ODEL | ANNUAL REPORT 2021/22

BUILDING New HOPE

BUILDING *New* HOPE

In order to maintain the loyalty, faith and trust of our valued customers, we have taken to heart the challenge of overcoming adversity. Our legacy and heritage undoubtedly stands on our ability to be by your side through thick and thin, redefining our resourcefulness to offer you a new era in retail shopping, exclusive restaurants and the best in entertainment when you visit, thus building new hope.

CONTENTS

OUR VISION

To inspire the world.

OUR MISSION

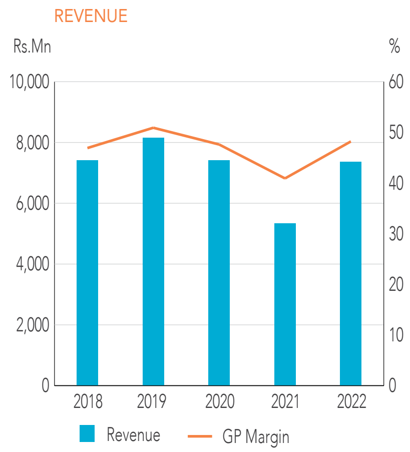
To provide a complete Mind, Body and Soul experience as the premier fashion and lifestyle retailer promoting sustainable and unparalleled levels of retail experience.

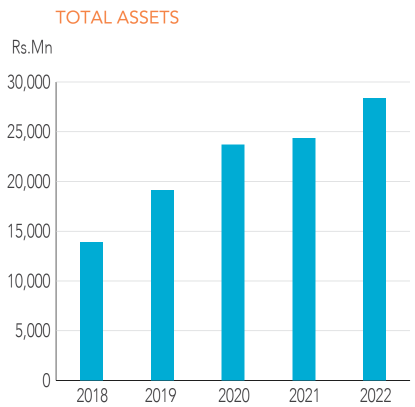
OUR VALUES

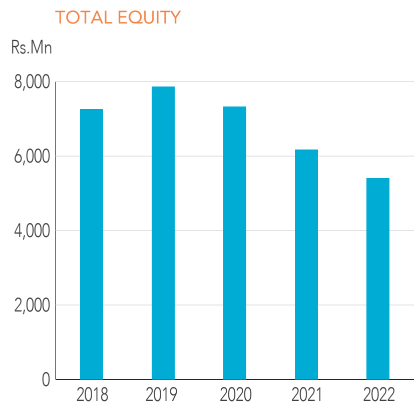
Odel is guided by strong shared values. We love, we serve, we style, we innovate, we give, we save, we enjoy and we inspire

FIVE YEAR SUMMARY

YEAR ENDED 31 ST MARCH	2022 LKR	2021 LKR	2020 LKR	2019 LKR	2018 LKR
RESULTS FOR THE YEAR					
Group Revenue	7,361,065,127	5,349,571,979	7,414,336,531	8,159,711,110	7,412,571,089
Results from Operating activities	117,305,639	(926,961,518)	(174,066,560)	924,359,603	643,162,647
Finance Cost	1,546,406,126	1,179,902,051	1,077,664,344	629,005,041	398,495,922
Finance Income	10,437,743	8,902,575	11,404,500	6,255,699	6,528,305
Profit (loss) before tax	(1,418,662,744)	(2,097,960,994)	(1,240,326,404)	301,610,262	251,195,030
Profit (loss) for the Year	(1,371,443,119)	(1,685,445,557)	(835,550,269)	244,652,393	199,341,908
Profit (loss) attributable to equity holders of the parent	(1,371,443,119)	(1,685,445,557)	(835,550,269)	244,652,393	199,341,908
FINANCIAL POSITION					
Non-Current Assets	22,444,648,776	19,465,658,804	18,927,737,015	13,341,882,162	9,512,061,558
Current Assets	5,918,748,731	4,868,218,734	4,750,107,528	5,756,191,724	4,361,824,911
Total assets	28,363,397,507	24,333,877,537	23,677,844,543	19,098,073,886	13,873,886,469
Equity attributable to equity holders of the parent	5,413,286,738	6,169,508,202	7,328,661,285	7,867,432,444	7,256,200,454
Non-Current Liabilities	10,331,267,888	8,484,501,548	8,084,044,803	4,569,962,225	1,489,342,691
Current Liabilities	12,618,842,880	9,679,867,786	8,265,138,454	6,660,679,217	5,128,343,325
Total Equity and Liabilities	28,363,397,507	24,333,877,537	23,677,844,543	19,098,073,886	13,873,886,469
Total debt	15,787,083,083	13,123,421,569	11,511,418,302	8,244,541,539	4,257,736,913
No. of Ordinary Shares	272,129,431	272,129,431	272,129,431	272,129,431	272,129,431
Gearing (%)	74%	68%	61%	51%	37%







