loss) per share (Rs.)	15	0.36	0.01	(0.21)	0.07
Diluted Earnings/(Loss) per share (Rs.)	15	0.36	0.01	(0.21)	0.07

Figures in brackets indicate deductions.

The notes to the financial statements on pages 120 and 196 are integral part of these consolidated financial statements.

Statement of Financial Position

Overview
Our Leadership
Operating Context and Strategy
Management Discussion and Analysis
Risk and Governance
Financial Reports
Supplementary Information

		GROUP		COMPANY	
As at 31st March		2021	2020	2021	2020
	Note	Rs.	Rs.	Rs.	Rs.
ASSETS					
Non Current Assets					
Property, Plant and Equipment	19	13,729,993,264	13,987,485,135	1,541,034,582	1,790,553,032
Right of Use Assets	20.1	594,544,680	710,949,840	77,292,030	111,081,796
Investment Property	21	-	-	192,417,100	192,417,100
Investment in Subsidiaries	22	-	-	2,016,985,386	2,016,985,386
Other Investments	23	14,805,000	14,805,000	14,805,000	14,805,000
Total Non Current Assets		14,339,342,944	14,713,239,975	3,842,534,098	4,125,842,314
Current Assets					
Inventories	24	445,123,960	462,391,285	169,903,314	204,821,663
Trade and Other Receivables	25	2,002,270,317	924,370,687	1,817,604,406	739,073,021
Amounts due from Related Parties	26	736,163,307	712,619,787	5,074,557,519	5,525,598,159
Other Investments	23	383,906,402	306,016,897	109,721,293	102,706,849
Cash and Cash Equivalents	27	806,376,286	585,063,208	199,348,874	132,786,692
Total Current Assets		4,373,840,272	2,990,461,864	7,371,135,406	6,704,986,384
Total Assets		18,713,183,216	17,703,701,839	11,213,669,504	10,830,828,698
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	28	1,207,388,876	1,207,388,876	1,207,388,876	1,207,388,876
Revaluation Reserve	29	1,294,127,962	1,083,455,968	45,629,837	38,201,724
Retained Earnings		1,597,397,609	1,139,284,641	(552,377,316)	(222,374,235)
Total Equity		4,098,914,447	3,430,129,485	700,641,397	1,023,216,365
Non Current Liabilities					
Debentures	30	22,932,616	186,646,835	22,932,616	186,646,835
Retirement Benefit Obligation	31	386,983,237	305,875,255	269,611,872	223,862,270
Deferred Tax Liabilities	32	601,937,352	992,417,338	54,883,969	1,278,432
Borrowings	33	5,585,946,995	4,937,060,441	3,660,843,452	3,167,092,742
Lease Liabilities	34	304,264,222	429,152,719	16,815,892	38,326,916
Total Non Current Liabilities		6,902,064,422	6,851,152,588	4,025,087,801	3,617,207,195

Statement of Financial Position

As at 31st March	Note	GROUP		COMPANY	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Current Liabilities					
Debentures	30	164,269,886	-	164,269,886	-
Trade Creditors and Other Payables	35	1,795,155,603	1,635,007,816	1,206,873,452	1,383,810,274
Unclaimed Dividends		4,598,253	4,608,151	4,598,219	4,608,120
Current Tax Liabilities	36	14,232,036	18,594,851	-	-
Amounts due to Related Companies	37	80,933,881	49,138,764	620,953,647	384,935,760
Borrowings	33	4,219,786,705	4,110,096,850	3,764,392,083	3,418,132,851
Lease Liabilities	34	175,448,683	158,030,124	18,983,910	28,464,569
Bank Overdrafts	27	1,257,779,300	1,446,943,210	707,869,109	970,453,564
Total Current Liabilities		7,712,204,347	7,422,419,766	6,487,940,306	6,190,405,138
Total Liabilities		14,614,268,769	14,273,572,354	10,513,028,107	9,807,612,333
Total Equity and Liabilities		18,713,183,216	17,703,701,839	11,213,669,504	10,830,828,698
Net Assets Per Share		2.91	2.43	0.50	0.73

The notes to the financial statements on pages 120 and 196 are integral part of these consolidated financial statements.

It is certified that the Financial Statements have been prepared and presented in compliance with the requirements of the Companies Act, No.07 of 2007.



Nalaka Niroshana
Head of Finance

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;



Dr. H.K. Jayantha Dharmadasa
Chairman/Chief Executive Officer



Mr. Harshith Dharmadasa
Deputy Chairman

Colombo,
30th August 2021

Statement of Changes in Equity

GROUP	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 01 April 2019	1,207,388,876	1,083,455,968	1,150,818,611	3,441,663,455
Profit for the year	-	-	15,980,740	15,980,740
Other Comprehensive expense (net of tax)	-	-	(27,514,710)	(27,514,710)
Balance as at 31 March 2020	1,207,388,876	1,083,455,968	1,139,284,641	3,430,129,485
Balance as at 01 April 2020	1,207,388,876	1,083,455,968	1,139,284,641	3,430,129,485
Profit for the year	-	-	501,263,947	501,263,947
Other Comprehensive income/(expense) (net of tax)	-	210,671,994	(43,150,979)	167,521,015
Balance as at 31 March 2021	1,207,388,876	1,294,127,962	1,597,397,609	4,098,914,447

COMPANY	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 01 April 2019	1,207,388,876	38,201,724	(310,669,564)	934,921,036
Profit for the year	-	-	99,022,051	99,022,051
Other Comprehensive expense (net of tax)	-	-	(10,726,722)	(10,726,722)
Balance as at 31 March 2020	1,207,388,876	38,201,724	(222,374,235)	1,023,216,365
Balance as at 01 April 2020	1,207,388,876	38,201,724	(222,374,235)	1,023,216,365
Loss for the year	-	-	(302,931,556)	(302,931,556)
Other Comprehensive income/(expense) (net of tax)	-	7,428,113	(27,071,525)	(19,643,412)
Balance as at 31 March 2021	1,207,388,876	45,629,837	(552,377,316)	700,641,397

Notes form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Cash Flow Statement

		GROUP		COMPANY	
FOR THE YEAR ENDED 31 MARCH		2021	2020	2021	2020
	Note	Rs.	Rs.	Rs.	Rs.
Cash flows from Operating Activities					
Profit/(Loss) before Tax		347,172,889	(166,262,398)	(237,490,915)	17,169,213
Adjustments for :					
Depreciation of Property Plant and Equipments	19	828,334,304	832,564,965	336,897,429	357,081,352
Foreign Exchange Loss	13	24,403,129	25,723,395	21,040,317	21,186,612
Finance Cost	13	1,180,196,660	1,403,125,296	753,976,917	775,917,306
Interest Income	13	(48,267,346)	(44,166,904)	(10,902,061)	(7,873,779)
Amortization of Right of Use assets	20	161,886,392	150,820,412	31,337,209	30,593,985
Assets held for sale realized		-	-	-	(134,193,775)
Profit on disposal of Property, Plant & Equipment	11	(2,565,934)	(16,608,308)	(5,131,869)	(16,608,308)
Provision for retirement benefit obligation	31	65,575,661	62,238,287	39,471,101	37,108,314
Provision for impairment of prepayments	25.2	13,634,298	-	13,634,298	-
Provision for Impairment of trade receivables	25	241,221,340	26,261,263	232,058,175	23,338,029
Provision for Impairment of Related party receivables	26	84,432,228	24,772,389	21,624,997	14,085,514
Operating Profit before Working Capital Changes		2,896,023,621	2,298,468,397	1,196,515,598	1,117,804,463
Changes in Working Capital					
Decrease in Inventories		17,267,325	26,863,544	34,918,349	27,304,462
Decrease in Debtors, Deposits & Advances		(1,332,755,268)	(58,021,491)	(1,324,223,858)	(76,144,525)
(Increase)/Decrease in Related Party Balances		(76,180,631)	(340,725,559)	665,433,531	(1,486,353,348)
(Decrease)/Increase in Creditors & Other Payables		160,147,787	154,913,621	(176,936,822)	126,189,231
		(1,231,520,787)	(216,969,885)	(800,808,801)	(1,409,004,180)
Cash Generated from/(Used in) Operating Activities		1,664,502,834	2,081,498,512	395,706,797	(291,199,717)
Interest Paid		(1,094,302,800)	(1,229,269,995)	(746,109,711)	(687,814,651)
Gratuity Paid	31	(34,643,237)	(33,997,471)	(25,200,016)	(23,464,146)
Current Tax Paid	36	(11,463,085)	-	-	-
Net cash Generated from/(Used In) Operating Activities		524,093,712	818,231,046	(375,602,930)	(1,002,478,514)
Cash flows from/(Used in) Investing Activities					
Purchase of Property, Plant & Equipment	19	(589,449,370)	(1,129,005,086)	(89,735,737)	(180,970,698)
Proceeds From sale of Property, Plant and Equipment		5,000,000	23,736,746	5,000,000	21,177,000
Interest Received		48,267,346	32,528,004	8,828,802	5,166,930
Investment in short term deposits	23	(77,889,505)	(10,496,755)	-	(60,946,326)
Net cash Used in Investing Activities		(614,071,529)	(1,083,237,091)	(75,906,935)	(215,573,094)

		GROUP		COMPANY	
FOR THE YEAR ENDED 31 MARCH		2021	2020	2021	2020
	Note	Rs.	Rs.	Rs.	Rs.
Cash flows from/(Used in) Financing Activities					
Proceeds from Long Term Borrowings	33.1	1,784,689,430	5,323,969,602	1,735,455,500	5,013,278,483
Proceeds from Commercial Papers	33.2	1,026,300,000	1,488,000,000	1,026,300,000	1,488,000,000
Repayment of Commercial Papers	33.2	(1,104,994,838)	-	(1,104,994,838)	-
Repayments of Long Term Borrowings	33.1	(968,458,503)	(5,427,177,660)	(837,791,037)	(4,770,224,175)
Repayments of Lease rentals	34	(237,071,386)	(227,759,296)	(38,303,222)	(31,203,303)
Repayment of Debenture		-	(269,600,000)	-	(269,600,000)
Dividends Paid		(9,898)	(17,097,965)	(9,901)	(17,097,955)
Net cash Generated from Financing Activities		500,454,805	870,334,681	780,656,502	1,413,153,050
Net Increase in Cash & Cash equivalents during the year					
		410,476,988	605,328,634	329,146,637	195,101,442
Cash & Cash equivalents at the beginning of the year		(861,880,002)	(1,467,208,636)	(837,666,872)	(1,032,768,314)
Cash and Cash equivalents at the end of the year		(451,403,014)	(861,880,002)	(508,520,235)	(837,666,872)
Analysis of Cash and Cash equivalents at the end of the year					
Cash at Bank & in Hand		661,833,752	393,469,427	199,348,874	132,786,692
Short-term Investment		144,542,534	191,593,781	-	-
Bank Overdraft		(1,257,779,300)	(1,446,943,210)	(707,869,109)	(970,453,564)
	27	(451,403,014)	(861,880,002)	(508,520,235)	(837,666,872)

Notes form an integral part of these Financial Statements.

Figures in brackets indicate deduction.

Notes to the Financial Statements

1. REPORTING ENTITY

1.1 Corporate information

Nawaloka Hospitals PLC ('Company') is a quoted public company with limited liability incorporated in Sri Lanka under the provisions of the Companies Act No. 07 of 2007 and the ordinary shares of the company are listed on the Colombo Stock Exchange.

The registered office and the principal place of business of the Company is located at No. 23, Deshamanya H.K Dharmadasa Mawatha, Colombo 02.

1.2 Consolidated financial statements

The Consolidated Financial Statements as at and for the year ended March 31, 2021, comprise the Company (Parent Company) and its Subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Company does not have an identifiable parent of its own. The Company is the Ultimate Parent of the Group.

1.3 Principal business activities, nature of operations of the Group and ownership by the Company in its subsidiaries

The principal business activities of the Company is to provide health and laboratory services.

Entity	Principle business activity	Ownership as at	Ownership as at
		31-Mar-21	31-Mar-20
New Nawaloka Hospitals (Pvt) Ltd		100%	100%
New Nawaloka Medical Centre (Pvt) Ltd	Provide health care services	100%	100%
Nawaloka Medicare (Pvt) Ltd		100%	100%
Nawaloka Green Cross Laboratories (Pvt) Ltd	Providing clinical laboratory services	100%	100%

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

1.4 Number of Employees

Company	497 (2020 - 485)
Group	2,754 (2020 - 2,305)

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Company, have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs), laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and 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 CSE.

The impact of changes in the Group's accounting policies are disclosed in note 6 to these financial statements.

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

Details of the Group's Significant Accounting Policies followed during the year are given in Notes 6 to 8 on pages 122 to 125.

2.2 Responsibility for Financial Statements

The Board of Directors of the Company is responsible for the preparation and presentation of the Financial Statements of the Group and the Company as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.

The Board of Directors acknowledges their responsibility for Financial Statements as set out in the "Annual Report of the Board of Directors", "Statement of Directors' Responsibility" and the certification on the Statement of Financial Position on pages 96, 106 and 108, respectively.

These Financial Statements include the following components:

- an Income Statement and a Statement of Profit or Loss and Other Comprehensive Income. Refer page 114;
- a Statement of Financial Position. Refer pages 115 and 116;
- a Statement of Changes in Equity. Refer pages 117;
- a Statement of Cash Flows. Refer pages 118 and 119;
- Notes to the Financial Statements comprising Significant Accounting Policies and other explanatory information. Refer pages 120 to 196.

2.3 Approval of Financial Statements by the Board of Directors

The Financial Statements of the Group and the Company for the year ended March 31, 2021 (including comparatives for 2020), were approved and authorised for issue by the Board of Directors in accordance with Resolution of the Directors on 30th August 2021.

2.4 Going Concern

The management has made an assessment of its ability to continue as a going concern (as set out in Note 45.2) and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's/ Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on a going concern basis.

2.5 Materiality and Aggregation

Each material class of similar item is presented separately in the financial statements. Items of dissimilar nature or function are presented separately, unless they are immaterial as permitted by the LKAS 1 on 'Presentation of Financial Statements'.

2.6 Comparative Information

The Financial Statements for the comparative periods comprise results for the 12 month periods from 1st April 2019 to 31st March 2020. In this circumstance, the comparative information for the Statement of Financial Position, Statement of Profit or loss and other Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement and related notes are comparable with the current period.

The previous year figures and phrases have been rearranged wherever necessary to conform to current year's presentation.

2.7 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Income Statement, unless required or permitted by an Accounting Standard or Interpretation and as specifically disclosed in the Significant Accounting Policies of the Company.

3 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate ('the functional currency'). The consolidated financial statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency. All financial information presented in Rupees has been rounded to the nearest Rupee.

4. USE OF JUDGMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's 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 recognised prospectively.

4.1 Judgment

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

Note 20 – leases: whether an arrangement contains a lease and lease classification; and

Note 7.1 – consolidation: whether the Group has de facto control over an investee.

4.2 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ended 31 March 2021 is included in the following notes:

Note 31 – measurement of defined benefit obligations: key actuarial assumptions;

Note 32 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

Note 19 – measurement of the useful lifetime of property, plant and equipment

Note 19 – valuation of leasehold building

Notes to the Financial Statements

Notes 43 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and

Note 45.2 - Uncertainties involved in the use of going concern assumption

Measurement of Fair Values

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

The Group has an established control framework with respect to the measurement of fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's audit committee. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised 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 categorised 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 Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

5. BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement Basis
Building on leasehold land	Fair value
Net defined benefit (asset) liability	Fair value of plan assets less the present value of the defined benefit obligation, limited as explained in Note 31
Investment in unquoted shares	Fair Value

6. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group has initially adopted Definition of a Business (Amendments to SLFRS 3) from 1st April 2020. A number of other new standards are also effective from 1st April 2020. None of these standards have a material effect on the Group's financial statements.

The Group applied Definition of a Business (Amendments to SLFRS 3) to business combinations whose acquisition dates are no or after 1st April 2020 in assessing whether it had acquired a business or a group of assets. The details of accounting policies are set out in Note 7 to these financial statements.

7. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

Note Reference	Note
7.1	Basis of Consolidation
7.2	Foreign currency translation
19	Property, Plant & Equipment
20	Leased Assets
21	Investment Property
24	Inventories
18	Financial instruments

Note Reference	Note
7.3	Impairment of Assets
28	Stated capital
43	Provisions
31	Employee Benefits
10	Revenue Recognition
12	Expenditure recognition
14	Income Tax Expenses
41	Related party transactions
44	Events after the Reporting Date
15	Earnings Per Share
16	Dividends on Ordinary Shares
9	Segmental Information
27	Cash Flow Statement
38	Fair value measurement

7.1 Basis of Consolidation

Business Combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meet the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

7.2 Foreign Currency Translation

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

7.3 Impairment of Assets

7.3.1 Financial instruments and contract assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost.

Loss allowances for trade receivables are always measured at an amount equal to lifetime Expected Credit Loss (ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group 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 Group's historical experience and informed credit assessment and including forward-looking information.

Notes to the Financial Statements

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

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.

7.3.2 Non-Financial Assets

The carrying amounts of the Company's and the Group's non-financial assets, other than inventories are reviewed at each reporting date to determine such indication exists, and then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU (group of CGUs) on a pro rata basis.

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 amortisation, if no impairment loss had been recognised.

8. NEW/AMENDMENTS TO ACCOUNTING STANDARD ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued following amendments to Sri Lanka Accounting Standards (SLFRSs/LKASs) which will become applicable for financial periods beginning after 1st April 2021. Accordingly, the Group/Company has not applied these amendments in preparing these Financial Statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group/Company's financial statements.

8.1. Onerous contracts – Cost of fulfilling contracts (amendments to LKAS 37)

Companies currently applying the 'incremental cost' approach will need to recognize bigger and potentially more provisions for onerous contracts

8.2 Property, Plant and Equipment: Proceeds before intended use (amendments to LKAS 16)

Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognised in profit or loss, together with the costs of producing those items.

Companies will therefore need to distinguish between:

- Costs associated with producing and selling items before the item of PPE is available for use; and
- Costs associated with making the item of PPE available for its intended use.

8.3. Classification of liabilities as current or non-current (amendments to LKAS 1)

Under existing LKAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

8.4 Annual improvements to SLFRS Standards 2018-2020

9. OPERATING SEGMENTS

Accounting policy

An operating segment is a component of the Group/ Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group/Company's other components. All operating segments' operating results are reviewed regularly by the Group/Company's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

9.1 Basis for segmentation

The Group has the following strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment.

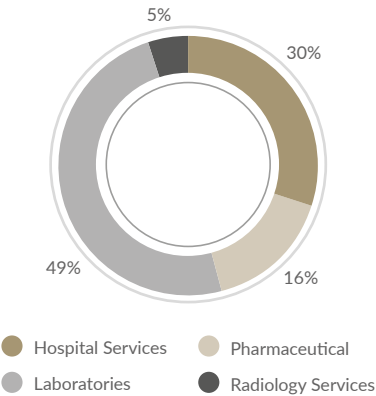
Reportable segments	Operations
Hospital services	Provision of hospital services to inpatient and outpatient
Pharmaceutical	Sale of pharmaceuticals
Laboratories	Provision of laboratories services
Radiology services	Provision of radiographical services

The Group's chief executive officer reviews the internal management reports of each division at least quarterly.

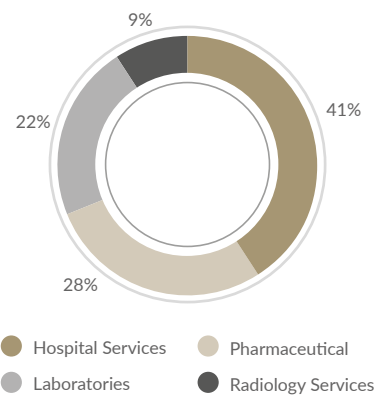
Segment performance is evaluated based on operating profits or losses which in certain respect, are measured differently from operating profits or losses in the consolidated financial statements. Income taxes are managed on a Group basis and are not allocated to operating segments.

Notes to the Financial Statements

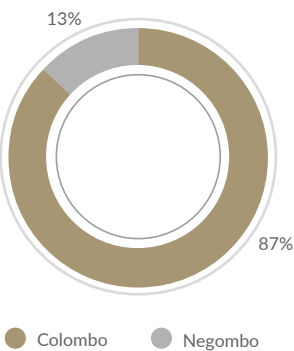
Segment Revenue 2021



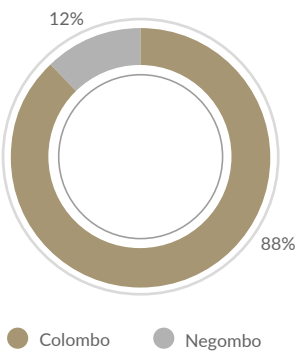
Segment Revenue 2020



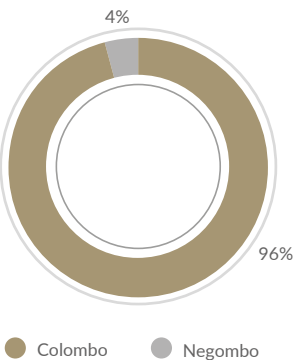
Segment Assets 2021



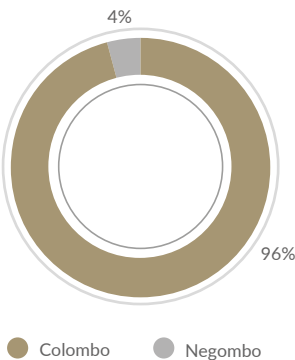
Segment Assets 2020



Segment Liabilities 2021



Segment Liabilities 2020



9.2 Geographic allocation of Segment information

	Colombo		Negombo		Unallocated/ eliminations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
External operating income								
Revenue	10,559,925,000	7,667,094,575	1,267,813,761	1,368,735,002	-	-	11,827,738,761	9,035,829,577
Other income	69,704,487	215,058,108	76,199,085	68,523,760	(20,273,657)	(134,193,775)	125,629,915	149,388,093
Total operating income	10,629,629,487	7,432,697,293	1,344,012,846	1,407,324,655	(20,273,657)	(134,193,775)	11,953,368,676	9,185,217,670
Depreciation and amortisation	715,556,786	882,147,687	112,777,518	101,237,690	-	-	828,334,304	832,564,965
Segment profit (loss) before tax	180,662,130	(378,233,137)	133,250,563	256,674,173	11,055,739	(44,703,435)	347,172,889	(166,262,398)
Income tax expenses							154,091,058	182,243,138
Net profit for the year, attributable to equity holders of the parent							501,263,947	15,980,740
Segment Assets	16,418,946,155	15,633,197,453	2,294,237,061	2,070,504,385	-	-	18,713,183,216	17,703,701,839
Segment Liabilities	14,029,173,773	12,585,374,207	585,094,996	585,094,996	-	-	14,614,268,769	14,273,572,354
Capital Expenditure	410,526,527	1,060,490,987	178,922,843	68,514,095	-	-	589,449,370	1,129,005,082

Notes to the Financial Statements

The following table presents the income, profit, asset and liability information on the Group's strategic business divisions for the year ended March 31, 2021 and comparative figures for the year ended March 31, 2020.

	Hospital services		Pharmaceutical	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
External operating income				
Revenue	2,892,252,262	3,712,425,498	2,010,012,045	2,540,090,687
Other income				
Total operating income	2,892,252,262	3,712,425,498	2,010,012,045	2,540,090,687
Depreciation and amortisation				
Profit/(loss) before tax				
Income tax reversals				
Net profit for the year, attributable to equity holders of the parent				

10. REVENUE

Accounting policy

SLFRS 15 - Revenue from contracts with customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The Group recognises revenue when a customer obtains control of the goods or services. Judgement is used to determine the timing of transfer of control - at a point in time or over time.

10.1 Revenue streams

The Group generates revenue primarily from health and laboratory services.

	GROUP		COMPANY	
FOR THE YEAR ENDED 31 MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Revenue from contracts with customers	11,827,738,761	9,035,829,577	3,554,428,501	3,732,633,886
	11,827,738,761	9,035,829,577	3,554,428,501	3,732,633,886

Laboratories		Radiology services		Unallocated/ eliminations		Total	
2021	2020	2021	2020	2021	2020	2021	2020
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
6,229,523,559	1,978,029,458	695,960,794	807,230,818	(9,899)	(1,946,884)	11,827,738,761	9,035,829,577
				125,629,915	149,388,093	125,629,915	149,388,093
6,229,523,559	1,978,029,458	695,960,794	807,230,818	125,620,016	147,441,209	11,953,368,676	9,185,217,670
						828,334,304	832,564,965
						347,172,889	(166,262,398)
						154,091,058	182,243,138
						501,263,947	15,980,740

10.2 Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 9).

FOR THE YEAR ENDED 31 MARCH	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Primary Geographic Markets				
Colombo	10,559,925,000	7,667,094,575	3,554,428,501	3,732,633,886
Negombo/Gampaha	1,267,813,761	1,368,735,002	-	-
	11,827,738,761	9,035,829,577	3,554,428,501	3,732,633,886
Major product/service lines				
Hospital Revenue	2,892,252,262	3,712,425,498	1,408,519,571	1,624,968,839
Pharmacy Revenue	2,010,012,045	2,540,090,687	1,143,336,272	1,504,501,732
Laboratory Revenue	6,229,523,559	1,978,029,458	481,792,685	247,351,959
Radiology services	695,960,794	807,230,818	520,779,973	357,702,236
Deferred Revenue	(9,899)	(1,946,884)	-	(1,890,880)
	11,827,738,761	9,035,829,577	3,554,428,501	3,732,633,886
Timing of revenue recognition				
Products transferred at a point in time	3,237,998,441	4,133,541,943	1,499,467,601	1,156,532,854
Products and services transferred over time	8,589,740,320	4,902,287,634	2,054,960,900	2,576,101,032
Revenue from contracts with customers	11,827,738,761	9,035,829,577	3,554,428,501	3,732,633,886
External revenue as reported in Note 9	11,827,738,761	9,035,829,577	3,554,428,501	3,732,633,886

Notes to the Financial Statements

10.3 Contract balances

These refer to the Group's rights to consideration for work completed but not billed at the reporting date. Contract balances as at 31st March 2021 of the Group is Rs.20,900,064/- (2020: Rs. 12,227,348) and for the Company is Rs.11,588,515/- (2020: Rs. 3,177,914)

10.4 Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligation in contracts with customers, including significant payment terms and related revenue recognition policies.

Type of product/ service	Nature of timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition
Healthcare service	Revenue primarily comprises fees charged for inpatient and outpatient hospital services. Services include charges for accommodation, theatre, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used.	Revenue is recognized over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on provision of services. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on their relative stand-alone selling prices. The stand-alone selling price is determined based on the list prices at which the Group sells the services in separate transactions.
	The service revenues are presented net of related doctor fees and diagnostic charges in cases where the Group is not the primary obligor and does not have the pricing latitude.	
Sale of Goods	Pharmacy Sales are recognised when the risk and reward of ownership are passed to the customer.	Revenue is recognised point in time and measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is reduced for rebates and loyalty points granted upon purchase and are stated net of returns and discounts wherever applicable.

11. OTHER INCOME

Accounting policy

a. Dividend income

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established.

b. Other Income

Other income is recognized on an accrual basis.

Net gains and losses of a revenue nature on the disposal of property, plant and equipment and other non current assets including investments have been accounted for in profit or loss.

	GROUP		COMPANY	
FOR THE YEAR ENDED 31 MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Rental Services	70,638,185	44,627,215	32,080,458	28,331,275
Profit on Sale of Shares	-	-	-	134,193,775
Profit on Sale of Assets	2,565,934	16,608,308	5,131,869	16,608,308
Car Park Income	28,199,469	45,654,067	-	-
Institutional Medical Centres	6,702,136	4,455,232	6,702,136	-
Reversal of Provision for Corporate Guarantee	-	-	2,823,113	-
Other Sundry Income	17,524,191	38,043,271	15,881,549	26,637,551
	125,629,915	149,388,093	62,619,125	205,770,909

12. PROFIT FROM OPERATIONS

Accounting policy

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, and income taxes.

Expenses

All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year. Repairs and renewals are charged to Statement of Profit or Loss in the year in which the expenditure is incurred.

Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalized as part of the cost of that asset.

Notes to the Financial Statements

12. PROFIT FROM OPERATIONS (CONTD.)

The profit from operations has been arrived after charging all expense including the following:

FOR THE YEAR ENDED 31 MARCH	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Staff Costs	1,751,096,434	1,762,425,847	539,071,024	560,551,041
Emoluments Paid to Directors	97,347,000	95,112,000	93,017,000	90,782,000
Auditor's Remuneration - Audit and Audit Related Services	3,270,000	2,895,000	1,200,000	1,000,000
- Non audit services	-	100,000	-	100,000
Depreciation of Property Plant and Equipment	828,334,304	832,564,965	336,897,429	357,081,352
Amortization of right-of-use assets	161,886,392	150,820,412	31,337,209	30,593,985
Charity and Donation	6,525,127	4,392,151	5,621,616	3,699,451
12.1 Staff Costs				
Salaries & Wages	1,506,638,905	1,597,162,086	444,790,590	489,723,736
Contribution to Employees' Provident Fund	143,105,493	82,420,379	43,847,466	26,975,193
Contribution to Employees' Trust Fund	35,776,375	20,605,095	10,961,867	6,743,798
Provision for retirement benefit liability (Note 31.2.b)	65,575,661	62,238,287	39,471,101	37,108,314
	1,751,096,434	1,762,425,847	539,071,024	560,551,041

13. NET FINANCE COSTS

Accounting policy

The Group's finance income and finance costs include:

- interest income
- interest expenses
- the foreign currency gain or losses on financial assets and financial liabilities

Interest income or expenses is recognized using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- the gross carrying amount of the financial assets; or
- the amortized cost of the financial liability.

In calculating interest income and expenses, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial assets. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

	GROUP		COMPANY	
FOR THE YEAR ENDED 31 MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Finance Income				
Interest on fixed deposits	48,267,346	44,166,904	10,902,061	7,873,779
Finance Costs				
Overdraft Interest	105,090,484	137,847,834	67,755,061	86,902,225
Foreign Exchange Loss	24,403,129	25,723,395	21,040,317	21,186,612
Debenture Interest	27,828,859	52,077,148	27,828,859	52,077,148
Interest on borrowings (Note 33.1)	752,302,297	981,620,812	439,016,803	493,877,036
Bank Charges	18,033,342	29,410,095	16,790,636	26,818,647
Interest on Commercial Papers (Note 33.2)	195,274,019	73,408,169	195,274,019	73,408,169
Interest on Leases (Note 34)	81,667,659	90,076,193	7,311,539	8,685,819
	1,204,599,789	1,390,163,646	775,017,234	762,955,656
Net finance costs	1,156,332,443	1,345,996,742	764,115,173	755,081,877

14. INCOME TAX EXPENSES

Accounting policy

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the Statement of Profit or Loss except to the extent that it relates to a business combination, or items recognized directly in equity or in Other Comprehensive Income.

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

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Refer Note 32 for detail accounting policy.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits.

Notes to the Financial Statements

14. INCOME TAX EXPENSES (CONTD.)

Unrecognised 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 enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Tax exposures

In determining the amount of current and deferred tax, the Group takes into account 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. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

14.1 Amount recognized in profit or loss

	GROUP		COMPANY	
FOR THE YEAR ENDED 31 MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Current tax expense				
Tax on Current Year Profit (Note 14.4)	10,931,986	28,118,993	-	-
Over provision during Prior Year (Note 37)	-	(3,440,298)	-	-
Unclaimable Economic Service Charges (ESC)	7,760,369	9,855,067	-	-
	18,692,355	34,533,762	-	-
Deferred tax expense				
(Reversal from)/transfer to Deferred Taxation (Note 32)	(172,783,413)	(216,776,900)	65,440,641	(81,852,838)
	(172,783,413)	(216,776,900)	65,440,641	(81,852,838)
Tax (reversals)/expenses on continuing operations	(154,091,058)	(182,243,138)	65,440,641	(81,852,838)

As per the Inland Revenue Amendment Act No 10 of 2021, the Group is liable to pay income tax on its taxable profits at following rates,

Company	Tax Rate
Nawaloka Hospitals PLC	14% on the taxable profits (2020: 28% on the taxable profits- from 1st April 2019 to 31st December 2019, 14% on the taxable profits - from 1st January 2020 to 31st March 2020)
New Nawaloka Hospitals (Pvt) Ltd	14% on the taxable profits (2020: 28% on the taxable profits- from 1st April 2019 to 31st December 2019, 14% on the taxable profits - from 1st January 2020 to 31st March 2020)
New Nawaloka Medical Centre (Pvt) Ltd	14% on the taxable profits (2020: 28% on the taxable profits- from 1st April 2019 to 31st December 2019, 14% on the taxable profits - from 1st January 2020 to 31st March 2020)
Nawaloka Green Cross Laboratories (Pvt) Ltd	14% on the taxable profits (2020: 28% on the taxable profits- from 1st April 2019 to 31st December 2019, 14% on the taxable profits - from 1st January 2020 to 31st March 2020)
Nawaloka Medicare (Pvt) Ltd	Exempt from income tax for a period of six years started from where profit making Financial year or after loss making 2 years whichever is earlier. The company is liable for income tax from 1st April 2022. Other income is taxed at 24%.

14.2 Amount recognized in OCI

	GROUP		COMPANY	
FOR THE YEAR ENDED 31 MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Items that will not be reclassified to profit or loss				
Deferred tax impact on retirement benefit obligation	7,024,579	8,780,996	4,406,992	2,252,336
Deferred tax impact on change in the effective tax rate (Note No 32.3)	210,671,994	-	7,428,113	-
	217,696,573	8,780,996	11,835,105	2,252,336

14.3 Amounts recognized directly in equity

There were no items recognized directly in equity during the year ended 31 March 2021.

14.4 Reconciliation between the accounting profit and tax expense

	GROUP		COMPANY	
FOR THE YEAR ENDED 31 MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Accounting (loss)/profit before tax	347,172,889	(166,262,398)	(237,490,915)	17,169,213
Aggregate disallowable Expenses	1,656,126,982	1,535,906,461	979,249,454	773,853,777
Aggregate allowable Expenses	(1,396,348,108)	(1,542,581,557)	(195,573,156)	(196,004,013)
Income not subject to income tax	(23,108,021)	(158,711,607)	(8,045,996)	(158,711,606)
Other Sources of Income	(41,317,383)	(44,166,904)	(4,717,627)	(7,873,779)
Other consolidation adjustments	(11,055,739)	44,703,435	-	-
Total statutory loss incurred	(449,570,598)	(1,026,082,570)	-	-
Income from business liable for tax	852,774,466	694,970,000	533,421,760	428,433,592
Income exempt from income taxes due to tax holidays	128,266,752	(172,548,305)	-	-
Other sources of income liable for tax	41,317,383	44,166,904	4,717,627	7,873,779
Tax loss claimed during the year (Note 14.5)	(827,410,153)	(454,415,112)	(538,139,387)	(436,307,371)
Income tax at 28%	-	24,829,410	-	-
Income tax at 24%	3,831,717	-	-	-
Income tax at 14%	7,100,269	3,289,583	-	-
Total income tax	10,931,986	28,118,993	-	-

14.5 Tax losses carried forward

Reconciliation of Tax Losses				
Tax Losses brought forward	2,002,783,966	1,351,261,148	630,295,380	1,019,891,782
Adjustment due to finalization of taxes of previous years	49,963,596	79,855,360	23,922,814	46,710,969
Tax Loss claimed during the year	(827,410,153)	(454,415,112)	(538,139,387)	(436,307,371)
Tax Loss for the year	449,570,598	1,026,082,570	-	-
Tax loss carried forward	1,674,908,007	2,002,783,966	116,078,807	630,295,380

Notes to the Financial Statements

15. EARNINGS/(LOSS) PER SHARE

Accounting policy

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

15.1 Basic Earnings/(Loss) Per Share

The earnings/(loss) per share is computed on the profit/(loss) attributable to ordinary shareholders after tax and Non Controlling Interest divided by the weighted average number of ordinary shares during the year.

FOR THE YEAR ENDED 31 MARCH	GROUP		COMPANY	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Profit/(Loss) for the year (Rs.)	501,263,947	15,980,740	(302,931,556)	99,022,051
Weighted Average number of				
Ordinary Shares in issue during the year	1,409,505,596	1,409,505,596	1,409,505,596	1,409,505,596
Earnings/(Loss) per Share (Rs.)	0.36	0.01	(0.21)	0.07

15.2 Diluted Earnings Per Share

There was no dilution of ordinary shares outstanding at any time during the year. Therefore, diluted earnings per share is same as basic earning per share as shown in Note 15.1.

16. DIVIDEND PER SHARE

Accounting policy

Dividend declared by the Board of Directors after the reporting date is not recognised as a liability and is disclosed as a note to the financial statements.

The Board of Directors of the Company has not declared any dividend during the year ended 31st March 2021 (2020 - Nil)

FOR THE YEAR ENDED 31 MARCH	2021 Rs.	2020 Rs.
Dividend declared (Rs. '000)	-	-
Number of ordinary shares ('000)	1,409,505,596	1,409,505,596
Dividend per share (Rs.)	-	-
Dividend paid during the year		
Dividend paid	-	-

17. ADJUSTED EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (adjusted EBITDA)

Management has presented the performance measure adjusted EBITDA because it monitors this performance measure at a consolidated level and it believes that this measure is relevant to an understanding of the Group's financial performance. Adjusted EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of taxation, net finance costs, depreciation and amortization.

Adjusted EBITDA is not a defined performance measure in Sri Lanka Accounting Standards. The Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

Reconciliation of adjusted EBITDA to profit from continuing operations - Group

FOR THE YEAR ENDED 31 MARCH	2021 Rs.	2020 Rs.
Profit for the year	501,263,947	15,980,740
Income tax reversal	(154,091,058)	(182,243,138)
Profit/(Loss) before tax	347,172,889	(166,262,398)
Adjustment for:		
Net finance costs	1,156,332,443	1,345,996,742
Depreciation	828,334,304	832,564,965
Amortization	161,886,392	150,820,412
Adjusted EBITDA	2,493,726,028	2,163,119,721

18. FINANCIAL ASSETS AND LIABILITIES

Accounting policy

a. Financial Assets

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes 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.

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI (Fair value through OCI) - debt investment; FVOCI - equity investment; or FVTPL (Fair value through profit or loss).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes 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.

Notes to the Financial Statements

18. FINANCIAL ASSETS AND LIABILITIES (CONTD.)

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.

On initial recognition of an equity investment that is not held for trading, the Group 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.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment

The Group makes 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.

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 Group's continuing recognition of the assets.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes 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 of 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 Group considers the contractual terms of the instrument.

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 recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised 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 recognised in OCI and are never reclassified to profit or loss.

b. Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: trade and other payables, borrowings, amounts due to Related Parties, debentures and bank overdrafts.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

c. Derecognition

Financial assets

The Group derecognised 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 or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group entered into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets were not derecognised.

Financial liabilities

The Group derecognised a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognised a financial liability when its terms are modified and the cash flows of the modified liability were substantially different, in which case a new financial liability based on the modified terms was recognised 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) was recognised in profit or loss.

d. Offsetting

Financial assets and financial liabilities were offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

18. FINANCIAL ASSETS AND LIABILITIES

Classification of financial assets and financial liabilities

The following table provides a reconciliation between line item in the statement of financial position and categories of financial instruments.

	GROUP							
	2021				2020			
	Amortised cost	FVOCI - equity instruments	Other financial liabilities	Total	Amortised cost	FVOCI - equity instruments	Other financial liabilities	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets								
Trade and Other Receivables	1,696,817,968	-	-	1,696,817,968	677,188,490	-	-	677,188,490
Amounts Due From Related Companies	736,163,307	-	-	736,163,307	712,619,787	-	-	712,619,787
Short Term Investments	383,906,402	-	-	383,906,402	306,016,897	-	-	306,016,897
Cash and Cash Equivalents	806,376,286	-	-	806,376,286	585,063,208	-	-	585,063,208
Other long Term Investments	-	14,805,000	-	14,805,000	-	14,805,000	-	14,805,000
Total financial assets	3,623,263,963	14,805,000	-	3,638,068,963	2,280,888,382	14,805,000	-	2,295,693,382
Financial liabilities								
Lease Liabilities	-	-	479,712,905	479,712,905	-	-	587,182,843	587,182,843
Debentures	-	-	187,202,502	187,202,502	-	-	186,646,835	186,646,835
Borrowings	-	-	9,805,733,700	9,805,733,700	-	-	9,047,157,291	9,047,157,291
Trade Creditors and Other Payables	-	-	1,100,582,419	1,100,582,419	-	-	1,034,745,610	1,034,745,610
Unclaimed Dividends	-	-	4,598,253	4,598,253	-	-	4,608,151	4,608,151
Amounts Due to Related Companies	-	-	80,933,881	80,933,881	-	-	49,138,764	49,138,764
Bank Overdrafts	-	-	1,257,779,300	1,257,779,300	-	-	1,446,943,210	1,446,943,210
Total financial Liabilities	-	-	12,916,542,960	12,916,542,960	-	-	12,356,422,704	12,356,422,704

COMPANY								
	2021				2020			
	Amortised cost	FVOCI - equity instruments	Other financial liabilities	Total	Amortised cost	FVOCI - equity instruments	Other financial liabilities	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	1,621,221,188	-	-	1,621,221,188	587,267,584	-	-	587,267,584
	5,074,557,519	-	-	5,074,557,519	5,525,598,159	-	-	5,525,598,159
	109,721,293	-	-	109,721,293	102,706,849	-	-	102,706,849
	199,348,874	-	-	199,348,874	132,786,692	-	-	132,786,692
	-	14,805,000	-	14,805,000	-	14,805,000	-	14,805,000
	7,004,848,874	14,805,000	-	7,019,653,874	6,348,359,284	14,805,000	-	6,363,164,284
	-	-	35,799,802	35,799,802	-	-	66,791,485	66,791,485
	-	-	187,202,502	187,202,502	-	-	186,646,835	186,646,835
	-	-	7,425,235,535	7,425,235,535	-	-	6,585,225,593	6,585,225,593
	-	-	766,344,137	766,344,137	-	-	906,539,682	906,539,682
	-	-	4,598,219	4,598,219	-	-	4,608,120	4,608,120
	-	-	620,953,647	620,953,647	-	-	384,935,760	384,935,760
	-	-	707,869,109	707,869,109	-	-	970,453,564	970,453,564
	-	-	9,748,002,951	9,748,002,951	-	-	9,105,201,039	9,105,201,039

Notes to the Financial Statements

19. PROPERTY, PLANT & EQUIPMENT

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Revaluation

The Group applies the Revaluation Model for the entire class of buildings on leasehold property for measurement after initial recognition. Such properties are carried at revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation on buildings and any accumulated impairment losses charged subsequent to the date of valuation. Buildings on leasehold land of the Group are revalued by independent professional valuers every three- five years or more frequently if the fair values as are substantially different from carrying amounts to ensure that the carrying amounts do not differ from the fair values as at the reporting date.