ODEL AT A GLANCE

Loyal Customers

700,000+

Instagram Followers

207,000+

Face book Likes

900,000+

Revenue

7.3 Bn

Total Assets

28 Bn

Total Equity

5.4 Bn

Locations

80+

140+
Brands

350,000+
Square feet

900+
Employees

CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors of ODEL, I am pleased to present to you ODEL's annual report for the financial year ended 31 March 2022.

ODEL achieved relatively strong financial performance amidst the backdrop of the country's gradual recovery of the health crisis. ODEL's financial results could not have been achieved without the efficiency and exceptional ability of our teams to adapt to and stay connected with our customers. Moreover, efficient inventory management, brand management and enhanced digital sales added to the success story during the year.

BACK ON GROWTH TRACK/ STRONG FINANCIAL PERFORMANCE

Despite all the systemic challenges, we have re-engineered this year to make ODEL a leaner and smarter company. Financial Year 2022 was a much better year than 2021 thanks to the Health Authority's effective management of the pandemic. Our business recovered quickly after having suffered the lowest point in the second quarter and bounced back to growth in the third quarter.

At ODEL, we delivered a set of strong revenues despite heavy disruptions in supply and demand, currency depreciation and economic downturn during the latter part of the financial year. Revenues increased 38% to Rs. 7.3 Bn due to the widespread resurgence in store foot traffic while local consumer spending almost normalized, aided by tourism which partially showed signs of reviving. We therefore achieved a gross margin level of 48%, (increase of 18%) through shorter lead time purchases and solid inventory management. The Company achieved an EBITDA of Rs. 1.4 Bn – an improvement of more than Rs. 1.1 Bn compared to the previous year.

"

AT ODEL, WE DELIVERED A SET OF STRONG REVENUES DESPITE HEAVY DISRUPTIONS IN SUPPLY AND DEMAND, CURRENCY DEPRECIATION AND ECONOMIC DOWNTURN DURING THE LATTER PART OF THE FINANCIAL YEAR.

During the year, ODEL's strategy became clearer with repricing initiatives and better margins coupled with stronger demand. Foreign exchange shortages have cast a shadow over the economy, but long-term solutions are being implemented by investing in onshore manufacturing to ensure sustainable performance.

CONSUMERS AT THE CENTRE OF EVERYTHING WE DO

ODEL's inspiring and innovative fashion articles combined with a fully integrated omni-channel has enabled ODEL to extend its store reach to the latent potential of digital space. During the year, we connected with more consumers than ever before and expanded our digital footprint and extended our reach. We grew our Softlogic One loyalty base awarding and rewarding our members with many offers which helped spur on incremental business.

Ashok Pathirage
Chairman/Managing Director

"

OUR BUSINESS MODEL IS THE RESULT OF A COMBINATION OF TEAMWORK, TALENT, CREATIVITY, INNOVATION, DYNAMISM, EFFICIENCY AND FLEXIBILITY

We also increased our operational and financial flexibility to better tackle both short-term uncertainty and long-term growth. During the lockdown period, ODEL's launch of several digital campaigns which more than ever before saw positive results - an increase of 71% of site visitors on odel.lk compared with FY 20-21. The campaign had an active participation from our brand loyal customer segment as well. With the resumption of consumer activities during the second half of the financial year, we witnessed a 165% increase of online sales on odel.lk in comparison with the previous financial year.

RESILIENCE AMID UNCERTAINTIES

ODEL has set the bar as the only inspirational retail and lifestyle brand that owns and partners with over 140 fashion and lifestyle brands of international origin. These brands are delivered through 80 stores, including ODEL department store, exclusive branded outlets and multi-brand outlets across key metropolitan shopping regions islandwide.