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. In this circumstance, the increase is recognised as income only to the extent of the previous write down in value. Any decrease in the carrying amount is recognised as an expense in the Income Statement or charged to Revaluation Reserve in equity through OCI, only to the extent of any credit balance existing in the Revaluation Reserve in respect of that asset. 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.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings on leasehold land	lower of land lease term or 60 years
Freehold Buildings	60 years
Fixtures and Fittings	10 years
Plant and Machinery	5 years
Hospital Equipment	10 years
Medical Equipment	10 years
Motor Vehicles	5 years
Furniture and Fittings	10 years
Computer Equipment	4 years

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

Capital work-in-progress

These are expenses of a capital nature directly incurred in the construction of buildings, awaiting capitalisation. These are stated in the Statement of Financial Position at cost less any accumulated impairment losses. Capital work-in-progress is transferred to the relevant asset when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Management (i.e. available for use).

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve.

Any loss is recognised in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in other comprehensive income and reduces the revaluation surplus within equity.

Impairment/reversal of impairment

The carrying value of property plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognized in the statement of comprehensive income unless it reverses a previous revaluation surplus for the same asset.

Notes to the Financial Statements

19. PROPERTY, PLANT & EQUIPMENT

19.1 Reconciliation of carrying amount

GROUP	Free Hold Land	Buildings Constructed on Free Hold Land	Buildings Constructed on Lease Hold Land	Work In Progress	Fixture & Fittings	Plant & Machinery
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost Valuation						
Balance as at 1st April	258,492,750	680,183,702	10,842,233,498	15,755,998	689,833,325	125,137,255
Transferred to right- of- use assets (Note 20.1)	-	-	-	-	-	-
Adjusted balance as at 1st April	258,492,750	680,183,702	10,842,233,498	15,755,998	689,833,325	125,137,255
Additions	-	-	128,827,088	80,419,733	18,021,305	-
Disposal	-	-	-	-	-	-
Balance as at 31st March	258,492,750	680,183,702	10,971,060,586	96,175,731	707,854,630	125,137,255
Accumulated Depreciation						
Balance as at 1st April	-	61,139,274	543,593,347	-	377,195,838	111,434,936
Transferred to right- of- use assets (Note 20.1)	-	-	-	-	-	-
Adjusted balance as at 1st April	-	61,139,274	543,593,347	-	377,195,838	111,434,936
Charge for the year	-	13,223,271	221,813,596	-	48,852,507	3,846,451
Disposals	-	-	-	-	-	-
Balance as at 31st March	-	74,362,545	765,406,943	-	426,048,345	115,281,387
Carrying Value						
As at 31st March 2021	258,492,750	605,821,157	10,205,653,643	96,175,731	281,806,285	9,855,868
As at 31st March 2020	258,492,750	619,044,428	10,298,640,151	15,755,998	312,637,487	13,702,319

Motor Vehicles	Hospital Equipment	Medical Equipment	Computer Equipment	Furniture Fittings	Total 2021	Total 2020
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
531,064,997	681,130,743	5,206,996,050	326,386,867	264,251,259	19,621,466,444	18,547,530,378
-	-	-	-	-	-	(15,000,000)
531,064,997	681,130,743	5,206,996,050	326,386,867	264,251,259	19,621,466,444	18,532,530,378
38,804,228	28,877,930	250,569,110	32,270,335	11,659,641	589,449,370	1,129,005,086
(4,930,000)	-	(40,960,504)	-	-	(45,890,504)	(40,069,020)
564,939,225	710,008,673	5,416,604,656	358,657,202	275,910,900	20,165,025,310	19,621,466,444
417,643,323	390,085,276	3,353,625,611	250,866,253	128,397,451	5,633,981,309	4,837,044,597
-	-	-	-	-	-	(2,687,671)
417,643,323	390,085,276	3,353,625,611	250,866,253	128,397,451	5,633,981,309	4,834,356,926
54,233,067	52,726,483	370,715,328	40,234,094	22,689,507	828,334,304	832,564,965
(2,573,242)	-	(24,710,325)	-	-	(27,283,567)	(32,940,582)
469,303,148	442,811,759	3,699,630,614	291,100,347	151,086,958	6,435,032,046	5,633,981,309
95,636,077	267,196,914	1,716,974,042	67,556,855	124,823,942	13,729,993,264	
113,421,674	291,045,467	1,853,370,439	75,520,614	135,853,808		13,987,485,135

Notes to the Financial Statements

19.1 Reconciliation of carrying amount (Contd.)

COMPANY	Free Hold Land	Buildings Constructed on Lease Hold Land	Work In Progress	Fixture & Fittings	Plant & Machinery
	Rs.	Rs.	Rs.	Rs.	Rs.
Cost/Valuations					
Balance as at 1st April	42,188,000	788,848,235	-	212,666,638	11,332,408
Transferred to right- of- use assets (Note 20.1)	-	-	-	-	-
Adjusted Balance as at 1st April	42,188,000	788,848,235	-	212,666,638	11,332,408
Additions	-	6,176,374	3,893,870	3,519,089	-
Disposal	-	-	-	-	-
Balance as at 31st March	42,188,000	795,024,609	3,893,870	216,185,727	11,332,408
Accumulated Depreciation					
Balance as at 1st April	-	78,032,911	-	149,257,097	11,332,408
Transferred to right- of- use assets (Note 20.2)	-	-	-	-	-
Adjusted Balance as at 1st April	-	78,032,911	-	149,257,097	11,332,408
Charge for the year	-	31,091,802	-	14,634,882	-
Disposal	-	-	-	-	-
Balance as at 31st March	-	109,124,713	-	163,891,979	11,332,408
Carrying Value					
As at 31st March 2021	42,188,000	685,899,896	3,893,870	52,293,748	-
As at 31st March 2020	42,188,000	710,815,324	-	63,409,541	-

Motor Vehicles	Hospital Equipment	Medical Equipment	Computer Equipment	Furniture Fittings	Total 2021	Total 2020
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
441,574,794	350,660,014	2,635,321,408	148,453,485	113,556,524	4,744,601,507	4,613,511,929
-	-	-	-	-	-	(15,000,000)
441,574,794	350,660,014	2,635,321,408	148,453,485	113,556,524	4,744,601,507	4,598,511,929
9,860,309	17,217,949	32,266,491	12,181,487	4,620,168	89,735,737	180,970,698
(4,930,000)	-	-	-	-	(4,930,000)	(34,881,120)
446,505,103	367,877,963	2,667,587,899	160,634,972	118,176,692	4,829,407,244	4,744,601,507
336,044,121	238,046,191	1,944,027,684	131,548,104	65,759,959	2,954,048,475	2,629,967,222
-	-	-	-	-	-	(2,687,671)
336,044,121	238,046,191	1,944,027,684	131,548,104	65,759,959	2,954,048,475	2,627,279,551
49,588,806	27,468,347	196,328,954	8,638,977	9,145,661	336,897,429	357,081,352
(2,573,242)	-	-	-	-	(2,573,242)	(30,312,428)
383,059,685	265,514,538	2,140,356,638	140,187,081	74,905,620	3,288,372,662	2,954,048,475
63,445,418	102,363,425	527,231,261	20,447,891	43,271,072	1,541,034,582	
105,530,673	112,613,823	691,293,724	16,905,381	47,796,565		1,790,553,032

Notes to the Financial Statements

19.2 Details of land and building under property plant and equipment stated at revaluation

The buildings constructed on leasehold lands of the Group were revalued By Mr. P. B Kalugalagedara, Chartered valuer as at 31 March 2017.

Location	Extent Building (Sq. ft.)	No of Buildings	Revalued amount - Buildings Rs.	Carrying Value after revaluation Rs.	Carrying Value if carried at cost Rs.
Nawaloka Hospitals PLC	89,984	1	613,975,000	685,899,896	647,698,172
New Nawaloka Hospitals (Pvt) Ltd	126,998	1	888,986,000	859,058,994	77,465,530
New Nawaloka Medical Centre (Pvt) Ltd					
- Old Building	140,788	2	1,385,600,000	1,261,731,941	801,382,025
- Specialist Centre (Not revalued)	450,738	1	-	-	7,425,069,497

The leasehold properties with a land extent of 511.80 perches are located in No. 23, Deshamanya H. K. Dharmadasa Mawatha, Colombo 2.

19.3 The details of freehold land and buildings which are stated at cost - Group

Property	Extent (Perches)	Number of Buildings	Square feet (Building)	Carrying value Rs.
Land & Building situated at Thalgahawatta, Kurana, Negombo.	8.02	1	3,168	16,857,161
Land situated at No. 15, Nelson lane, Kollupitiya, Colombo 03	20.2	-	-	42,188,000
Land & Building situated at No 169, Colombo Road, Negombo	135.1	1	43,296	642,932,080

19.4 Title restriction on property, plant and equipment

There are no restrictions that existed on the title of the property, plant and equipment of the Group as at the reporting date.

19.5 Acquisition of property, plant and equipment during the year

During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs. 589 Mn (2020- Rs.1,129 Mn). Cash payments amounting to Rs.589 Mn (2020- Rs.1,129 Mn). were made during the year for purchase of property, plant and equipment.

19.6 Amount of contractual commitments for the acquisition of property, plant and equipment

The Group had no contractual commitments for the acquisition of property, plant and equipment as at the reporting date. (2020: Nil)

19.7 Impairment of property, plant and equipment

The Board of Directors has assessed the potential impairment loss of property, plant and equipment as at 31 March 2021. Based on the assessment, no impairment provision is required to be made in the financial statements as at the reporting date in respect of property, plant and equipment.

19.8 Property, plant and equipment pledged as security

Refer Note 34.

19.9 Temporarily idle property, plant and equipment

There are no temporarily idle property, plant and equipment as at the reporting date.

19.10 Fully depreciated assets

Details of fully depreciated assets in property, plant and equipment are as follows;

As at 31st March	GROUP		COMPANY	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Fixture & Fittings	195,326,898	132,278,389	63,341,339	47,745,082
Plant & Machinery	108,003,890	108,003,890	11,332,408	11,332,408
Motor Vehicles	307,142,196	253,205,552	227,869,073	176,659,379
Hospital Equipment	149,760,973	110,172,844	73,732,164	67,859,655
Medical Equipment	1,508,146,619	1,374,009,107	596,394,293	579,792,786
Computer Equipment	164,883,233	115,245,834	113,635,148	97,016,440
Furniture & Fittings	54,878,052	19,410,446	20,470,252	31,634,145
	2,488,141,861	2,112,326,062	1,106,774,677	1,012,039,895

19.12 Compensation from third parties for items of property, plant and equipment

During the year Rs.6,004,660/- compensation received from third parties for items of property, plant and equipment that were impaired, lost or given up.

19.13 Measurement of fair values

Fair value hierarchy

The fair value of buildings constructed on leasehold lands was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Groups's buildings constructed on leasehold lands every 3-5 years.

Valuation techniques and significant unobservable inputs

The table below sets out the significant unobservable inputs used in measuring buildings constructed on leasehold lands categorized as Level 3 in the fair value hierarchy as at 31 March 2021

Location and address of the property	Method of valuation	Significant unobservable inputs	Range of estimates for unobservable inputs	Estimated fair value would increase (decrease) if.
No. 23, Deshamanya H. K. Dharmadasa Mawatha, Colombo 2	Market Based Valuation	Land - Price per perch	LKR 1,000,000 - LKR 1,100,000	Price per perch for land increases, (decreases)
		Building - Price per square feet	LKR 2,900 - LKR 3,100	Price per square feet for Building increases, (decreases)

Significant assumptions used by the valuer

Long term growth in future rentals	7% per annum
Anticipated maintenance cost	5% on Rental Income
Yield/Discount rate	11% per annum

19.14 No borrowing costs

No Borrowing costs were capitalized during the year under Property Plant and Equipment (2020: Nil)

19.15 Capital work in progress

Capital work in progress includes cost incurred by the Group/Company in the construction of a building in Negombo and upgrations to building in Colombo.

Notes to the Financial Statements

20. LEASES

Accounting policy

Leased Assets

At inception of a contract, the Group/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 Group/Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group/Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group/Company has the right to direct the use of the asset. The Group/Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group/Company has the right to direct the use of the asset if either:
 - the Group/Company has the right to operate the asset; or
 - the Group/Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1st April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group/Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

(i) As a lessee

The Group/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 on 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 right-of-use asset is subsequently amortized using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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 Group/Company's incremental borrowing rate. Generally, the Group/Company uses its incremental borrowing rate as the discount rate.

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

- fixed payments;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group/Company is reasonably certain to exercise, lease payments in an optional renewal period if the Group/Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group/Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured 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 Group/Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group/Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short Term Leases and Leases of Low Value Assets

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

Notes to the Financial Statements

20.1 Right of Use Assets

AS AT 31ST MARCH	GROUP		COMPANY	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cost				
Transferred from leasehold right over land	-	245,536,472	-	54,883,150
Transferred from Property, plant and equipment	-	15,000,000	-	15,000,000
Adjustment due to initial application of SLFRS 16	-	608,449,666	-	68,492,563
Adjusted balance as at 1st April	893,965,560	868,986,138	153,375,713	138,375,713
New Leases obtained during the year	25,375,442	24,979,422	-	15,000,000
Remeasurement of Leases	22,558,347	-	-	-
Disposal of Leased assets	(5,350,000)	-	(5,350,000)	-
Balance as at 31st March	936,549,349	893,965,560	148,025,713	153,375,713
Accumulated amortization				
Transferred from leasehold right over land	-	(29,507,637)	-	(9,012,261)
Transferred from Property, plant and equipment	-	(2,687,671)	-	(2,687,671)
Adjusted balance as at 1st April	(183,015,720)	(32,195,308)	(42,293,917)	(11,699,932)
Amortization for the year	(161,886,392)	(150,820,412)	(31,337,209)	(30,593,985)
Disposal during the year	2,897,443	-	2,897,443	-
Balance as at 31st March	(342,004,669)	(183,015,720)	(70,733,683)	(42,293,917)
Net Carrying value	594,544,680	710,949,840	77,292,030	111,081,796

Assets obtained on lease and balance term of leases as at 31st March 2021 are as follows,

a) Nawaloka Hospitals PLC

Type of asset	Balance lease term (years)
Land	22 - 66 years
Buildings	2 - 4 years
Motor Vehicles	3 - 4 years

b) New Nawaloka Hospitals (Private) Limited

Type of asset	Balance lease term (years)
Land	71 years

c) New Nawaloka Medical Centre (Private) Limited

Type of asset	Balance lease term (years)
Land	82 years

e) Nawaloka Green Cross Laboratories (Private) Limited

Type of asset	Balance lease term (years)
Buildings	3- 4 years
Machineries	3- 4 years

e) Nawaloka Medicare (Private) Limited

Type of asset	Balance lease term (years)
Land	3- 94 years
Building	3- 12 years

21. INVESTMENT PROPERTY

Accounting policy

Recognition and measurement

Investment property is initially measured at cost. Investment property is subsequently measured at cost. When the use of a property changes such that it is reclassified as property, plant and equipment, its carrying value at the date of reclassification becomes its cost for subsequent accounting.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Rental income from investment property is recognized as revenue on a straight-line basis over the term of the lease.

21.1 Reconciliation of carrying amount

AS AT 31ST MARCH	COMPANY	
	2021 Rs.	2020 Rs.
Investment Property	192,417,100	192,417,100
	192,417,100	192,417,100

Investment property reflects lands leased to Nawaloka Medicare (Pvt) Ltd. by Nawaloka Hospitals PLC on a 99 year lease agreement. Nawaloka Medicare (Pvt) commenced its operations during 2014/2015.

During the year, Director's valuation was carried out for the investment properties and market value at the investment property has not changed materially over the year.

21.2 Details of land under Investment Property

Location	Extent Land (Perches)
Land situated at No 169, Colombo Road, Negombo	135.1

21.3 Investment properties pledged as security

Investment Property has been pledged as security over Sampath Bank Loan of Rs.959Mn obtained by Nawaloka of Hospitals PLC.

21.4 Title restriction on investment properties

There were no restrictions to the title of the investment properties of the company as at the reporting date.

21.5 Income from Investment Property

AS AT 31ST MARCH	COMPANY	
	2021 Rs.	2020 Rs.
Rent income from Investment Property	1,816,152	1,816,152
Direct Operating Expenses (including maintenance) generating Rent income	-	-
Net Profit from Investment Property carried at Fair Value	1,816,152	1,816,152

Notes to the Financial Statements

22. INVESTMENT IN SUBSIDIARIES

Accounting policy

Recognition and measurement

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commenced until the date on which control ceases.

Investments in subsidiaries are recognized at cost of acquisition and thereafter it is carried at cost less any impairment losses in the separate financial statements of the Company. The net assets of each subsidiary are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the investment is estimated and the impairment loss is recognised to the extent of its net assets loss.

AS AT 31ST MARCH	Holding %	No. of Shares	COMPANY	
			2021 Rs.	2020 Rs.
New Nawaloka Hospitals (Pvt) Ltd	100%	6,500,000	245,933,056	245,933,056
New Nawaloka Medical Centre (Pvt) Ltd	100%	70,000,004	700,000,000	700,000,000
Nawaloka Medicare (Pvt) Ltd	100%	1,071,052,320	1,071,052,320	1,071,052,320
Nawaloka Green Cross Laboratories (Pvt) Ltd	100%	1	10	10
			2,016,985,386	2,016,985,386

Assessment of Impairment

The Board of Directors has assessed the potential impairment of investment in subsidiaries as 31 March 2021. Based on the internal assessment carried out by the Board, no impairment provision has been made in the financial statements as at the reporting date in respect of investment in subsidiaries.

23. OTHER INVESTMENTS

See accounting policies in Note 18.

The Group's other investments are summarised as follows:

AS AT 31ST MARCH	GROUP		COMPANY	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Fair Value Through Other Comprehensive Income - FVOCI (Note 23.1)	14,805,000	14,805,000	14,805,000	14,805,000
Amortised cost (Note 23.2)	383,906,402	306,016,897	109,721,293	102,706,849
	398,711,402	320,821,897	124,526,293	117,511,849
Non-current Investments (Note 23.1)	14,805,000	14,805,000	14,805,000	14,805,000
Current Investments (Note 23.2)	383,906,402	306,016,897	109,721,293	102,706,849
	398,711,402	320,821,897	124,526,293	117,511,849

Information about the Group's exposure to credit and market risk, and fair value measurement, is included in Note 38 & 39.

23.1 Fair Value through Other Comprehensive Income - FVOCI

The Group's financial instruments are summarised follows

		GROUP		COMPANY	
AS AT 31ST MARCH	Holding	2021	2020	2021	2020
	%	Rs.	Rs.	Rs.	Rs.
Investment in Unquoted Shares					
Digital Health (Private) Limited - cost	15	14,805,000	19,740,000	14,805,000	19,740,000
Change in fair value		-	(4,935,000)	-	(4,935,000)
		14,805,000	14,805,000	14,805,000	14,805,000

Digital Health (Private) Limited launched in 2016, has connected more than 1,500 doctors in over 80 hospitals through its digital health platform which is accessible via doc.lk, by dialling 990, or via the Doc990 app.

Digital Health (Private) Limited is a subsidiary of Dialog Axiata PLC and the balance infusion of equity by Asiri Hospital Holdings PLC, Nawaloka Hospitals PLC and Ceylon Hospitals PLC.

The Group invested in 15% of the shares of Digital Health (Private) Limited on 25th April 2018. The Group designated this investment as FVOCI because this investment represent, investment, that the Group intends to hold for the long term strategic purposes.

The Company has carried out a valuation of the investment in Digital Health (Private) Limited using a market multiple based valuation technique. This fair valuation has been classified as Level 3 as per the fair value measurement principles.

This valuation method uses the market value of shares of a peer entity Listed in the Colombo Stock Exchange adjusted appropriately to reflect conditions applicable to Digital Health (Private) Limited. Following significant observable and unobservable inputs were used in this valuation.

Input	Range of the Variable	Fair Value would increase/(decrease) if
Market price per share	Rs. 4/- to Rs.7/- per share	market price per share increases/(decreases)
Discount	70% - 80%	discount decreases/(increases)

Notes to the Financial Statements

23.2 Amortised cost

The Group's other investments are summarised as follows:

AS AT 31ST MARCH	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Fixed deposits				
Hatton National Bank PLC	154,775,776	139,804,664	-	-
Commercial Bank of Ceylon PLC	162,331,427	115,912,918	56,097,667	52,407,534
Nations Trust Bank PLC	53,623,626	50,299,315	53,623,626	50,299,315
DFCC Bank PLC	13,175,573	-	-	-
	383,906,402	306,016,897	109,721,293	102,706,849

24. INVENTORIES

Accounting policy

Inventories have been valued at lower of cost and net realizable value after making due allowance for obsolete items. The First-In First-Out (FIFO) basis is adopted to arrive at the cost of inventories.

Net realizable value is the price at which inventories can be sold in the normal course of business after allowing for cost of realization and/or cost of conversion from their existing state to saleable condition.

AS AT 31ST MARCH	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Pharmaceutical Items	363,221,030	401,802,683	167,346,078	202,376,149
General Stocks	22,743,497	22,932,376	5,887,505	5,775,783
Reagent Stock	62,489,702	40,986,495	-	-
	448,454,229	465,721,554	173,233,583	208,151,932
Provision for slow moving inventories (Note 24.1)	(3,330,269)	(3,330,269)	(3,330,269)	(3,330,269)
	445,123,960	462,391,285	169,903,314	204,821,663

24.1 Provision for slow moving inventories

Balance as at 1 April	3,330,269	3,330,269	3,330,269	3,330,269
Balance as at 31 March	3,330,269	3,330,269	3,330,269	3,330,269

Group/Company's practice is to return the Expired Drugs to respective suppliers. Hence no provision is required.

25. TRADE AND OTHER RECEIVABLES

See accounting policies in Note 18 .

AS AT 31ST MARCH	GROUP		COMPANY	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Financial Assets				
Trade Receivables				
- Key Management Personnel	85,059,340	54,352,470	85,059,340	54,352,469
- Other Related Companies	145,701,571	105,741,227	145,701,571	105,741,227
- Others	1,754,431,636	576,405,073	1,673,734,320	488,410,867
	1,985,192,547	736,498,770	1,904,495,231	648,504,563
Less: Provision for impairment (Note 25.1)	(326,458,480)	(85,237,140)	(313,861,252)	(81,803,077)
	1,658,734,067	651,261,630	1,590,633,979	566,701,486
Other Debtors	34,061,689	19,079,700	26,723,357	15,149,324
Staff Loans	4,022,212	6,847,160	3,863,852	5,416,774
	1,696,817,968	677,188,490	1,621,221,188	587,267,584
Non-Financial Assets				
ESC Recoverable	45,451,720	56,817,518	14,422,667	14,422,667
Import Control	4,423,855	5,839,451	4,423,855	5,839,451
Pre Payments	92,045,617	49,503,031	77,163,191	43,038,425
Other Deposit and Advances	177,165,455	135,022,197	114,007,803	88,504,894
Provision for impairment of prepayments (Note 25.2)	(13,634,298)	-	(13,634,298)	-
	305,452,349	247,182,197	196,383,218	151,805,437
	2,002,270,317	924,370,687	1,817,604,406	739,073,021

25.1 Provision for impairment of trade receivables

AS AT 31ST MARCH	GROUP		COMPANY	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance as at 1 April	85,237,140	58,975,877	81,803,077	58,465,048
Provision for the year	241,221,340	26,261,263	232,058,175	23,338,029
Balance as at 31 March	326,458,480	85,237,140	313,861,252	81,803,077

25.2 Provision for impairment of prepayments

AS AT 31ST MARCH	GROUP		COMPANY	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance as at 1 April	-	-	-	-
Provision for the year	13,634,298	-	13,634,298	-
Balance as at 31 March	13,634,298	-	13,634,298	-

Notes to the Financial Statements

26. AMOUNTS DUE FROM RELATED PARTIES

See accounting policies in Note 18.

AS AT 31ST MARCH	GROUP		COMPANY	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Alcobronz (Pvt) Ltd	11,000,000	11,000,000	11,000,000	11,000,000
Battharamulla Medical Centre *	35,812,306	36,271,514	35,812,306	36,271,514
Bernard Philknit Ceylon (Pvt) Limited	10,200,000	10,200,000	10,200,000	10,200,000
Ceyoka (Pvt) Ltd	49,491,059	48,171,059	1,320,000	-
Ceyoka Engineering (Pvt) Ltd	25,700,000	-	25,000,000	-
CAFÉ 77	77,075	10,623,782	-	10,546,707
Ceylon Nutrinit Holding (Pvt) Ltd	4,500,000	4,500,000	-	-
East West Marketing (Pvt) Ltd	236,897,329	161,871,329	39,381,137	3,355,137
Kandana Medical Centre *	9,768,324	9,768,324	9,768,324	9,768,324
Kiribathgoda Medical Centre *	49,194,021	49,406,371	49,194,021	49,406,371
Karapitiya Medical Centre *	9,849,064	9,849,064	9,849,064	9,849,064
Panadura Medical Centre *	67,693,444	68,279,564	67,693,444	68,279,564
Redline (Pvt) Ltd	2,377,005	1,800,000	-	-
Kottawa Medical Centre *	1,873,071	1,873,071	1,873,071	1,873,071
Nawata (Pvt) Ltd	2,350,440	1,800,000	-	-
Nawaloka Aviation (Pvt) Ltd	4,479,419	4,479,419	4,479,419	4,479,419
Nawaloka Trading (Pvt) Ltd	3,546,480	3,000,000	-	-
Nawaloka Institute of Health care (Pvt) Ltd	458,694	425,073	458,694	425,073
Nawaloka College of Higher Studies (Pvt) Ltd	83,508,397	83,508,397	83,508,397	83,508,397
Nawaloka Construction Company (Pvt) Ltd	1,500,000	6,600,000	-	-
Nawaloka Steel Industries (Pvt) Ltd	192,110,045	172,494,958	158,777,050	157,494,958
Nawaloka Engineering (Pvt) Ltd	866,510	1,566,510	-	-
New Ashford International (Pvt) Ltd	3,000,000	3,000,000	3,000,000	3,000,000
Sarjah Polysacks (Pvt) Ltd.	22,429,200	22,429,200	22,429,200	22,429,200
Sasiri Polysacks (Pvt) Ltd	8,000,000	8,000,000	8,000,000	8,000,000
New Nawaloka Hospitals (Pvt) Ltd	-	-	1,658,539,797	2,396,166,677
New Nawaloka Medical Centre (Pvt) Ltd.	-	-	2,901,298,065	2,647,155,656
Nawaloka Care (Pvt) Ltd	14,229,749	14,229,749	14,229,749	14,229,749
M Branch (Pvt) Ltd	15,950,698	15,939,198	15,950,698	15,939,198
Nawaloka Research and Educational Centre foundation	4,400,000	2,200,000	4,400,000	2,200,000
	871,262,330	763,286,582	5,136,162,436	5,565,578,079
Provision for impairment (Note 26.1)	(135,099,023)	(50,666,795)	(61,604,917)	(39,979,920)
	736,163,307	712,619,787	5,074,557,519	5,525,598,159
26.1 Provision for impairment				
Balance as at 01 April	50,666,795	25,894,406	39,979,920	25,894,405
Provision for the year	84,432,228	24,772,389	21,624,997	14,085,515
Balance as at 31 March	135,099,023	50,666,795	61,604,917	39,979,920

* These medical centres are operated under the legal entity Nawaloka Medical Centers (Pvt) Ltd.

27. CASH AND CASH EQUIVALENTS

Accounting policy

The accounting policy for cash and cash equivalents has been given in Note 18.

Statement of Cash Flows

The Statement of Cash Flows has been prepared using the Indirect Method of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Statement of Cash Flows.

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

	GROUP		COMPANY	
AS AT 31ST MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Cash at Bank	644,850,207	360,170,193	189,244,162	102,988,424
Cash in hand	16,983,545	33,299,234	10,104,712	29,798,268
Investment in fixed deposits maturity within 3 months	144,542,534	191,593,781	-	-
Cash and cash equivalents in the Statement of Financial Position	806,376,286	585,063,208	199,348,874	132,786,692
Bank overdrafts used for cash management purposes (Note 27.1)	(1,257,779,300)	(1,446,943,210)	(707,869,109)	(970,453,564)
Cash and cash equivalents for the purpose of statement of cash flows	(451,403,014)	(861,880,002)	(508,520,235)	(837,666,872)

27.1 Bank overdrafts used for cash management purposes

	Interest rate	31 March	31 March	Security
		2021	2020	
		Rs.	Rs.	
Group				
Hatton National Bank PLC	AWPLR+1.5%	466,421,923	780,845,381	Corporate Guarantee of New Nawaloka Hospitals (Pvt) Ltd for Rs.75 Mn. Existing Primary Concurrent Mortgage Bond for Rs.390 Mn (HNB Rs.260 Mn. Seylan - Rs. 130 Mn) Over Leasehold Nawaloka Hospital Premises. Registered primary floating mortgage bond for Rs.775Mn over leasehold property at Sir James Peries Mw , Colombo and everything standing thereon (including the existing buildings and or the buildings which are to be constructed in the future together with any further developments modification or alterations thereto) with all fixtures fittings services and such other rights attached or appertaining thereto.
DFCC Bank PLC	AWPLR+0.75%	254,978,694	237,184,498	Joint & several Guarantees of Directors - Dr. H K J Dharmadasa, Mr Ugitha Harshith Dharmadasa and Mr. Anisha Givantha Dharmadasa
Peoples Bank		5,530,720	-	

Notes to the Financial Statements

Interest rate		31 March	31 March	Security
		2021	2020	
		Rs.	Rs.	
Commercial Bank of Ceylon PLC	AWPLR + 2%	522,375,069	420,949,985	Corporate guarantee of New Nawaloka Hospitals (Pvt) Ltd for Rs.75Mn
Seylan Bank PLC	AWPLR+2.5%	8,472,494	7,963,346	(i) Assignment over credit and debit card receivables of minimum of LKR 40Mn per Month (ii) Assignment of insurance receipt of Ceylinco Suwasampatha and Softlogic insurance Totalling a Minimum of LKR 20 Mn per month (iii) Minimum LKR 0.5 Mn per day to be transferred to margin build up account to be utilized for monthly loan settlement (iv) Letter of set-off to recover the loan instalment from the above savings account (v) corporate guarantee from New Nawaloka Hospital Pvt Ltd for LKR 500 Mn
Amana Bank PLC		400	-	
		1,257,779,300	1,446,943,210	
Company				
Hatton National Bank PLC	AWPLR+1.5%	66,196,316	361,940,299	Corporate Guarantee of New Nawaloka Hospitals (Pvt) Ltd for Rs.75 Mn.
DFCC Bank PLC	AWPLR+0.75%	238,234,325	215,103,014	Joint & several Guarantees of Directors - Dr. H K J Dharmadasa, Mr Ugitha Harshith Dharmadasa and Mr. Anisha Givantha Dharmadasa
Peoples Bank		5,530,720	-	
Seylan Bank PLC	AWPLR+2.5%	8,472,494	7,963,346	(i) Assignment over credit and debit card receivables of minimum of LKR 40Mn per Month (ii) Assignment of insurance receipt of Ceylinco Suwasampatha and Softlogic insurance totalling a Minimum of LKR 20 Mn per month (iii) Minimum LKR 0.5 Mn per day to be transferred to margin build up account to be utilized for monthly loan settlement (iv) Letter of set-off to recover the loan instalment from the above savings account (v) corporate guarantee from New Nawaloka Hospital Pvt Ltd for LKR 500 Mn
Commercial Bank of Ceylon PLC	AWPLR + 2%	389,434,854	385,446,905	Corporate guarantee of New Nawaloka Hospitals (Pvt) Ltd for Rs.75Mn
Amana Bank PLC		400	-	
		707,869,109	970,453,564	

28. STATED CAPITAL

Accounting policy

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with LKAS 12.

	GROUP		COMPANY	
AS AT 31ST MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
1,409,505,596 Ordinary Shares	1,207,388,876	1,207,388,876	1,207,388,876	1,207,388,876

29. REVALUATION RESERVE

Nature and purpose of reserves

The revaluation reserve relates to revaluation of buildings on lease hold lands and represents the fair value changes of the buildings on lease hold lands as at the date of revaluation.

	GROUP		COMPANY	
AS AT 31ST MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April	1,083,455,968	1,083,455,968	38,201,724	38,201,724
Adjustment due to change in tax rate	210,671,994	-	7,428,113	-
Balance as at 31st March	1,294,127,962	1,083,455,968	45,629,837	38,201,724

30. DEBENTURES

See accounting policies in Note 18.

	GROUP		COMPANY	
AS AT 31ST MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Debentures	187,202,502	186,646,835	187,202,502	186,646,835
Non-current	22,932,616	186,646,835	22,932,616	186,646,835
Current	164,269,886	-	164,269,886	-
	187,202,502	186,646,835	187,202,502	186,646,835

During the financial year 2013/2014 the Company has issued Rs.1.5 Bn Rated Unsecured Redeemable Debentures at a par value of Rs.100 and allocation is as follows.

Class	Issue	Coupon Rate	Listing Status	Interest Payable frequency	Issued Date	Maturity Date	Quantity	Consideration Received	Value As at 31 March 2021	Value As at 31 March 2020	Comparative Government Bonds Rates %	Yield to Maturity
							Nos.	Rs.	Rs.	Rs.		%
D	Public	14.35%	Listed	Quarterly	9/30/13	9/30/21	1,645,500	164,550,000	164,269,886	163,766,853	11.55	11.96
E	Public	14.40%	Listed	Quarterly	9/30/13	9/30/22	120,000	12,000,000	11,946,170	11,916,256	11.77	12.14
F	Public	14.45%	Listed	Quarterly	9/30/13	9/30/23	110,600	11,060,000	10,986,446	10,963,726	11.80	12.47
									187,202,502	186,646,835		

Notes to the Financial Statements

30.1 Market Summary

Class	Highest	Lowest	Last Traded	Traded Quantity	Last Traded Date
D	-	-	-	-	-
E	-	-	-	-	-
F	103.50	103.50	103.50	4,000.00	24th July 2019

30.2 Purpose of the Issue

Purpose of the debenture issue is for funding the construction of multi storied building with car park facilities, Channelling, Out Patient Department & Indoor admission facilities adjoining the existing hospital building and to restructure the balance sheet by re-financing the existing loans.

30.3 Credit Ratings

ICRA Lanka Ltd has affirmed Nawaloka Hospitals PLC's long and short-term corporate credit ratings as [SL]BBB- (Stable) which is read as [SL] triple B Minus.

31. EMPLOYEE BENEFITS

Accounting policy

Short term benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided.

Defined Contribution Plan

Employees' Provident Fund and Employees' Trust Fund is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts.

All the employees who are eligible for Employees' Provident Fund and Employees' Trust Fund are covered by relevant contribution funds in line with the respective statutes. Employer's contribution to the defined contribution plans are recognised as an expense in the Statement of Comprehensive Income when incurred.

Defined Benefit Plan - Employee Benefits

The liability recognised in the Statement of Financial Position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date. Benefits falling due more than 12 months after the reporting date are discounted to present value. The defined benefit obligation is calculated annually by Independent Actuary using Projected Unit Credit (PUC) method on recommended by LKAS 19 - 'Employee Benefits'.

Gratuity liability was computed from the first year of service for all employees in conformity with Sri Lanka Accounting Standards 19 - 'Employee Benefit'.

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.

The Company is liable to pay gratuity in terms of the relevant statute.

The Gratuity liability is not externally funded.

Actuarial gains and losses

The re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized in Other Comprehensive Income.

31.1 Contribution to Defined Contribution Plan

	GROUP		COMPANY	
AS AT 31ST MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Employees' Provident Fund				
Employers' contribution	143,105,493	82,420,379	43,847,466	26,975,193
Employees' contribution	95,403,662	54,946,920	29,231,644	17,983,462
Employees' Trust Fund	35,776,375	20,605,095	10,961,867	6,743,798

31.2 Present Value of Defined Benefit Obligations

	GROUP		COMPANY	
AS AT 31ST MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Present Value of Defined Benefit Obligations	386,983,237	305,875,255	269,611,872	223,862,270

31.2.a Movement in the Present Value of Defined Benefit Obligations (PV DBO)

	GROUP		COMPANY	
AS AT 31ST MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Liability for Defined Benefit obligation at 1st April	305,875,255	246,273,733	223,862,270	202,174,044
Current service cost	33,489,001	35,342,285	15,965,563	15,063,276
Interest cost	32,086,660	26,896,002	23,505,538	22,045,038
Actuarial Losses on PV DBO	50,175,558	31,360,706	31,478,517	8,044,058
Payments made	(34,643,237)	(33,997,471)	(25,200,016)	(23,464,146)
Liability for Defined Benefit obligation at 31st March	386,983,237	305,875,255	269,611,872	223,862,270

Notes to the Financial Statements

31.2.b Amounts Recognized in the Income Statement

	GROUP		COMPANY	
AS AT 31ST MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Company service cost	33,489,001	35,342,285	15,965,563	15,063,276
Interest cost	32,086,660	26,896,002	23,505,538	22,045,038
	65,575,661	62,238,287	39,471,101	37,108,314

31.2.c Amounts Recognized in Other Comprehensive Income

	GROUP		COMPANY	
AS AT 31ST MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Actuarial Losses recognized during the year	50,175,558	31,360,706	31,478,517	8,044,058

Present value of defined benefit obligation as at 31st March 2021 is calculated based on an actuarial valuation carried out by Mr. Piyal Gunathilaka, a qualified actuary.

As recommended by the Sri Lanka Accounting Standard (LKAS-19) "Employee Benefits" the projected Unit Credit (PUC) method has been used in this valuation.

The above liability is not externally funded.

31.2.d Actuarial Assumptions

	2021	2020
Retirement Age	55 Years	55 Years
Discount Rate	7.00%	10.50%
Salary Increment Rate	7%	8%
Staff Turnover Rate	14%	14%

31.2.e Sensitivity Analysis

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.