Despite the socio-economic downtrend, we are currently the anchor tenant in two of the nation's significant malls, One Galle Face by Shangri La and Colombo City Centre, thus reinforcing our long-established leadership stance in the fashion and retail markets. As we embark on a journey towards positioning Sri Lanka as a regional shopping hub, ODEL, with its dominance in Sri Lanka's fashion industry is aligned to help realise this vision for the nation.

As the pioneer in fashion retailing, ODEL is promoting Sri Lanka as an attractive shopping destination to tourists. We are hoping that the foreign foot tariffs will improve while the import restrictions are relaxed in order to push the industry forward to emerge as a valuable foreign revenue generator for the country.

The opening of Polo Ralph Lauren store was yet another significant milestone. Products of this leading fashion label are retailed as a Shop-in-Shop within the Odel department store at the One Galle Face Mall offering designer clothing for men and women along with an array of accessories and footwear.

DAWN OF A NEW GROWTH CYCLE

Barring any unforeseen circumstances, ODEL is well poised to capitalise on the growth cycle to elevate our business further.

Our business model is the result of a combination of teamwork, talent, creativity, innovation, dynamism, efficiency and flexibility, an entrenched culture that pushes boundaries beyond comfort zones, While ODEL continued its push for many international brands, we also continued to build our own private labels and sub-brands, much of which has now paid off, generating good revenue at a time international brand inventories are having supply slippage. We are optimistic that our private labels such as Odel, B-iconic, Closet, WYOS Basics and others will continue to do well with consumers building their close affinity to local brand loyalty these days.

We are uniquely positioned to tackle the challenges facing the nation and now we are embarking on one of the most significant transformations in our history. ODEL is ready to continue to lead the local fashion sector to offset supply limitations of foreign articles by undertaking the following initiatives.

- Launching a large-scale BOI approved apparel factory in Eheliyagoda. This factory will focus on local production while also catering to the export segment.

- Expanding the local supplier base towards having a positive impact on our communities. We are currently working specifically with high priority impact areas designed to forge a sustainable local supply chain, underpinned by constant dialogue with workers, craftsmen and entrepreneurs.

- Striving to enhance our local product offerings and effectively manage the supply chain disruptions. Besides our strong customer centricity, we will leverage on our diversified retail business model, track record of operational excellence and good financial discipline to bring about long-term value to our stakeholders.

PROJECTS IN THE PIPELINE

Long term capital allocations in a volatile situation applies to the overall context in which ODEL expand its market reach; therefore, the following projects are work-in-progress:

- ODEL Mall construction is envisaged to open in 2024. Super structure of the phase I of this project, which is the primary footprint of the mall, has been completed while Phase II, which is the rear section of the mall, will commence construction soon.

- Havelock City mall project will open in June 2023. We will be anchor tenants at this new mall, opening 11 Exclusive Branded Outlets and 01 ODEL department store.

- The Colombo 14 Project will see a 4,500 sq. ft. Galleria store and is set to open in March 2023.

- A 21,000 sq.ft. ODEL department store is now open in ODEL Mall Kandy.

WORDS OF APPRECIATION

The better way to get through a challenging year as this one is by working together as a team. Therefore, I would like to extend my heartfelt thanks to our ODEL employees. They have demonstrated resilience and shown great commitment in these unprecedented times. I would also like to express my sincere thanks to our shareholders and board. We will continue to do everything we can to remain worthy of your trust.

Ashok Pathirage
Chairman/Managing Director

BOARD OF DIRECTORS

MR. ASHOK PATHIRAGE
Chairman / Managing Director

Mr. Ashok Pathirage, recognised as a visionary leader of Sri Lanka's corporate world, is the founding member and Chairman/Managing Director of Softlogic Group, one of Sri Lanka's leading conglomerates. He manages over 50 companies with a pragmatic vision providing employment to more than 11,000 employees. Mr. Pathirage manages and gives strategic direction to the Group which has a leading market presence in six three core verticals, namely Retail, Healthcare Services and Financial Services and in three non-core verticals namely, IT, Leisure & Automobiles.

Softlogic Holdings PLC, Softlogic Capital PLC, Softlogic Life Insurance PLC, Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Odel PLC where he serves as Chairman/Managing Director are listed companies in the Colombo Stock Exchange.

He is the Chairman of NDB Capital Holdings Ltd. He also served as the Deputy Chairman of National Development Bank PLC until completion of his full tenure in terms of the regulatory guidelines.