	GROUP		COMPANY	
AS AT 31ST MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
1% Increase in discount rate - (Increase)/Decrease	(16,656,744)	(12,032,889)	(11,051,829)	(7,999,416)
1% decrease in discount rate - (Increase)/Decrease	17,728,101	12,537,471	12,080,743	8,675,896
1% increase in salary increment rate - Increase/(Decrease)	21,450,344	13,802,525	15,369,012	9,720,922
1% Decrease in salary increment rate - Increase/(Decrease)	(20,364,278)	(13,398,362)	(14,286,178)	(9,107,100)

32. DEFERRED TAX LIABILITY

Accounting policy

Deferred tax is recognised in respect of 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;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised 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 enacted or substantively enacted at the reporting date and reflects uncertainty related to income taxes if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Notes to the Financial Statements

32. DEFERRED TAX LIABILITY (Contd.)

	GROUP		COMPANY	
AS AT 31ST MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Deferred Tax Assets	(344,222,167)	(776,322,975)	(98,589,442)	(362,369,467)
Deferred Tax Liabilities	946,159,519	1,768,740,313	153,473,411	363,647,899
Net Deferred Tax Liabilities	601,937,352	992,417,338	54,883,969	1,278,432

32.1 Movement in deferred tax

	GROUP					
	Net Balances as at 1st April	Recognised in profit or loss	Recognised in OCI	Total	Deferred tax Assets	Deferred Tax Liabilities
For the Year end 31st March 2021	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liabilities						
Property Plant and Equipment	1,768,740,313	(611,908,800)	(210,671,994)	946,159,519	-	946,159,519
Deferred Tax Assets						
Defined benefit obligation	(85,749,808)	38,596,734	(7,024,579)	(54,177,653)	(54,177,653)	-
Provision for Impairment of Trade receivables	-	(45,704,187)	-	(45,704,187)	(45,704,187)	-
Accumulated Tax Losses	(560,779,510)	326,292,390	-	(234,487,120)	(234,487,120)	-
Disallowed finance cost	(123,255,828)	123,255,828	-	-	-	-
Leases	(6,537,829)	(3,315,378)	-	(9,853,207)	(9,853,207)	-
Net Tax Liabilities/(Assets)	992,417,338	(172,783,413)	(217,696,573)	601,937,352	(344,222,167)	946,159,519

	GROUP					
	Net Balances as at 1st April	Recognised in profit or loss	Recognised in OCI	Total	Deferred tax Assets	Deferred Tax Liabilities
For the Year end 31st March 2020	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liabilities						
Property Plant and Equipment	1,663,498,946	105,241,367	-	1,768,740,313	-	1,768,740,313
Deferred Tax Assets						
Defined benefit obligation	(67,170,591)	(9,798,221)	(8,780,996)	(85,749,808)	(85,749,808)	-
Accumulated Tax Losses	(378,353,121)	(182,426,389)	-	(560,779,510)	(560,779,510)	-
Disallowed finance cost	-	(123,255,828)	-	(123,255,828)	(123,255,828)	-
Leases	-	(6,537,829)	-	(6,537,829)	(6,537,829)	-
Net Tax Liabilities/(Assets)	1,217,975,234	(216,776,900)	(8,780,996)	992,417,338	(776,322,975)	1,768,740,313

COMPANY						
Net Balances as at 1st April Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Total Rs.	Deferred tax Assets Rs.	Deferred Tax Liabilities Rs.	
363,588,895	(202,687,372)	(7,428,113)	153,473,411	-	153,473,411	
(62,630,932)	29,292,262	(4,406,992)	(37,745,662)	(37,745,662)	-	
-	(43,940,575)	-	(43,940,575)	(43,940,575)	-	
(176,482,707)	160,231,674	-	(16,251,033)	(16,251,033)	-	
(123,255,828)	123,255,828	-	-	-	-	
59,004	(711,176)	-	(652,172)	(652,172)	-	
1,278,432	65,440,641	(11,835,105)	54,883,969	(98,589,442)	153,473,411	

COMPANY						
Net Balances as at 1st April Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Total Rs.	Deferred tax Assets Rs.	Deferred Tax Liabilities Rs.	
427,562,038	(63,973,143)	-	363,588,895	-	363,588,895	
-	-	-	-	-	-	
(56,608,733)	(3,769,863)	(2,252,336)	(62,630,932)	(62,630,932)	-	
(285,569,699)	109,086,992	-	(176,482,707)	(176,482,707)	-	
-	(123,255,828)	-	(123,255,828)	(123,255,828)	-	
-	59,004	-	59,004	-	59,004	
85,383,606	(81,852,838)	(2,252,336)	1,278,432	(362,369,467)	363,647,899	

Notes to the Financial Statements

32.2 Analysis of Recognised Deferred Tax (Assets)/Liabilities

AS AT 31ST MARCH	GROUP				COMPANY			
	2021		2020		2021		2020	
	Taxable/ (Deductible) Temporary Difference	Tax effect	Taxable/ (Deductible) Temporary Difference	Tax effect	Taxable/ (Deductible) Temporary Difference	Tax effect	Taxable/ (Deductible) Temporary Difference	Tax effect
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Property Plant and Equipment	6,758,282,281	946,159,519	6,316,929,689	1,768,740,313	1,096,238,651	153,473,411	1,298,531,770	363,588,895
Defined benefit obligation	(386,983,237)	(54,177,653)	(306,249,314)	(85,749,808)	(269,611,872)	(37,745,662)	(223,681,901)	(62,630,932)
Accumulated Tax Losses	(1,674,908,003)	(234,487,120)	(2,002,783,964)	(560,779,510)	(116,078,807)	(16,251,033)	(630,295,381)	(176,482,707)
Trade Debtor Provision	(326,458,479)	(45,704,187)	-	-	(313,861,252)	(43,940,575)	-	-
Disallowed finance cost	-	-	(440,199,386)	(123,255,828)	-	-	(440,199,386)	(123,255,828)
Net ROU Asset/ (Net Lease Liability)	(70,380,047)	(9,853,207)	(23,349,389)	(6,537,829)	(4,658,368)	(652,172)	210,729	59,004
	4,299,552,515	601,937,352	3,544,347,636	992,417,338	392,028,352	54,883,969	4,565,831	1,278,432

32.3 Deferred tax reversal/(charge) for the year

AS AT 31ST MARCH	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Due to change in the effective tax rate				
- Recognized in retained earnings	44,336,988	-	(34,230,881)	-
- Recognized in revaluation reserve through OCI	210,671,994	-	7,428,113	-
Due to change in the temporary differences	135,471,005	225,557,896	(26,802,768)	84,105,174
	390,479,986	225,557,896	(53,605,536)	84,105,174

Based on the Inland Revenue Amendment Act No. 10 of 2021, profit from the healthcare business at liable for income tax at the rate of 14% from 1st January 2020. The Group/Company did not consider this rate as substantively enacted as at 31st March 2020 in line with the requirements of LKAS 12 - "Income Taxes". As such the Group considered the effective tax rate of 28% for the calculation of deferred tax liability as at 31st March 2020.

However, as per the guideline on "Application of tax rates in measurement of current tax and deferred tax in LKAS 12" issued by the Institute of Chartered Accountants of Sri Lanka on 23rd April 2021, the Group and the Company have applied the said tax rate of 14% in calculating the deferred tax liability as at 31st March 2021.

32.4 Unrecognised deferred Tax assets

The Group/Company has not recognized deferred tax assets in respect of following temporary differences as it is not certain whether the Group/Company will earn sufficient taxable profits against which these deferred tax assets can be utilized thereon.

31st March 2021	GROUP		COMPANY	
	Temporary Difference	Deferred Tax Asset	Temporary Difference	Deferred Tax Asset
	Rs.	Rs.	Rs.	Rs.
Disallowed finance cost	720,326,401	100,845,696	720,326,401	100,845,696
	720,326,401	100,845,696	720,326,401	100,845,696

33. BORROWINGS

The accounting policies for borrowings has been given in Notes 13 and 18.

33.1 Borrowings from financial institutions

	GROUP		COMPANY	
AS AT 31ST MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
As at 1st April	7,485,749,122	7,563,233,786	5,023,817,424	4,759,576,502
Exchange Losses	21,040,320	24,247,897	21,040,317	24,247,897
Loans Obtained During the Year	1,784,689,430	5,325,445,099	1,735,455,500	5,010,217,200
Interest charge for the year	752,302,297	981,620,812	439,016,803	493,877,036
Loans Paid During the Year	(1,720,760,800)	(6,408,798,472)	(1,276,807,840)	(5,264,101,211)
Closing Balance as at 31st March	8,323,020,369	7,485,749,122	5,942,522,204	5,023,817,424
Borrowings falling due within one year	2,737,073,374	2,548,688,681	2,281,678,752	1,856,724,682
Borrowings falling due after one year	5,585,946,995	4,937,060,441	3,660,843,452	3,167,092,742
	8,323,020,369	7,485,749,122	5,942,522,204	5,023,817,424

Borrowing based on the financial institutions is as follow:

	GROUP		COMPANY	
AS AT 31ST MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Amana Bank PLC	210,000,000	-	210,000,000	-
Bank of Ceylon	995,000,000	380,000,002	995,000,000	380,000,002
Commercial Bank of Ceylon PLC	819,071,671	861,426,224	819,071,671	809,926,223
Sampath Bank PLC	904,187,200	935,341,198	904,187,200	935,341,198
Seylan Bank PLC	299,200,000	356,400,000	299,200,000	356,400,000
Nation Lanka Finance PLC	-	5,000,000	-	5,000,000
Nations Trust Bank PLC	2,008,383,333	1,925,030,000	2,008,383,333	1,925,030,000
Hatton National Bank PLC	3,087,178,165	3,022,551,698	706,680,000	612,120,000
	8,323,020,369	7,485,749,122	5,942,522,204	5,023,817,423

Notes to the Financial Statements

33.2 Commercial paper borrowings

	GROUP		COMPANY	
AS AT 31ST MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st of April	1,561,408,169	-	1,561,408,169	-
Obtained During the Year	1,026,300,000	1,488,000,000	1,026,300,000	1,488,000,000
Paid During the Year	(1,300,268,857)	-	(1,300,268,857)	-
Interest Accrued	195,274,019	73,408,169	195,274,019	73,408,169
Balance as at 31st March	1,482,713,331	1,561,408,169	1,482,713,331	1,561,408,169
Commercial Papers falling due within one year	1,482,713,331	1,561,408,169	1,482,713,331	1,561,408,169
Commercial Papers falling due after one year	-	-	-	-
	1,482,713,331	1,561,408,169	1,482,713,331	1,561,408,169
Total Borrowings falling due within one year	4,219,786,705	4,110,096,850	3,764,392,083	3,418,132,851
Total Borrowings falling due after one year	5,585,946,995	4,937,060,441	3,660,843,452	3,167,092,742
	9,805,733,700	9,047,157,291	7,425,235,535	6,585,225,593

Above commercial paper borrowings are obtained at interest rates ranging from 13.4% to 14.5%.

Details of Loans obtained by the Group are set out below:

Financial Institution	Repayment Terms	Security	Principal	Annual Interest Rate	Annual Repayment	Balance as at 31.03.21
					Rs.	Rs.
Long Term Loan						
Nawaloka Hospitals PLC						
Bank of Ceylon		Joint & several Guarantees of Directors- Dr H K J Dharmadasa, Mr Ugitha Harshith Dharmadasa and Mr Anisha Givantha Dharmadasa.	1,000,000,000	AWPLR (Monthly review)	-	995,000,000
Sampath Bank PLC	First 24 months Rs.6,160,000 Next 24 months 7,840,000, Next 35 months 8,000,000 & Final Rs.9,000,000 installments	Loan Agreement for Rs.334,187,200/- Mortgage over company shares (100%) of Nawaloka Medicare (Pvt) Ltd for 334,187,200/-	334,817,200	AWPLR+0.5%	14,520,000	309,987,200

Financial Institution	Repayment Terms	Security	Principal	Annual Interest Rate	Annual Repayment Rs.	Balance as at 31.03.21 Rs.
Sampath Bank PLC	First 24 months Rs.6,160,000 Next 24 months 7,840,000, Next 35 months 8,000,000 & Final Rs.9,000,000 installments	Loan Agreement for Rs.625,000,000/- Mortgage Over Following properties - Primary Mortgage bond For Rs.555,000,000/- Over Nawaloka Property - Primary Mortgage bond For Rs.45,000,000/- Over Nawaloka Property - Primary Mortgage bond For Rs.20,000,000/- Over Nawaloka Property - Primary Mortgage bond For Rs.5,000,000/- Over Nawaloka Property	625,000,000	AWPLR+0.5%	16,633,997	594,200,000
Commercial Bank of Ceylon PLC	First 24 months Rs.12,500,000, Next 35 months 19,400,000 & Final Rs.21,000,000 installments	Primary mortgage Bond over debit and credit card sales for Rs.1,200,000,000/- to be executed over the card sales of the total hospital operations, Corporate Guarantee from New Nawaloka Hospitals (Pvt) Ltd for Rs.500,000,000/- to be signed by the directors of the company, Corporate Guarantee from New Nawaloka Medical Centre (Pvt) Ltd for Rs.500,000,000/- to be signed by the directors of the company, General Terms and Conditions relating to Term Loan for Rs.1,000,000,000/- to be signed by the directors of the company.	1,200,000,000	AWPLR+0.5%	3,500,000	134,800,000
Commercial Bank of Ceylon PLC	60 equal monthly installments	An agreement to Mortgage Bond No. FCC/16/90 over machinery for Rs. 125,000,000/- dated 23/09/2016 executed by the company. An agreement to mortgage to be executed for Rs. 275,000,000/- over relevant machinery.	600,000,000	AWPLR+1.5%	17,314,859	361,631,562
Commercial Bank of Ceylon PLC	5 years in 59 monthly installments	Clean	USD 3,200,000	LIBOR+ 4.5%	20,389,484	322,640,109
Hatton National Bank PLC	60 equal monthly installments	Clean	175,000,000	AWPLR+2.5%	-	175,000,000

Notes to the Financial Statements

33.2 Commercial paper borrowings (Contd.)

Financial Institution	Repayment Terms	Security	Principal	Annual Interest Rate	Annual Repayment	Balance as at 31.03.21
					Rs.	Rs.
Hatton National Bank PLC	60 equal monthly installments	Clean	550,000,000	AWPLR+2.5%	9,160,000	531,680,000
Amana Bank PLC	Mortgage for Rs.500,000,000/- over stocks located at Deshamanya H.K.Dharmadasa Mawatha Colombo 02	Floating Mortgage of stocks (Drugs) for Rs.500Mn to be executed. Personal Guatantee from Mr. Harshith Dharmadasa and Mr. Anisha Dharmadasa.	210,000,000	AWPLR +1.25%	-	210,000,000
Nations Trust Bank PLC	First 24 months Rs.8,330,000 Next 11 months Rs.25,000,000 installments & Final month Rs.25,080,000	(i) Assignment over credit and debit card receivables of selected banks, aggregating to a cash flow cover of 2 times routed to a designated account with Nations Trust Bank PLC (ii) Debit Service Reserve Account with a minimum balance of 1 month capital + interest to be held with nations trust Bank PLC (iii) Concurrent Mortgage for Rs.2,000,000,000/- over leasehold rights of the Nawaloka Hospital property situated at Sir James Peries Mawatha, Colombo 02, ranking equal and pari passu to existing mortgage to be executed within 6 months from the date of letter of offer (v) personal Guarantee Bond from Dr. Hewa Komanage Jayantha Dharmadasa For Rupees 2,000,000,000/- (vi) term loan Agreement for Rupees 500,000,000/- (vii) Term loan Agreement for Rupees 1,500,000,000/- (viii) Company letter of set off from Nawaloka Hospitals PLC (ix) Company letter of set off from New Nawaloka Medical Centre (Pvt) Ltd (x) Company letter of set off from New Nawaloka Hospitals (Pvt) Ltd	500,000,000	AWPLR+2.0%	49,980,000	375,050,000

Financial Institution	Repayment Terms	Security	Principal	Annual Interest Rate	Annual Repayment	Balance as at 31.03.21
					Rs.	Rs.
Nations Trust Bank PLC	48 equal monthly installments		1,500,000,000	AWPLR+2.5%	-	1,500,000,000
Nations Trust Bank PLC	11 equal monthly installments	(i) Assignment over credit and debit card receivables of minimum of LKR 40Mn per Month (ii) Assignment of insurance receipt of Ceylinco Suwasampatha and Softlogic insurance totalling a Minimum of LKR 20 Mn per month (iii) Minimum LKR 0.5 Mn per day to be transferred to margin build up account to be utilized for monthly loan settlement (iv) Letter of set-off to recover the loan instalment from the above savings account (v) Corporate guarantee from New Nawaloka Hospital Pvt Ltd for IKR 500 Mn	200,000,000	AWPLR+2.5%	66,666,667	133,333,333
Seylan Bank PLC	36 equal monthly installments	(i) Assignment over credit and debit card receivables of minimum of LKR 40 Mn per Month (ii) Assignment of insurance receipt of Ceylinco Suwasampatha and Softlogic insurance totalling a Minimum of LKR 20 Mn per month (iii) Minimum LKR 0.5 Mn per day to be transferred to margin build up account to be utilized for monthly loan settlement (iv) letter of set-off to recover the loan instalment from the above savings account (v) corporate guarantee from New Nawaloka Hospital Pvt Ltd for IKR 500 Mn	300,000,000 100,000,000	AWPLR+2.75% AWPLR+2.50%	83,999,999 90,000,000	199,200,001 100,000,000
						5,942,522,205

Notes to the Financial Statements

33.2 Commercial paper borrowings (Contd.)

Financial Institution	Repayment Terms	Security	Principal	Annual Interest Rate	Annual Repayment	Balance as at 31.03.21
					Rs.	Rs.
New Nawaloka Hospitals (Pvt) Ltd.						
Hatton National Bank PLC	60 equal monthly installments of Rs.3,333,400	Join & Several Guarantee of H K J Dharmadasa,U H Dharmadasa & A G Dharmadasa.	400,000,000	AWPLR+1.75%	39,662,467	293,507,499
		Existing Primary Concurrent Mortgage Bond for Rs.390.0Mn (HNB-Rs.260.0Mn,Seylan Rs.130.0Mn) over leasehold Nawaloka Hospitals premises.				
						293,507,499
New Nawaloka Medical Centre (Pvt) Ltd.						
Hatton National Bank PLC	First 12 months Rs.3,450,000 Next 12 months Rs.12,500,000 Next 18 months Rs.26,000,000 installments & Final month Rs.24,060,000	Secondary Mortgage Bond For Rs.1,535Mn over Nawaloka Hospital lease hold premises at No.115 James Perils Mawatha, Colombo 02 and everything standing thereon with all fixtures,fittings,services and such other rights attached or appertaining thereto.	683,460,000	AWPLR+1.25%	6,086,357	683,460,000
Hatton National Bank PLC	First 12 months Rs.3,450,000 Next 12 months Rs.12,500,000 Next 18 months Rs.26,000,000 installments & Final month Rs.34,620,000	Secondary Mortgage Bond For Rs.1,535Mn over Nawaloka Hospital lease hold premises at No.115 James Peiris Mawatha,Colombo 02 and everything standing thereon with all fixtures,fittings,services and such other rights attached or appertaining thereto.	850,020,000	AWPLR+1.75%	13,856,453	850,060,000

Financial Institution	Repayment Terms	Security	Principal	Annual Interest Rate	Annual Repayment Rs.	Balance as at 31.03.21 Rs.
Hatton National Bank PLC	60 equal monthly installments	Registered primary floating mortgage bond for Rs.775Mn over leasehold property at Sir James Peries Mw , Colombo and everything standing thereon (including the existing buildings and or the buildings which are to be constructed in the future together with any further developments modification or alterations thereto)with all fixtures fittings services and such other rights attached or appertaining thereto.	775,000,000	AWPLR+1.75%	18,557,219	473,000,000
Hatton National Bank PLC	3 months	Clean	47,975,635	AWPLR+1.75%	-	47,975,635
Hatton National Bank PLC	6 months	Clean	33,500,000	AWPLR+1.75%	1,004,970	32,495,030
						2,086,990,666

Notes to the Financial Statements

34. LEASE LIABILITIES

See Accounting Policies in Note 20

AS AT 31ST MARCH	GROUP		COMPANY	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance as at 1st of April	587,182,843	103,089,111	66,791,485	12,478,660
Adjustment due to initial application of SLFRS 16	-	596,797,413	-	61,830,310
Adjusted balance as at 1st April	587,182,843	699,886,524	66,791,485	74,308,970
Leases Obtained During the Year	25,375,442	24,979,422	-	15,000,000
Remeasurement of Leases	22,558,347	-	-	-
Interest charge for the year	81,667,659	90,076,193	7,311,539	8,685,819
Repayments During the Year	(226,063,972)	(227,759,296)	(27,295,808)	(31,203,304)
Disposal During the year	(11,007,414)	-	(11,007,414)	-
Balance as at 31st March	479,712,905	587,182,843	35,799,802	66,791,485
Current	175,448,683	158,030,124	18,983,910	28,464,569
Non Current	304,264,222	429,152,719	16,815,892	38,326,916
	479,712,905	587,182,843	35,799,802	66,791,485
Lease Payable within one Year	175,448,683	158,030,124	18,983,910	28,464,569
Lease Payable between 1 to 5 Years	156,902,165	274,102,859	16,815,892	38,326,916
Lease Payable more than five years	147,362,057	155,049,860	-	-
	479,712,905	587,182,843	35,799,802	66,791,485
Maturity Analysis of Undiscounted cash flows				
Less than one year	180,676,603	267,868,979	24,211,830	72,600,328
One to five years	458,323,509	575,504,483	62,393,464	76,484,856
More than 5 years	441,018,257	473,716,293	-	-
Total	1,080,018,369	1,317,089,755	86,605,294	124,908,516

34.1 Amount Recognised in the Statements of Profit Loss and Other Comprehensive Income

	GROUP		COMPANY	
AS AT 31ST MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Amortization of Right of Use Assets	161,886,392	150,820,412	31,337,209	30,593,985
Interest Costs	81,667,659	90,076,193	7,311,539	8,685,819
	243,554,051	240,896,605	38,648,748	39,279,804

34.2 Amount Recognised in the Cash Flow Statement

	GROUP		COMPANY	
AS AT 31ST MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Repayments of lease principal	237,071,386	227,759,296	38,303,222	31,203,304

35. TRADE AND OTHER PAYABLES

Accounting policy

The accounting policy for trade and other payables has been given in Note 18.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

Provisions are not recognised for future operating losses. The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation and the provision is reviewed at end of each reporting period and adjusted to reflect the current best estimate.

	GROUP		COMPANY	
AS AT 31ST MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Financial liabilities				
Trade Payables				
- Related Parties	68,685,160	53,307,618	42,458,830	47,081,288
- Other	935,604,378	873,073,620	637,183,117	761,696,361
	1,004,289,538	926,381,238	679,641,947	808,777,649
Doctors' Payables	96,292,881	108,364,372	86,702,190	97,762,033
	1,100,582,419	1,034,745,610	766,344,137	906,539,682
Non financial liabilities				
Other Payables	694,573,184	600,262,206	440,529,315	477,270,592
	694,573,184	600,262,206	440,529,315	477,270,592
	1,795,155,603	1,635,007,816	1,206,873,452	1,383,810,274

Notes to the Financial Statements

36. CURRENT TAX LIABILITY/(ASSET)

The accounting policy for income taxes has been given in Note 14.

AS AT 31ST MARCH	GROUP		COMPANY	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance as at 01 April	18,594,851	(991,937)	-	-
Over provision during prior year	-	(3,440,298)	-	-
Provision for the year	10,931,986	28,118,993	-	-
Claimed against ESC	(3,831,716)	(5,091,907)	-	-
Tax paid during the year	(11,463,085)	-	-	-
Balance as at 31 March	14,232,036	18,594,851	-	-

37. AMOUNTS DUE TO RELATED PARTIES

The accounting policy for amount due to related parties has been given in Notes 41 and 18.

AS AT 31ST MARCH	GROUP		COMPANY	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Nawaloka Construction (Pvt) Limited	13,709,605	813,630	12,895,975	-
Ceyoka (Pvt) Ltd	322,830	900,000	-	-
CAFÉ 77	11,025,672	-	11,025,672	-
Nawaloka Petroleum (Pvt) Ltd	6,126,605	6,126,605	6,126,605	6,126,605
Battharamulla Medical Centre *	1,500	1,500	-	-
Kiribathgoda Medical Centre *	43,780	43,780	-	-
Mount Lavinia Medical Centre	-	-	6,160	-
Nawaloka Trading (Pvt) Ltd	247,452	247,452	247,452	247,452
Nawaloka Green Cross Laboratories (Pvt) Ltd	-	-	417,929,615	188,565,615
Nawaloka Medicare (Pvt) Ltd	-	-	128,438,989	154,157,389
Mount Lavinia Medical Centre	5,173,258	5,167,098	-	-
Nawaloka Guardian International (Pvt) Ltd	44,283,179	35,838,699	44,283,179	35,838,699
	80,933,881	49,138,764	620,953,647	384,935,760

* These medical centres are operated under the legal entity Nawaloka Medical Centers (Pvt) Ltd.

38. FAIR VALUE MEASUREMENT

Accounting policy

Fair Value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short position at an ask price.

The best evidence of the fair value of a financial instrument or initial recognition is normally the transaction price- i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability not based on a valuation techniques for which any unobservable inputs are judged to be insufficient in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, the difference is recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Group measures the fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurement. An analysis of the fair value measurement of financial and non-financial assets and liabilities are provided below:

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

When available, the Group measures the fair value of an instrument using active quoted prices or dealer price quotations (assets and long positions are measured at a bid price; liabilities and short positions are measured at an ask price), without any deduction for transaction costs. A market is regarded as active if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

- **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).

This category includes instruments valued using;

- (a) quoted prices in active markets for similar instruments,
- (b) quoted prices for identical or similar instruments in markets that are considered to be less active, or
- (c) other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

Notes to the Financial Statements

38. FAIR VALUE MEASUREMENT (Contd.)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

GROUP							
31 March 2021	Classification	Total Carrying Amount	Fair Value	Level 1	Level 2	Level 3	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Assets measured at Fair value							
Investment in Unquoted Shares	Fair value through OCI	14,805,000	14,805,000	-	-	14,805,000	14,805,000
Financial Assets not measured at Fair value							
Cash and cash equivalents	Amortized cost	806,376,286	806,376,286	-	806,376,286	-	806,376,286
Trade and other receivables	Amortized cost	1,696,817,968	1,696,817,968	-	-	1,696,817,968	1,696,817,968
Receivable from related parties	Amortized cost	736,163,307	736,163,307	-	-	736,163,307	736,163,307
Investment in fixed deposits	Amortized cost	383,906,402	383,906,402	-	383,906,402	-	383,906,402
		3,623,263,963	3,623,263,963	-	1,190,282,688	2,447,786,275	3,623,263,963
Financial Liabilities not measured at Fair value							
Lease Liabilities	Other financial liabilities	479,712,905	479,712,905	-	-	479,712,905	479,712,905
Debentures	Other financial liabilities	187,202,502	187,202,502	-	-	187,202,502	187,202,502
Borrowings	Other financial liabilities	9,805,733,700	9,805,733,700	-	-	9,805,733,700	9,805,733,700
Trade and other payables	Other financial liabilities	1,100,582,419	1,100,582,419	-	-	1,100,582,419	1,100,582,419
Payable to related companies	Other financial liabilities	80,933,881	80,933,881	-	-	80,933,881	80,933,881
Unclaimed Dividend	Other financial liabilities	4,598,253	4,598,253	-	-	4,598,253	4,598,253
Bank Overdraft	Other financial liabilities	1,257,779,300	1,257,779,300	-	1,257,779,300	-	1,257,779,300
		12,916,542,960	12,916,542,960	-	1,257,779,300	11,658,763,660	12,916,542,960

COMPANY					
Total Carrying Amount	Fair Value	Level 1	Level 2	Level 3	Total
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
14,805,000	14,805,000	-	-	14,805,000	14,805,000
199,348,874	199,348,874	-	199,348,874	-	199,348,874
1,621,221,188	1,621,221,188	-	-	1,621,221,188	1,621,221,188
5,074,557,519	5,074,557,519	-	-	5,074,557,519	5,074,557,519
109,721,293	109,721,293	-	-	109,721,293	109,721,293
7,004,848,874	7,004,848,874	-	199,348,874	6,805,500,000	7,004,848,874
35,799,802	35,799,802	-	-	35,799,802	35,799,802
187,202,502	187,202,502	-	-	187,202,502	187,202,502
7,425,235,535	7,425,235,535	-	-	7,425,235,535	7,425,235,535
766,344,137	766,344,137	-	-	766,344,137	766,344,137
620,953,647	620,953,647	-	-	620,953,647	620,953,647
4,598,219	4,598,219	-	-	4,598,219	4,598,219
707,869,109	707,869,109	-	707,869,109	-	707,869,109
9,748,002,951	9,748,002,951	-	707,869,109	9,040,133,842	9,748,002,951

Notes to the Financial Statements

38. FAIR VALUE MEASUREMENT (Contd.)

		GROUP					
31 March 2020	Classification	Total Carrying Amount	Fair Value	Level 1	Level 2	Level 3	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Assets measured at Fair value							
Investment in Unquoted Shares		14,805,000	14,805,000	-	-	14,805,000	14,805,000
Financial Assets not measured at Fair value							
Cash and cash equivalents	Amortized cost	585,063,208	585,063,208	-	585,063,208	-	585,063,208
Trade and other receivables	Amortized cost	677,188,490	677,188,490	-	-	677,188,490	677,188,490
Receivable from related parties	Amortized cost	712,619,787	712,619,787	-	-	712,619,787	712,619,787
Investment in fixed deposits	Amortized cost	306,016,897	306,016,897	-	306,016,897	-	306,016,897
		2,280,888,382	2,280,888,382	-	891,080,105	1,389,808,277	2,280,888,382
Financial Liabilities not measured at Fair value							
Lease Liabilities	Other financial liabilities	587,182,843	587,182,843	-	-	587,182,843	587,182,843
Debentures	Other financial liabilities	186,646,835	186,646,835	-	-	186,646,835	186,646,835
Borrowings	Other financial liabilities	9,047,157,291	9,047,157,291	-	-	9,047,157,291	9,047,157,291
Trade and other payables	Other financial liabilities	1,034,745,610	1,034,745,610	-	-	1,034,745,610	1,034,745,610
Payable to related companies	Other financial liabilities	49,138,764	49,138,764	-	-	49,138,764	49,138,764
Unclaimed Dividend	Other financial liabilities	4,608,151	4,608,151	-	-	4,608,151	4,608,151
Bank Overdraft	Other financial liabilities	1,446,943,210	1,446,943,210	-	1,446,943,210	-	1,446,943,210
		12,356,422,704	12,356,422,704	-	1,446,943,210	10,909,479,494	12,356,422,704

**Classes of financial instruments that are not carried at fair value and of which carrying amounts are a reasonable approximation of fair value. This includes trade and other receivables, cash and cash equivalents, trade payable, other payables, amounts due to and due from related parties and bank overdraft. The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values due to their short term nature.

COMPANY					
Total Carrying Amount	Fair Value	Level 1	Level 2	Level 3	Total
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
14,805,000	14,805,000	-	-	14,805,000	14,805,000
132,786,692	132,786,692	-	132,786,692	-	132,786,692
587,267,584	587,267,584	-	-	587,267,584	587,267,584
5,525,598,159	5,525,598,159	-	-	5,525,598,159	5,525,598,159
102,706,849	102,706,849	-	-	102,706,849	102,706,849
6,348,359,284	6,348,359,284	-	132,786,692	6,215,572,592	6,348,359,284
66,791,485	66,791,485	-	-	66,791,485	66,791,485
186,646,835	186,646,835	-	-	186,646,835	186,646,835
6,585,225,593	6,585,225,593	-	-	6,585,225,593	6,585,225,593
906,539,682	906,539,682	-	-	906,539,682	906,539,682
384,935,760	384,935,760	-	-	384,935,760	384,935,760
4,608,120	4,608,120	-	-	4,608,120	4,608,120
970,453,564	970,453,564	-	970,453,564	-	970,453,564
- 9,105,201,039	9,105,201,039	-	970,453,564	8,134,747,475	9,105,201,039

Notes to the Financial Statements

39. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

- a. Credit risk (Note 39.2)
- b. Liquidity risk (Note 39.3)
- c. Market risk (Note 39.4)
- d. Operational risk (Note 39.5)

39.1 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

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

The Group Audit Committee monitors the process through which business risks are identified for action by management and for the Board's attention and monitors the effectiveness of the Company's internal controls. The Audit Committee is assisted in its role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of controls and procedures, the results of which are reported to the Audit Committee.

39.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows.

	GROUP		COMPANY	
AS AT 31ST MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Impairment loss on trade receivables contract assets arising from contracts with customers and amounts due from related companies	325,653,568	51,033,652	253,683,172	37,423,544
	325,653,568	51,033,652	253,683,172	37,423,544

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures and contractual agreements made for every high-value transactions. In addition, receivable balances are monitored on an ongoing basis with the results that the Group's exposure to bad debts is not significant.

The Group does not require collateral in respect of trade and other receivables. The group does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to the credit risk is as follow:

	GROUP		COMPANY	
AS AT 31ST MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Other investments	398,711,402	320,821,897	124,526,293	117,511,849
Trade and other receivables	1,696,817,968	677,188,490	1,621,221,188	587,267,584
Amount due from related parties	713,958,850	712,619,787	5,052,353,062	5,525,598,159
Cash and cash equivalents	789,392,741	551,763,974	189,244,162	102,988,424
	3,598,880,961	2,262,394,148	6,987,344,705	6,333,366,016

At 31 March 2021, the exposure to credit risk for trade receivables and contract assets by type of counterparty was as follows.

	GROUP		COMPANY	
AS AT 31ST MARCH	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Local Government	87,736,388	154,052,525	87,736,388	149,680,650
Foreign Governments	-	25,427,434	-	15,106,234
Insurance Companies	85,173,552	178,606,290	85,173,552	139,532,331
Other Corporate clients	1,446,716,652	285,753,812	1,384,380,319	274,956,283
Other	365,565,955	92,658,709	347,204,972	69,229,065
	1,985,192,547	736,498,770	1,904,495,231	648,504,563

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 March 2021.

	GROUP			
AS AT 31ST MARCH 2021	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
	Rs.	Rs.	Rs.	
Current (not past due)	20%	941,066,059	63,791,725	No
Past due > 6 months	80%	1,044,126,488	262,666,755	No
		1,985,192,547	326,458,480	

	GROUP			
AS AT 31ST MARCH 2020	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
	Rs.	Rs.	Rs.	
Current (not past due)	47%	489,157,841	40,474,760	No
Past due > 6 months	53%	247,340,928	44,762,380	No
		736,498,770	85,237,140	

Notes to the Financial Statements

39. FINANCIAL RISK MANAGEMENT (Contd.)

39.2 Credit risk (Contd.)

COMPANY				
AS AT 31ST MARCH 2021	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
	Rs.	Rs.	Rs.	
Current (not past due)	20%	941,066,059	63,791,725	No
Past due > 6 months	80%	963,429,172	250,069,527	No
		1,904,495,231	313,861,252	

COMPANY				
AS AT 31ST MARCH 2020	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
	Rs.	Rs.	Rs.	
Current (not past due)	45%	401,163,635	37,040,698	No
Past due > 6 months	55%	247,340,929	44,762,379	No
		736,498,770	81,803,077	

Cash and cash equivalents with banks

The Group held cash and cash equivalents of Rs.806,376,286/- at 31 March 2021 (2020:Rs.585,063,208/-). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated highly rated, based on ratings.

Amounts due from related parties

Provision for impairment on amounts due from related parties are assessed individually considering the financial status of these related parties.

39.3 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the succeeding 60 days. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. In addition, the Group maintains Rs. 620 Mn secured overdraft facility that is the interest would be payable at market rate.

It is not expected that cash flows included in the maturity analysis would occur significantly earlier or at significantly different amount.

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 2021	Carrying amount	Contractual Cash Flows	Less than 1 year	1-5 years	More than 5 years
	Rs.	Rs.	Rs.	Rs.	Rs.
Non-derivative financial liabilities					
Debentures	187,202,502	187,202,502	164,269,886	22,932,616	-
Borrowings	9,805,733,700	9,805,733,700	4,219,786,705	3,660,002,605	1,925,944,390
Trade creditors and other payables	1,100,582,419	1,100,582,419	1,100,582,419	-	-
Unclaimed Dividends	4,598,253	4,598,253	4,598,253	-	-
Lease Liabilities	479,712,905	479,712,905	175,448,683	156,902,165	147,362,057
Payable to Related Companies	80,933,881	80,933,881	80,933,881	-	-
Bank Overdrafts	1,257,779,300	1,257,779,300	1,257,779,300	-	-
	12,916,542,960	12,916,542,960	7,003,399,127	3,839,837,386	2,073,306,447

As at 31st March 2020	Carrying amount	Contractual Cash Flows	Less than 1 year	1-5 years	More than 5 years
	Rs.	Rs.	Rs.	Rs.	Rs.
Non-derivative financial liabilities					
Debentures	186,646,835	186,646,835	-	186,646,835	-
Borrowings	9,047,157,291	9,047,157,291	4,110,096,850	4,317,925,564	619,134,877
Trade creditor and trade payable	1,034,745,610	1,034,745,610	1,034,745,610	-	-
Unclaimed Dividends	4,608,151	4,608,151	4,608,151	-	-
Lease Liabilities	587,182,843	587,182,843	158,030,124	274,102,859	155,049,860
Payable to Related Companies	49,138,764	49,138,764	49,138,764	-	-
Bank Overdrafts	1,446,943,210	1,446,943,210	1,446,943,210	-	-
	12,356,422,704	12,356,422,704	6,803,562,709	4,778,675,258	774,184,737

The Company has used Overdraft of (Rs.707,869,109/-) at the end of 2021.

As at 31st March	2021		2020	
	Facility Available	Facility Utilised	Facility Available	Facility Utilised
	Rs.	Rs.	Rs.	Rs.
Hatton National Bank PLC	325,000,000	66,196,316	650,000,000	361,940,299
Sampath Bank PLC	-	-	50,000,000	-
DFCC Bank PLC	240,000,000	238,234,325	240,000,000	215,103,014
Commercial Bank of Ceylon PLC	45,000,000	389,434,854	45,000,000	385,446,905
Amana Bank PLC	-	400	-	-
Peoples Bank	-	5,530,720	-	-
Seylan Bank PLC	10,000,000	8,472,494	10,000,000	7,963,346
	620,000,000	707,869,109	995,000,000	970,453,564

Notes to the Financial Statements

39. FINANCIAL RISK MANAGEMENT (Contd.)

39.4 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency Risk

The Group is exposed to currency risk on receipts, payments and borrowings that are denominated in a currency other than Sri Lankan Rupees.

In respect of monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group is exposed to currency risk on borrowings and supplier payable balances that are denominated in a currency other than Sri Lankan Rupees (Rs.). The foreign currency in which the set transactions primarily denominated is United States Dollars (USD).

Exposure to Currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

AS AT 31ST MARCH	GROUP		COMPANY	
	2021	2020	2021	2020
	USD	USD	USD	USD
Interest Bearing Borrowings	1,596,912	1,703,612	1,596,912	1,703,612
Supplier payable balance	598,214	258,214	-	-
	2,195,126	1,961,826	1,596,912	1,703,612

The following significant exchange rates were applicable during the year;

AS AT 31ST MARCH	AVERAGE RATE		REPORTING DATE SPOT RATE	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
USD	199.83	189.91	199.04	188.62

Sensitivity Analysis

A strengthening or weakening of the Sri Lankan Rupee, as indicated below, against the USD as at the reporting date would have increased/(decreased) the equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group/Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Strengthening Rs. 000	Weakening Rs. 000
31st March 2021		
USD (10% movement)	(43,692)	43,692
31st March 2020		
USD (10% movement)	(37,004)	37,004

Interest Rate Risk

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

AS AT 31ST MARCH	GROUP		COMPANY	
	As at 31st March 2021	As at 31st March 2020	As at 31st March 2021	As at 31st March 2020
	Rs.	Rs.	Rs.	Rs.
Fixed-rate instruments				
Financial assets	2,002,270,317	924,370,687	1,817,604,406	739,073,021
Financial liabilities	3,277,868,934	3,196,415,985	2,689,586,783	2,945,218,443
	5,280,139,251	4,120,786,672	4,507,191,189	3,684,291,464
Variable-rate instruments				
Financial assets	1,190,282,688	891,080,105	309,070,167	235,493,541
Financial liabilities	11,063,513,000	10,494,100,501	8,133,104,644	7,555,679,157
	12,253,795,688	11,385,180,606	8,442,174,811	7,791,172,698

Sensitivity Analysis

The following table demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the profit before tax. A reasonably possible of +/- 1% is used, consistent with current trends in interest rates.

	GROUP		COMPANY	
	+1% (100 Basis Points)	-1% (100 Basis Points)	+1% (100 Basis Points)	-1% (100 Basis Points)
	Impact on Profit Rs. '000	Impact on Profit Rs. '000	Impact on Profit Rs. '000	Impact on Profit Rs. '000
31st March 2021				
Financial Liabilities				
Interest Bearing Loans and borrowings	(83,230)	83,230	(59,425)	59,425
31st March 2020				
Financial Liabilities				
Interest Bearing Loans and borrowings	(74,857)	74,857	(50,238)	50,238

Notes to the Financial Statements

39.5 Operational risk

'Operational risk' is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks – e.g. those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and innovation. In all cases, Company policy requires compliance with all applicable legal and regulatory requirements.

The Board of Directors has established Board Integrated Risk Management Committee, which is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- information technology and cyber risks; and
- risk mitigation, including insurance where this is cost-effective.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the Company Operational Risk Committee, with summaries submitted to the Audit Committee and senior management of the Company.

40 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain development of the business. Capital consists of ordinary shares, retained earnings and revaluation reserve of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group's net debt to adjusted equity ratio at the reporting date was as follow:

	As at 31st March 2021	As at 31st March 2020
	Rs.	Rs.
Total liabilities	14,719,757,588	14,273,572,354
Less: Cash and cash equivalents	806,376,286	585,063,208
Net debt	13,913,381,302	13,688,509,146
Total equity	3,971,221,171	3,430,129,485
Net debt to adjusted equity ratio	3.50	3.99

41. RELATED PARTY TRANSACTIONS

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 24 "Related Party disclosures, the details of which are reported below. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated customers.

41.1 Transactions with Key Management Personnel

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

KMP of the Company

The Board of Directors of the Company has been classified as KMP of the Company.

KMP of the Group

a) Compensation of key management personnel

AS AT 31ST MARCH	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Short-term employee benefits	97,347	95,112	93,017	90,782
	97,347	95,112	93,017	90,782

b) Other Transactions

AS AT 31ST MARCH	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Rendering of services	30,707	46,334	30,707	46,334

Close family members (CFM) of Key Management Personnel

CFM of a KMP are those family members who may be expected to influence, or be influenced by, that KMP in their dealings with the entity. They may include KMP's domestic partner and children, children of the KMP's domestic partner and dependents of the KMP or the KMP's domestic partner, CFM are related parties to the Group/Company.

41.2 Transactions with related parties

Non-recurrent related party transactions

There were no 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 2020 audited financial statements, which required additional disclosures in the 2020/21 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Recurrent related party transactions

There were no recurrent related party transactions, except for below, which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2020 audited financial Statements, which required additional disclosures in the 2020/21 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

New Nawaloka Hospitals (Pvt) Ltd and New Nawaloka Medical Centre (Pvt) Ltd which are fully owned subsidiaries of the company are situated in the same premises and operated under the Nawaloka Hospitals brand name with the company and therefore revenue and the expenses could occur mutually. However the net transactions values of recurrent transactions and Non recurrent transactions does not exceed the 10% of the consolidated revenue or 10% of the Equity of the Company respectively.