Mr. Pathirage serves as the Chairman of Sri Lankan Airlines Limited an airline where the Government of Sri Lanka is the principle shareholder. He is also the Chairman of Sri Lankan Catering Limited.

HARESH KAIMAL
Non - Executive Director

Mr. Haresh Kaimal is a co-founder of the Softlogic Group and a Director since its inception. With over 3 decades of experience in IT and Operations, he heads the Group IT division which oversees the entire Group requirements in information technology covering all sectors. He is also an Executive Director of Softlogic BPO Services (Pvt) Ltd, Director of Odel PLC, Softlogic Finance PLC, Softlogic Life Insurance PLC and many other Group Companies.

DR. RUANTHI DE SILVA

Non-Executive Independent Director

Dr. Ruanthi De Silva is a Director and Consultant of SCM- Plus, providing consultancy services on Finance, Logistics, Best Practices in Procurement and process restructuring, in international markets. She was the Group Director of Supply Chain Management (SCM) at Bernhard Schulte Ship Management (BSM) Group which manages over 650 ships operating from over 23 offices around the world. She carries over 40 years of local and international experience with blue-chip companies and have been in senior management positions covering strategic planning, finance, business process re-engineering and operations. Dr. De Silva holds a Doctorate from the University of Newcastle in Australia and an MBA from the University of Hull in UK. She is a Fellow of the Chartered Institute of Management Accountants of UK. She is also an Associate Member of the Chartered Institute of Logistics and Transport in Australia. Dr. De Silva was the recipient of the 2015 Personality of the Year for Service in the International Arena of the Maritime Industry, awarded by The Women in International Shipping and Trading Association (WISTA) Sri Lanka Branch.

DR. SIVAKUMAR SELLIAH

Director– Non-Executive Independent

Dr. Selliah holds an MBBS degree and a Master's Degree (M.Phil). He has over two decades of diverse experience in varied fields including Manufacturing, Healthcare, Insurance, Logistics, Packaging, Renewable Power, Plantation, Retail etc. He serves on the Boards of many Public listed and Private companies.

Dr. Selliah is currently the Deputy Chairman of Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Central Hospitals Ltd. He serves as a Director in the following Listed companies: Lanka Tiles PLC, Commercial Bank of Ceylon PLC, Lanka Walltiles PLC, ACL Cables PLC, HNB Assurance PLC, Odel PLC and Swisstek (Ceylon) PLC. He is also the Chairman of JAT Holdings PLC. He has also served on many other Boards in the past.

Currently, he serves as a Member or Chairman of many Board sub committees such as: Human Resource and Remuneration Committee, Related party Transaction Committee, Audit Committee, Investment Committee, Strategic Planning Committee and Integrated Risk Management Committee..

Dr.Selliah has served as a Senior Lecturer in the Faculty of Medicine, University of Kelaniya for many years in the past and served on several committees. He has also been Head of the Department of Physiology for many years during this period at the Faculty.

BOARD OF DIRECTORS

MR. RANIL PRASAD PATHIRANA
Non-Executive Independent Director

Mr. Ranil Pathirana has extensive experience in finance and management in the financial apparel and energy sectors and presently serves as a Director of Hirdaramani Apparel Holdings (Private) Limited, Hirdaramani Leisure Holdings (Private) Limited and Hirdaramani Investment Holdings (Private) Limited which are the holding companies of the Hirdaramani Group. He is also the Managing Director for Hirdaramani International Exports (Pvt) Limited.

Mr. Pathirana is the Chairman of Windforce PLC and a Non-Executive Director of Ambeon Capital PLC, Ceylon Hotels Corporation PLC, BPPL Holdings PLC & Alumex PLC. He is a Fellow Member of the Chartered Institute of Management Accountants, UK and holds a Bachelor of Commerce Degree from the University of Sri Jayewardenepura.