Notes to the Financial Statements

41.2 Transactions with related parties (Contd.)

Transactions with Subsidiaries - Company

NAME OF THE COMPANY	NEW NAWALOKA HOSPITALS (PVT) LTD		NEW NAWALOKA MEDICAL CENTRE (PVT) LTD		NAWALOKA GREEN CROSS LABORATORIES (PVT) LTD		NAWALOKA MEDICARE (PVT) LTD	
AS AT 31ST MARCH	100%		100%		100%		100%	
	2021	2020	2021	2020	2021	2020	2021	2020
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Opening balance due (to)/from subsidiaries	2,396,167	1,886,884	2,647,156	1,714,270	(188,566)	(88,093)	(154,157)	(57,520)
Provision of Services	(816,562)	(16,005)	913,715	476,965	227,705	80,558	(6,175)	-
Cost of Pharmaceutical & General stores items	526,379	506,089	342,338	509,198	-	-	-	(3,867)
Fund Transfer	(447,444)	19,199	(1,001,909)	(53,277)	(457,069)	(181,031)	31,893	(92,770)
Closing balance due (to)/from subsidiaries	1,658,540	2,396,167	2,901,299	2,647,156	(417,930)	(188,566)	(128,439)	(154,157)
Directors	Dr. H.K.J. Dharmadasa		Dr. H.K.J. Dharmadasa		Dr. H.K.J. Dharmadasa		Dr. H.K.J. Dharmadasa	
	Mr. U.H. Dharmadasa		Mr. A.G. Dharmadasa		Mr. U.H. Dharmadasa		Mr. U.H. Dharmadasa	
	Mr. A.G. Dharmadasa		Mrs. C.S. Dharmadasa		Mr. A.G. Dharmadasa		Mr. A.G. Dharmadasa	
					Prof. L.G. Chandrasena		Prof. L.G. Chandrasena	

Transactions with subsidiaries are carried out in the ordinary course of the business except the funding provided for New Nawaloka Medical Centre (Pvt) Ltd to invest on multi storied building with car park facilities.

New Nawaloka Medical Centre (Pvt) Ltd and New Nawaloka Hospitals (Pvt) Ltd are fully owned subsidiaries of Nawaloka Hospitals PLC. All three companies are located in the same premises and operational decisions as well as investment/expansion decisions are also executed as a single entity with common staff. As such, neither specific terms and conditions nor guarantees were agreed in relating to the funding of New Nawaloka Medical Centre (Pvt) Ltd to invest on multi storied building with car park facilities.

Outstanding balance relating to this transaction is included in the current account as disclosed in note 41.2 to these financial statements and considered as repayable on demand. Current account balances at year end are unsecured, interest free and settlement occurs in cash.

Transactions with Other Related parties - Company

NAME OF THE COMPANY	RENDERING OF SERVICES/SALE OF GOODS		RECEIVING OF SERVICES/PURCHASE OF GOODS		FUND TRANSFER		BALANCE AS AT 31ST MARCH DUE (TO)/FROM	
AS AT 31ST MARCH	2021	2020	2021	2020	2021	2020	2021	2020
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Nawaloka Aviation (Pvt) Ltd	-	-	-	-	-	2,893	4,479	4,479
Bernard Philkit (Pvt)Ltd	-	-	-	-	-	-	10,200	10,200
M Branch (Pvt)Ltd	12	-	-	-	-	-	15,951	15,939
Nawaloka Care (Pvt)Ltd	-	-	-	-	-	2,675	14,230	14,230
Nawaloka Construction Co.(Pvt) Ltd	-	564,956	-	-	(12,896)	(566,203)	(12,896)	-
Nawaloka Medical Centers (Pvt) Ltd	(1,355)	52,764	222	-	(131)	22,084	174,184	269,299
Nawaloka Guardian International (Pvt) Ltd	5,101	14,336	-	-	(13,545)	-	(44,282)	(35,838)
Nawaloka College of Higher Studies (Pvt) Ltd	-	-	-	-	-	7,000	83,508	83,508
East West Marketing (Pvt) Ltd	-	481	-	-	36,026	(8,619)	39,381	3,355
Nawaloka Institute of Health care (Pvt) Ltd	34	9	-	-	-	-	459	425
Polysacks Sharjah U.A.E	-	-	-	-	-	-	22,429	22,429
Nawaloka Trading (Pvt) Ltd	-	-	-	-	-	-	(247)	(247)
Redline Design & Printing (Pvt) Ltd	9,660	14,502	-	-	(9,660)	14,502	-	-
Redline Services (Pvt) Ltd	10,535	-	-	-	(10,535)	-	-	-
Ceyoka (Pvt) Ltd	-	-	-	(15,920)	(18,880)	(7,716)	12,852	(24,016)
Ceyoka Engineering (Pvt) Ltd	-	-	-	-	25,000	-	25,000	-
Nixon Distributors (Pvt) Ltd	-	-	-	(18,359)	8,532	-	22,456	13,924
Lucre (Pvt) Ltd	-	50,384	-	-	(50,384)	(50,384)	51,972	-
Tergo Care (Pvt) Ltd	21,387	19,702	-	-	-	(19,702)	21,387	-
Tergo Services (Pvt) Ltd	82,211	81,316	-	(82,211)	-	(81,316)	82,211	-
Quincy (Pvt) Ltd	9,348	-	-	10,614	-	-	2,211	(7,138)
Sikure Securities (Pvt) Ltd	26,439	38,350	-	(26,439)	-	(38,350)	-	-
Koala (Pvt) Ltd	23,257	556	-	-	-	-	21,503	(1,754)
Nawaloka Steel Industries (Pvt)Ltd	15	-	(233)	157,401	1,363	-	159,052	157,907
Sasiri Polysacks (Pvt) Ltd	-	-	-	-	-	8,000	8,000	8,000
New Ashford International (Pvt) Ltd	-	-	-	-	-	3,000	3,000	3,000
CAFÉ 77	52,090	-	(73,663)	10,547	-	-	(11,026)	10,547
Alcobronz (Pvt) Ltd	-	-	-	-	-	11,000	11,000	11,000
Nawaloka Research & Education Foundation	2,200	2,200	-	-	-	-	4,400	2,200
Nawaloka MEP Concepts (Pvt) Ltd	5,772	18,400	-	-	(5,772)	(18,400)	-	-
JDC Graphic Systems (Pvt) Ltd	-	973	-	-	-	(973)	-	-
JDC Printing Technologies (Pvt) Ltd	-	217	-	(52)	-	-	-	(249)
Nation Lanka Finance PLC	-	-	-	-	-	5,000	-	(5,000)
Nawaloka Petroleum (Pvt) Ltd	-	-	-	-	-	(6,127)	(6,127)	(6,127)
Nawaloka Medicare (Pvt) Ltd	-	6,440	-	-	-	-	-	6,440

Notes to the Financial Statements

42. COMMITMENTS

There were no contract for capital expenditure of material amounts approved or contracted for as at the reporting date for the Company/Group.

43. CONTINGENCIES

Accounting policy

A provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised in profit or loss.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

Use of Judgments and Estimates

Provisions and Contingencies

The Company receives legal claims against it in the normal course of business. Management has made judgment 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 the respective legal jurisdictions.

Company/Group

There are no material Contingent Liabilities as at the reporting date which require adjustment to or disclosure in the Financial Statements.

44. EVENTS AFTER THE REPORTING PERIOD

Accounting policy

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in the respective notes to the financial statements.

Company/Group

No events have occurred after the reporting date, which would require adjustments to or disclosure in the Financial Statements.

45. IMPACT OF COVID 19 PANDEMIC AND THE APPROPRIATENESS OF THE USE OF GOING CONCERN ASSUMPTION FOR THE PREPARATION OF FINANCIAL STATEMENTS OF THE GROUP

45.1 Impact of COVID 19 Pandemic

On 11th March 2020 the World Health Organization declared COVID 19 as a Global Pandemic situation. The pandemic has significantly affected the economy of Sri Lanka as well as the Group's business environment.

The Government initially declared a work-from-home period with a subsequent island-wide curfew being imposed on 20th March 2020. As the very outset, other than for those engaged in essential services, many were compelled to stay at home, with most business operations reaching a near standstill. Since the Group is operated in the healthcare sector, which is an essential service, the Group continued to operate with minimum disruptions and with activities being streamlined, the Group's operations gradually picked up pace.

Similar to other business sectors Healthcare industry was also affected due to the pandemic. The direct impact of the Pandemic resulted in a decrease in the number of in house patients. However, the drop in the revenue due to the resultant decrease in the operations relating to in-house patients were partially compensated through the revenue increase through the laboratory services particularly revenue generated from "PCR tests". Additionally, during the latter part of the financial year ended 31st March 2021, the Group expanded its operations towards establishing Intermediate Care Centers (ICC) for COVID positive patients. Group was able to successfully open up two of such ICCs upon negotiations with the hotels in Colombo by 31st March 2021. Further, the Group is in the process of negotiating with similar hotels to commence such ICCs and the Board is confident that the Group will be successful in those negotiations.

45.2 Going Concern of the Group/Company

The Company has recorded a net loss of Rs.302 Mn for the year ended 31st March 2021. (2020: Profit of Rs.99 Mn).The Group recorded a net profit of Rs.501 Mn during the year ended 31st March 2021 as opposed to a profit of Rs. 15 Mn during the year ended 31st March 2020. However, the Group has recorded a net current liability position of Rs. 3,338 Mn as at 31st March 2021 (2020: Rs. 4,431 Mn).

Considering this fact, the Board of Directors of the Company/Group carried out an assessment of the Group's/Company's ability to continue as a going concern and evaluated following actions taken by the Group/Company to ensure that it has the resources and ability to continue in the business for a foreseeable future.

- The outbreak of the COVID-19 pandemic resulted in an additional burden on the Government to conduct sufficient PCR tests to detect COVID-19 patients in the community. This created an opportunity to the private sector healthcare providers. The Group's laboratory arm, Nawaloka Labs commenced PCR testing for the general public, creating a new source of revenue for the hospital. In addition, the Group has entered into various agreements with Corporates to conduct PCR testing on a random basis on their employees and PCR testing for the Sri Lankans arriving from overseas. These ventures have resulted in recording a significant growth in its laboratory sector which is evident through the increase in the laboratory revenue by 315 % compared to the previous year.
- The Group is in negotiations with financial institutions to restructure its borrowings. This restructure is expected to improve the liquidity position of both Company and the Group. The Board of Directors of the Company/Group is confident that the restructuring would result in an improved financial stability to the Group/Company.
- The Group/Company has taken immediate steps to set up intermediate care centres for COVID positive patients. This is also expected to generate an additional revenue to the Group/Company and improve the liquidity position of the Group/Company.

As such, the directors concluded that the use of going concern assumption for the preparation of financial statements is appropriate.

Notes to the Financial Statements

46. COMPARATIVE INFORMATION

Reclassification of Prior period amounts - Company/Group

Incorrect recognition of revenue from laboratory services

Laboratory services of the Group are carried out by the subsidiary company Nawaloka Green Cross Laboratories (Private) Limited ("NGC"). Parent company, Nawaloka Hospitals PLC and subsidiary companies namely New Nawaloka Medical Center (Private) Limited, New Nawaloka Hospitals (Private) Limited and Nawaloka Medicare (Private) Limited (together referred to as "Hospitals") of the Group have entered into revenue share arrangements with the NGC for the services provided by NGC to each Hospital.

These revenue share arrangements establishes a "principal - agent" relationship between Hospitals and NGC in line with SLFRS 15 - "Revenue from contracts with customers". As such in recognizing the revenue, the Group is required to identify the entity of the Group that acts as the Principal for the particular transaction. However, in the past Hospitals and NGC have recognized the revenue net of the share paid to other entity. This error is adjusted during the year by recognizing the gross revenue in the financial statements of the principal for transactions. In line with the same, to improve the comparability of the financial statements comparative amounts recorded are reclassified as follows,

FOR THE YEAR ENDED 31ST MARCH 2020	GROUP			COMPANY		
	As presented Previously	Adjustment	Adjusted Balance	As presented Previously	Adjustment	Adjusted Balance
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue	8,556,440,080	479,389,497	9,035,829,577	3,678,885,918	53,747,968	3,732,633,886
Cost of Services	(3,768,791,573)	(479,389,497)	(4,248,181,070)	(1,656,889,821)	(53,747,968)	(1,710,637,789)
Gross Profit	4,787,648,507	-	4,787,648,507	2,021,996,097	-	2,021,996,097
Other Income	149,388,093	-	149,388,093	205,770,909	-	205,770,909
Staff Costs	(1,762,425,847)	-	(1,762,425,847)	(560,551,041)	-	(560,551,041)
Administrative Expenses	(1,873,023,494)	-	(1,873,023,494)	(784,072,239)	-	(784,072,239)
Other Operating Expenses	(70,819,263)	-	(70,819,263)	(73,469,092)	-	(73,469,092)
Impairment of financial assets	(51,033,652)	-	(51,033,652)	(37,423,544)	-	(37,423,544)
Profit from operations	1,179,734,344	-	1,179,734,344	772,251,090	-	772,251,090
Finance Income	44,166,904	-	44,166,904	7,873,779	-	7,873,779
Finance Cost	(1,390,163,646)	-	(1,390,163,646)	(762,955,656)	-	(762,955,656)
Net Finance Cost	(1,345,996,742)	-	(1,345,996,742)	(755,081,877)	-	(755,081,877)
(Loss)/Profit Before Tax	(166,262,398)	-	(166,262,398)	17,169,213	-	17,169,213
Income Tax Reversal	182,243,138	-	182,243,138	81,852,838	-	81,852,838
Profit for the Year	15,980,740	-	15,980,740	99,022,051	-	99,022,051

This reclassification results in an increase in the revenue and the cost of sales for the year ended 31st March 2020 by the same amount. Therefore, this does not result in a change to the profit for the year, total assets, total liabilities and net assets of the Group/Company as at 31st March 2020 and 1st April 2019 presented previously.

As such, the statement of financial position as at 1st April 2019 is not prepared and presented.

47. DIRECTORS RESPONSIBILITY

The Board of Directors is responsible for the preparation and presentation of the financial statements in accordance with Sri Lanka Accounting Standards.

PERFORMING THE UNIMAGINABLE



Adhering to stringent health and safety measures, our staff was committed to create a healthy, safe, and friendly environment— one that has constantly reassured our stakeholders at all times.

Supplementary Information

Investor Information

SHARE PRICES DURING THE INTERIM PERIOD AS AT 31ST MARCH 2021

	31st March 2021 (Rs.)
Highest Price	6.30
Lowest Price	4.80
Closing Price	4.90

COMPOSITION OF SHAREHOLDERS

	No. of Shareholders as at 1.03.2021	Total Holding	%	No. of Shareholders as at 1.12.2020	Total Holding	%
Category						
Institutional Shareholders	51	456,848,200	32.4	50	456,643,357	32.4
Individual Shareholders	6,550	952,657,396	67.6	6,638	952,862,239	67.6
Total	6,601	1,409,505,596	100	6,688	1,409,505,596	100

TOP 20 SHAREHOLDERS OF NAWALOKA HOSPITALS PLC AS AT 31ST MARCH 2021

	NAMES	No. of Shares	%
1	H. K. J. DHARMADASA	462,736,182	32.83
2	NAWALOKA CONSTRUCTION COMPANY (PRIVATE) LIMITED	441,778,880	31.34
3	K. D. D. PERERA	389,676,904	27.65
4	A. G. DHARMADASA	5,066,686	0.36
5	P. NANAYAKKARA	5,066,666	0.36
6	L. HETTIARACHCHI	3,640,000	0.26
7	V. R. RAMANAN	3,410,088	0.24
8	A. G. DHARMADASA	3,004,026	0.21
9	NAWALOKA DEVELOPMENTS (PVT) LTD	2,814,932	0.2
10	C. S. DHARMADASA	2,581,866	0.18
11	K. S. WARUSAVITARANA	2,500,066	0.18
12	CAPITAL TRUST HOLDINGS LTD	2,317,722	0.16
13	SEYLAN BANK PLC/ANDARADENIYA ESTATE (PVT) LTD	2,273,320	0.16
14	EMPLOYEE'S PROVIDENT FUND	1,883,625	0.13
15	TRANZ DOMINION, L.L.C.	1,750,000	0.12
16	NAWALOKA INDUSTRIES (PVT) LIMITED	1,500,000	0.11
17	RANATUNGA MOTORS (PVT) LTD.	1,337,598	0.1
18	U. H. PALIHAKKARA	1,312,824	0.09
19	G. C. GOONETILLEKE	1,205,000	0.09
20	V. K. L. SUGUMAR	1,099,898	0.08
	Total Shares	1,336,956,283	94.85
	Balance	72,549,313	5.15
	Total No. of Shares	1,409,505,596	100

DIRECTORS SHAREHOLDING AS AT 31ST MARCH 2021

Name	No. of Shares
1. Mr. H. K. J. Dharmadasa	462,736,182
2. Deshabandu Tilak de Zoysa	218,000
3. Prof. Lal Chandrasena	601,198
4. Mr. U. G. Dharmadasa	3,360
5. Mr. A. G. Dharmadasa	3,004,026
6. Ms. A. G. Dharmadasa	5,066,686
7. Mr. Damian Sunil Abeyratna	NIL
8. Mr. T. K. Bandaranayake	NIL
9. Mr. Victor Rajamanner Ramanan	3,410,088
10. Mr. Palitha Mendis Kumarasinghe, P.C.	NIL
11. Dr. W. Chandima P. De Mel	NIL
12. Vidya Jyothi Prof S. K. A. Arjuna P. De Silva	NIL

RANGE OF SHAREHOLDERS AS AT 31ST MARCH 2021

	No. of Share Holders	No. of Shares	% of Share holding
1 – 1,000	2,990	947,655	0.06
1,001 – 10,000	2,362	9,677,584	0.69
10,001 – 100,000	1,112	33,385,491	2.37
100,001 – 1,000,000	117	28,538,583	2.03
Over 1,000,000	20	1,336,956,283	94.85
Total	6,601	1,409,505,596	100

PUBLIC SHAREHOLDING

As at	31.03.2021	31.03.2020
Shared held by public	482,161,848	482,161,848
No. of public shareholders	6,601	6,688
Public holdings percentage	34.21%	31.86%
Compliant under option 5-Float adjusted market capitalisation (LKR Mn)	2,360,740,125	1,302,298,600

Investor Information

SHARES HELD BY THE PUBLIC AS AT 31ST MARCH 2021

In calculating the shares held by the Public as at 31st March 2021, the Shares held by the Directors, their Spouses, shares held by Nawaloka Construction Company (Private) Ltd, Nawaloka Developments (Private) Limited, Shares held jointly by Mr. H. K. J. Dharmadasa/ Seylan Bank PLC and shares held by Mr. Victor R. Ramanan and the holders of 10% and more than 10% shares wherever applicable have been excluded:

Name of the Shareholder (Other than Public)	No. of Shares
Mr. H. K. J. Dharmadasa	462,736,182
Deshabandu Tilak de Zoysa	218,000
Prof. Lal Chandrasena	601,198
Mr. U. H. Dharmadasa	3,360
Mr. A. G. Dharmadasa	3,004,026
Ms. A. G. Dharmadasa	5,066,686
Late Mrs. C. S. Dharmadasa	2,581,866
Mrs. Prithiva Nanayakkara	5,066,666
Chandula Lasith Perera	13,332
Nawaloka Construction Company (Pvt) Ltd	441,778,880
Nawaloka Developments (Pvt) Ltd	2,814,932
Mr. H. K. U Dharmadasa	200
Mr. H. K. U. N. Dharmadasa	332
Mrs. S. D. Chandrasena	48,000
Mr. Victor R. Ramanan	3,410,088
	927,343,748
%	65.79 %
Shares held by the Public	482,161,848
%	34.21%
	1,409,505,596
Number of Public Shareholders	6601

Quarterly Statistics

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	31-Mar 2021 Rs. '000	31-Dec 2020 Rs. '000	30-Sep 2020 Rs. '000	30-Jun 2020 Rs. '000	31-Mar 2020 Rs. '000	31-Dec 2019 Rs. '000	30-Sep 2019 Rs. '000	30-Jun 2019 Rs. '000
Balance Sheet Data								
Total non- current assets	14,232,223	14,429,765	14,493,198	13,943,030	14,196,416	13,975,171	13,870,320	14,097,099
Shareholder's Fund	3,919,955	3,567,184	3,224,288	3,232,757	3,509,317	3,651,600	3,571,902	3,529,891
For the three months ended								
Income Statement Data								
Revenue	3,530,902	2,642,065	2,291,932	1,417,673	2,085,367	2,400,725	2,228,228	2,011,634
Gross Profit	1,964,941	1,568,134	1,176,326	656,028	1,191,919	1,320,184	1,197,100	1,033,930
Profit/(Loss) before Tax	399,521	409,670	55,230	(256,845)	(239,524)	104,969	51,904	(72,658)
Market Price per Share (Rs.)	4.90	5.90	3.90	3.40	2.90	3.80	3.90	3.90
Ordinary Share Information								
Nominal value per share Rs. 1.00								
High	6.30	7.70	4.10	3.70	4.20	4.70	4.40	4.30
Low	4.80	3.50	3.20	2.60	2.90	3.80	3.80	3.60
Closing	4.90	5.90	3.90	3.40	2.90	3.80	3.90	3.90
Financial Measures								
Return on Shareholder's' funds (%)	10.19	10.08	1.53	(8.41)	(6.08)	2.18	1.140	(2.20)
Net Assets per share (Rs.)	2.78	2.53	2.29	2.29	2.49	2.59	2.53	2.50

Ten Year Financial Summary

	2020/21	2019/20	2018/19	2017/18
GROUP				
Income Statement Data				
Revenue	11,827,738,761	9,035,829,577	8,534,267,449	7,955,278,613
Cost of Services	(6,285,289,880)	(4,218,246,963)	(4,143,850,942)	(3,551,349,412)
Gross Profit	5,542,448,881	4,787,648,507	4,390,416,507	4,403,929,201
Other Operating Income	125,629,915	149,388,093	244,851,729	198,816,074
Profit from operations	1,503,505,332	1,179,734,344	802,357,905	1,174,203,124
Net profit after taxation	501,263,947	15,980,740	(587,153,161)	179,958,540
Balance Sheet Data				
Shareholders Fund	4,098,914,447	3,430,129,485	3,441,663,445	4,258,504,794
Financial Ratios				
Gross Profit Ratio (%)	47	53	51.44	55.36
Net Profit Ratio (%)	4.24	0.18	(6.88)	2
Increase in Revenue (%)	30.90	6	7	26
Return on Capital Employed (%)	13.67	11.47	7.00	10.55
Current Asset Ratio	0.57	0.40	0.45	0.53
Quick Asset Ratio	0.51	0.34	0.35	0.44
Return on assets (Rs)	2.68	0.09	(4)	1
Debt/Equity Ratio	1.44	1.62	1.77	1.34
Earnings/(Loss) per share (After Share split)	0.36	0.01	(0.42)	0.13
Net Assets Per Share (Rs) (After Share split)	2.91	2.43	2.56	3.02
Dividend per share (Rs)	-	-	0.05	0.10
Dividend Payout Ratio	-	-	-	0.59
COMPANY				
Income Statement Data				
Revenue	3,554,428,501	3,732,633,886	3,471,447,762	3,568,770,483
Cost of Services	(1,572,724,022)	(1,710,637,789)	(1,805,766,151)	(1,532,151,922)
Gross Profit	1,981,704,479	2,021,996,097	1,665,681,611	2,036,618,562
Other Operating Income	62,619,125	205,770,909	250,304,480	534,238,430
Profit from operations	526,624,258	772,251,090	(4,156,285)	993,606,987
Net profit after taxation	(302,931,556)	99,022,051	(251,631,403)	453,607,982
Balance Sheet Data				
Shareholders Fund	700,641,397	1,023,216,365	934,921,037	1,274,086,896
Financial Ratios				
Gross Profit Ratio (%)	56	54	47.98	57
Net Profit Ratio (%)	(9)	3	(7.25)	13
Increase in Revenue (%)	(4.77)	7.52	(2.73)	38.96
Return on Capital Employed (%)	11.14	16.64	(0.08)	19.83
Current Asset Ratio	1.14	1.08	1.23	1.11
Quick Asset Ratio	1.11	1.05	1.17	1.06
Return on assets (Rs)	(2.70)	0.91	(2.74)	4.30
Debt/Equity Ratio	5.28	3.32	4.15	2.68
Earnings/(Loss) per share (After Share split)	(0.21)	0.07	(0.18)	0.32
Net Assets Per Share (Rs) (After Share split)	0.50	0.73	0.66	0.90
Dividend per share (Rs)	-	-	0.05	0.10
Dividend Payout Ratio	-	-	-	(0.32)

2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
6,299,910,436	5,860,218,161	4,602,433,640	3,993,473,302	4,222,907,733	3,710,878,442
(2,997,276,079)	(2,906,572,342)	(2,331,583,775)	(1,910,510,751)	(2,013,392,367)	(1,823,670,511)
3,302,634,357	2,953,645,819	2,270,849,865	2,082,962,551	2,209,515,366	1,887,207,931
129,152,153	94,495,240	65,199,571	64,194,796	44,047,999	30,210,657
728,625,298	637,208,825	352,342,610	475,165,536	599,414,193	459,028,530
282,840,629	206,034,228	87,470,836	208,953,909	452,260,028	270,686,563
4,513,462,017	3,994,897,962	3,887,681,839	3,902,955,947	3,756,665,160	3,170,442,180
52	50	49	52	52	51
4	4	2	5	11	7
8	27	15	-5	14	15
5.43	5.16	2.25	5	12	9
0.83	0.89	1.03	1.11	0.71	0.58
0.73	0.70	0.80	0.85	0.48	0.42
2	2	1	3	8	5
1.37	1.27	0.84	0.58	0.25	0.28
0.17	0.15	0.06	0.15	0.32	0.19
3.15	2.83	2.76	2.77	2.67	2.25
0.08	0.07	0.06	0.05	0.05	0.05
0.55	1.13	0.40	0.16	0.26	0.07
2,568,162,863	2,833,195,719	2,497,830,914	2,112,827,471	2,082,532,459	1,806,857,492
(1,359,482,350)	(1,490,055,615)	(1,229,903,547)	(957,537,962)	(988,218,793)	(876,040,195)
1,208,680,513	1,343,140,104	1,267,927,367	1,155,289,509	1,094,313,666	930,817,297
212,984,776	86,694,974	152,643,920	132,467,166	116,017,261	124,673,860
19,979,747	201,126,820	375,219,106	291,176,935	313,518,573	226,817,202
(373,558,926)	(127,565,499)	89,938,006	107,751,965	254,942,375	152,363,098
1,043,158,707	1,466,336,065	1,693,759,266	1,704,925,831	1,660,056,411	1,496,177,022
47	47	51	55	53	52
(17)	(5)	4	5	12	8
(9)	13	18	1	15	12
(45)	(9)	5.31	6	15	10
1.30	1.83	1.62	1.12	0.53	0.57
1.24	1.75	1.53	1.01	0.48	0.53
(5.00)	(1.60)	1.51	2.00	7.00	5.00
4.80	3.21	1.78	1.20	0.16	0.2
(0.31)	(0.09)	0.06	0.08	0.18	0.11
0.69	1.04	1.20	1.21	1.18	1.06
0.08	0.07	0.06	0.05	0.05	0.05
(0.88)	1.10	0.78	0.28	0.45	1.82

Corporate Information

NAME OF THE COMPANY

Nawaloka Hospitals PLC

COMPANY REGISTRATION NO.

PQ 78

REGISTERED OFFICE

No. 23, Deshamanya
H. K. Dharmadasa Mawatha,
Colombo 02, Sri Lanka.

Telephone

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(+94 11) 2305051-79,
(+94 11) 5577111

Telefax

(+94 11) 2430393

E-mail/Website

nawaloka@slt.lk,
www.nawaloka.com

LEGAL FORM

Quoted Public Company with limited liability incorporated in Sri Lanka under the Companies Ordinance 1938 and re-registered under the Companies Act No. 07 of 2007.

BOARD OF DIRECTORS

1. Dr. H.K. Jayantha Dharmadasa
(Chairman and CEO)
2. Mr. U.H. Dharmadasa
(Deputy Chairman)
3. Vidya Jyothi Prof.
Lal G. Chandrasena
(Director/General Manager)
4. Deshabandu Tilak de Zoysa
5. Mr. Tissa Kumara Bandaranayake
6. Mr. A.G. Dharmadasa
7. Ms. A.G. Dharmadasa
8. Mr. Palitha Kumarasinghe P.C
9. Mr. Damian Sunil AbeyRatna
10. Mr. Victor Rajamanner Ramanan
11. Dr. W. Chandima Prasad De Mel
12. Vidya Jyothi Prof.
S.K.A. Arjun Priyadarsin De Silva

SECRETARIES TO THE COMPANY

M & A Company Secretaries
(Private) Limited,
No. 28 (Level 2),
W.A.D. Ramanayake Mawatha,
Colombo 02.

AUDITORS

KPMG

Chartered Accountants,
No. 32A, Sir Mohamed Macan Markar Mawatha,
Colombo 03.

LAWYER(S)

Nithi Murugesu & Associates
Attorneys-at-Law & Notaries Public,
No. 28 (Level 2),
W.A.D. Ramanayake Mawatha,
Colombo 02.

BANKERS

Commercial Bank PLC
Hatton National Bank PLC
Nations Trust Bank PLC
Bank of Ceylon
Sampath Bank PLC
Seylan Bank PLC
People's Bank
DFCC Bank PLC

SUBSIDIARIES

New Nawaloka Hospitals (Pvt) Ltd.
New Nawaloka Medical Centre (Pvt) Ltd.
Nawaloka Medicare (Pvt) Ltd.
Nawaloka Green Cross Laboratories (Pvt) Ltd.

Notice of Meeting

Notice is hereby given that the 32nd Annual General Meeting of NAWALOKA HOSPITALS PLC will be held on **Thursday the 30th day of September 2021** as a virtual meeting (on a virtual platform as a **Zoom video conference**) which will be coordinated from the Auditorium, of the Nawaloka Hospitals PLC at No. 23, Deshamanya, H K Dharmadasa Mawatha, Colombo 2 commencing at **10.00 a.m.** for the following purposes:-

AGENDA

1. To receive and consider the Report of the Board of Directors on the Affairs of the Company and the Financial Statements for the year ended 31st March 2021 together with the Report of Auditors thereon;
2. To resolve in terms of Section 211 of the Companies Act No. 7 of 2007 to appoint/re-appoint **Dr. Hewa Komanage Jayantha Dharmadasa** (who has attained the age of 72 years) and who retires at the end of the Annual General Meeting, as a Director, notwithstanding him having exceeded the age of 70 years and to declare that the age limit referred to in section 210 of the said Act, shall not apply to him.
3. To resolve in terms of Section 211 of the Companies Act No. 7 of 2007 to appoint/re-appoint **Vidya Jyothi Professor Lal Chandrasena** (who has attained the age of 75 years) and who retires at the end of the Annual General Meeting, as a Director, notwithstanding him having exceeded the age of 70 years and to declare that the age limit referred to in section 210 of the said Act, shall not apply to him and subject to his rotation;
4. To resolve in terms of Section 211 of the Companies Act No. 7 of 2007 to appoint/re-appoint **Deshabandu Tilak De Zoysa** (who has attained the age of 75 years) and who retires at the end of the Annual General Meeting, as a Director, notwithstanding him having exceeded the age of 70 years and to declare that the age limit referred to in section 210 of the said Act, shall not apply to him and subject to his rotation;
5. To resolve in terms of Section 211 of the Companies Act No. 7 of 2007 to appoint/re-appoint **Mr. Tissa K. Bandaranayake** (who has attained the age of 78 years) and who retires at the end of the Annual General Meeting, as a Director, notwithstanding him having exceeded the age of 70 years and to declare that the age limit referred to in section 210 of the said Act, shall not apply to him and subject to his rotation;
6. To resolve in terms of Section 211 of the Companies Act No. 7 of 2007 to appoint/re-appoint **Mr. D. Sunil AbeyRatna** (who has attained the age of 73 years) and who retires at the end of the Annual General Meeting, as a Director, notwithstanding him having exceeded the age of 70 years and to declare that the age limit referred to in section 210 of the said Act, shall not apply to him and subject to his rotation;
7. To re-elect Directors as follows: -
 - (a) Re-elect, as a Director, in terms of Article 74, **Mr. D. Sunil AbeyRatna** who retires by rotation and offers himself for re-election;
 - (b) Re-elect, as a Director, in terms of Article 74, **Mr. Palitha M Kumarasinghe, PC** who retires by rotation and offers himself for re-election;
 - (c) Re-elect, as a Director, in terms of Article 74, **Mr. V. R Ramanan** who retires by rotation and offers himself for re-election;
8. To authorise the Board of Directors to determine and make donations to charities;
9. To re-appoint **Messrs KPMG (Chartered Accountants)** as Auditors of the Company and authorise the Board of Directors to determine their remuneration; and
10. To transact any other business of which due notice has been given.

NOTE

Shareholders will NOT be permitted to attend the meeting in person. Shareholder/Proxyholder/Attorney seeking to attend the meeting in person will be refused entry.

Shareholders who desire to participate at the Virtual Annual General Meeting of the Company are kindly requested to register themselves. Please refer the "Guidelines and the Registration process" which is attached hereto for more information.

BY ORDER OF THE BOARD
M & A COMPANY SECRETARIES
(PRIVATE) LIMITED



Secretaries to the Company
C/o Nithi Murugesu & Associates,
Attorneys-at-Law,

No. 28 (Level 2), W.A.D Ramanayake
Mawatha, Colombo 02.

30th August 2021



Please scan to view the
PDF version of the Annual Report.

Notice of Meeting

NOTES

- (1) This Notice and the submission of the Form of Proxy should be read in conjunction with the "Circular to Shareholder" and "Guidelines and the Registration process for the Virtual Annual General Meeting of the Company scheduled for 30th September 2021".
- (2) Shareholders who wish to participate at the Virtual AGM through zoom are kindly requested to complete and forward the "Application Form for registration for the virtual Annual General Meeting" as morefully explained in the said 'Guidelines and the Registration process for the Virtual Annual General Meeting'
- (3) A Member is entitled to appoint a Proxy to attend and vote instead of himself/herself. A proxy need not be a Member of the Company. A Form of Proxy accompanies this notice.
- (4) The completed Form of Proxy together with the "Application Form" for registration to participate at the virtual AGM via "Zoom" Videoconferencing App must be emailed to <malaw@nithimurugesu.com>, or have it delivered by hand or by post to the Finance Department (10th Floor), No. 23, Deshamanya H. K. Dharmadasa Mawatha, Colombo 02, Sri Lanka not later than **10.00 a.m on 28th September 2021 (Forty Eight hours prior to the meeting)**.
- (5) A person representing a Corporation is required to carry a certified copy of the Resolution authorizing him/her to act as the Representative of the Corporation. A Representative need not be a Member.
- (6) A person representing a Shareholder as the Attorney (Power of Attorney) is required to carry the original or a certified copy of the said Power of Attorney.
- (7) The Transfer books of the Company will be kept open.

Form of Proxy

Overview
Our Leadership
Operating Context and Strategy
Management Discussion and Analysis
Risk and Governance
Financial Reports
Supplementary Information

I/We (NIC/PP No.) of

being a member/members of NAWALOKA HOSPITALS PLC hereby appoint:

Dr. H. K. J. Dharmadasa	or failing him
Vidya Jyothi Prof. Lal Chandrasena	or failing him
Deshabandu Tilak de Zoysa	or failing him
Mr. Tissa K. Bandaranayake	or failing him
Mr. U.H. Dharmadasa	or failing him
Mr. A.G. Dharmadasa	or failing him
Ms. A.G. Dharmadasa	or failing him
Mr. D. Sunil AbeyRatna	or failing him
Mr. Palitha Kumarasinghe, PC	or failing him
Mr. Victor Rajamanner Ramanan	or failing him
Dr. W. Chandima P. De Mel	or failing him
Vidya Jyothi Professor S. K. A. Arjuna P. De Silva	or failing him

as *my/our Proxy to ** (NIC/PP No.) vote as indicated hereunder for me*/us on my*/our behalf at the Annual General Meeting of the Company to be held on the **30th day of September 2021 at 10.00 a.m.** at the Auditorium, of Nawaloka Hospitals PLC at No. 23, Deshamanya, H K Dharmadasa Mawatha, Colombo 2 **by means of Zoom Video Conference** and at any adjournment thereof and at every poll which may be taken in consequence thereof:

	For	Against
(i) To receive and consider the Report of the Board of Directors on the Affairs of the Company and the Financial Statement for the year ended 31st March 2021, together with the Report of Auditors thereon;	☐	☐
(ii) To resolve in terms of Section 211 of the Companies Act No. 7 of 2007 to appoint/re-appoint Dr. Hewa Komanage Jayantha Dharmadasa (who has attained the age of 72 years) and who retires at the end of the Annual General Meeting, as a Director, notwithstanding him having exceeded the age of 70 years and to declare that the age limit referred to in section 210 of the said Act, shall not apply to him;	☐	☐
(iii) To resolve in terms of Section 211 of the Companies Act No. 7 of 2007 to appoint/re-appoint Vidya Jyothi Professor Lal Chandrasena (who has attained the age of 75 years) and who retires at the end of the Annual General Meeting, as a Director, notwithstanding him having exceeded the age of 70 years and to declare that the age limit referred to in section 210 of the said Act, shall not apply to him and subject to his rotation;	☐	☐
(iv) To resolve in terms of Section 211 of the Companies Act No. 7 of 2007 to appoint/re-appoint Deshabandu Tilak De Zoysa (who has attained the age of 75 years) and who retires at the end of the Annual General Meeting, as a Director, notwithstanding him having exceeded the age of 70 years and to declare that the age limit referred to in section 210 of the said Act, shall not apply to him and subject to his rotation;	☐	☐
(v) To resolve in terms of Section 211 of the Companies Act No. 7 of 2007 to appoint/re-appoint Mr. Tissa K. Bandaranayake (who has attained the age of 78 years) and who retires at the end of the Annual General Meeting, as a Director, notwithstanding him having exceeded the age of 70 years and to declare that the age limit referred to in section 210 of the said Act, shall not apply to him and subject to his rotation;	☐	☐
(vi) To resolve in terms of Section 211 of the Companies Act No. 7 of 2007 to appoint/re-appoint Mr. D. Sunil AbeyRatna (who has attained the age of 73 years) and who retires at the end of the Annual General Meeting, as a Director, notwithstanding him having exceeded the age of 70 years and to declare that the age limit referred to in section 210 of the said Act, shall not apply to him and subject to his rotation;	☐	☐

Form of Proxy

	For	Against
(vii) To re-elect Directors as follows:-		
(a) Re-elect, as a Director, in terms of Article 74, Mr. D. Sunil AbeyRatna who retires by rotation and offers himself for re-election;	☐	☐
(b) Re-elect, as a Director, in terms of Article 74, Mr. Palitha M Kumarasinghe, PC who retires by rotation and offers himself for re-election;	☐	☐
(c) Re-elect, as a Director, in terms of Article 74, Mr. V. R Ramanan who retires by rotation and offers himself for re-election;	☐	☐
(viii) To authorise the Board of Directors to determine and make donations to charities;	☐	☐
(xi) To re-appoint Messrs KPMG (Chartered Accountants) as Auditors of the Company and authorise the Board of Directors to determine their remuneration; and	☐	☐
(x) To transact any other business of which due Notice has been given.	☐	☐

In witness *my/our hands this day of Two Thousand and Twenty One.

.....
Signature of Shareholder/s

Note:

- (a) *Please delete the inappropriate words.
- (b) **If you wish your Proxy to speak at the meeting you should interpolate the words "Speak and" in the place indicated with and initial such interpolation.

INSTRUCTIONS AS TO COMPLETION

- In terms of Article 40(a) of the Articles of Association of the Company:-
The instrument appointing a Proxy shall be in writing and -
 - in the case of an individual, shall be signed by the appointer or his Attorney (if signed by the Attorney of the Company reserves the right to request to be furnished with a copy of the said Power of Attorney); and
 - in the case of a corporation or company shall be either under its common seal or signed by its Attorney or by an Officer on behalf of the company.

The Company may, but shall not be bound to, furnish evidence of the authority of any such Attorney or Officer. A proxy need not be a Member of the Company.
- Kindly perfect the Form of Proxy by filling it legibly with your full name and address and it must be signed at the space provided. Please fill in the date of signature and indicate with an "X" in the space provided, as to how your Proxy is to vote on each Resolution. If no indication is given, the Proxy, in his/her discretion may vote as he/she thinks fit.
- In terms of Article 52 of the Articles of Association of the Company in the case of joint-holding of a share, the Senior tenders a vote, whether in person or by Proxy or by Attorney or by Representative and that vote shall be accepted to the exclusion of the votes of the other joint-holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
- In case of a Joint holding only one member or his duly appointed Proxy may attend.
- To be valid, the completed Form of Proxy together with the "Application Form" for registration to participate at the virtual AGM via "Zoom" Videoconferencing App should be submitted to the Company not later than 10.00 a.m. on 28th September 2021:-
 - Via email to <malaw@nithimurugesu.com>; or
 - By hand or by post to the Finance Department, 10th Floor, No. 23, Deshamanya H. K. Dharmadasa Mawatha, Colombo - 02.

www.nawaloka.com