MR. JOSEPH MICHEAL JAYANTH PERERA
Non-Executive Independent Director

Mr. J. M. Jayanth Perera has over 40 years of experience in the financial sector with the majority of those years being at Senior Management and board levels. Mr. J. M. Jayanth Perera is a fellow of the Chartered Institute of Bankers (London) and has undergone extensive training in a host of International Financial Centres such as in London, New York, San Francisco, Hong Kong and Singapore. Currently, Mr. J. M. Jayanth Perera serves as an independent Non-Executive Director of Singer Finance PLC, Horana Plantations PLC, McLarens Group of Companies — Main Board, Lanka Ratings Ltd, Interocean Energy (Pvt) Ltd, Qwest Destinations (Pvt) Ltd, Qwest Cruises Ltd, Premier Physicians Medical Group (Pvt) Ltd, Sri Lankan Airlines Ltd, Sri Lankan Catering Services Ltd, Softlogic Stockbrokers (Pvt) Ltd. Mr. J. M. Jayanth Perera counts a long and illustrious career at Hatton National Bank PLC (HNB) where he worked as Senior Deputy General Manager- International, Business Development and Corporate Credit, including Treasury Operations. He was also a Founding Director of HNB Assurance PLC. During his term at HNB, Mr. J. M. Jayanth Perera was able to bring many reforms by coordinating with the Central Bank of Sri Lanka. He was also Managing Director of Acuity Stockbrokers (Pvt) Ltd, including Acuity Securities and Acuity Partners - jointly owned by HNB and DFCC Bank. In these positions he contributed immensely towards business growth. He also served as Director of Lanka Ventures (Pvt) Ltd, LVL Energy and as a Board Member of the Credit information Bureau of Sri Lanka.

CRAFTING *New* EXPERIENCES

MANAGEMENT DISCUSSION & ANALYSIS

MANAGEMENT DISCUSSION & ANALYSIS

OPERATIONAL OVERVIEW

The retail industry has been under pressure to deliver during the past one and a half years, mainly owing to closures and disruptions due to the pandemic. The situation has been exacerbated since mid-2021 mainly due to increasing pressure on imports. The retail industry in Sri Lanka plays a vital role in the country's economy and it is pertinent to note that the national retail sales in Sri Lanka are approximately USD 13 Bn. As a growing industry over the past few years, this accounts for about 23% of the country's GDP. This industry also represents 14% of the labour market, with more than 1,100,000 people being employed within this sector in Sri Lanka. Additionally, the overall retail industry contributes significantly to the economic value chain of the country in many ways. Retail is also an integral part of the tourism industry and building Sri Lanka as a destination of choice.

While the pandemic and travel restrictions compelled stores to close down operations for approximately 3 months ,Odel was able to record a revenue of Rs. 7.3 Bn and improved profitability in comparison to the last year under review. This improved bottom-line was possible due to several key strategies which were implemented, which included strengthening the private labels and local development to reduce the dependability on imports, investing in for local production manufacturing facility which will enable the inflow of foreign currency, the implementation of company-wide cost optimization strategy and right sizing the organization while continuing to invest in key strategic projects.

COVID-19 RESPONSE

Our COVID-19 response recognized our responsibility to adapt quickly to address the growing crisis and deliver critical support rapidly to our employees, customers, community and suppliers. Odel decided that in order to survive this unprecedented situation, it would have to act boldly and strategic steps were taken to address the following key priorities and mitigate the associated risks.

PROTECTING EMPLOYEES

We reinforced safety and hygiene protocols across our offices, retail outlets and facilities, shielding high-risk employees, protecting frontline workers and moving office employees to 'remote workmode'.

SUPPORTING CUSTOMERS AND COMMUNITIES

While COVID-19 presented significant challenges for our usual interaction with our customers and the community, continuing to offer them support remained a priority. Observing local safety and hygiene measures, we were able to effortlessly engage with our customers and the community.

CONSUMER CONNECTION

In what has been a year of unprecedented challenges and much economic turmoil, we have continued to place the needs of our consumers at the forefront of our business operations, thus strengthening bonds with existing customers while opening avenues for untapped segments of the market to access their favourite brands.

OUR BRANDS

The ODEL PLC umbrella currently encompasses about 85 international brands and discussions are underway with around 20 more to join our fast-expanding retail family. The current unfavourable economic conditions stalled these talks, but they can easily be resumed once the economy is refit properly and market conditions improve.

With products ranging from luxury to affordable luxury to premium and mass segments, ours is an offering that caters to diverse segments across all age groups, allowing consumers from all parts of the globe unrivalled choice under a single roof.

Our brands merge firm local favourites with internationally-renowned labels across a range of categories, including fashion, accessories, cosmetics, food and beverages, and home and lifestyle products. Each brand brings its own unique identity and value to the table, offering consumers almost limitless choice in personalizing their appearance.

NEW MARKET SEGMENTS

During the year, we introduced Odel Basics which will cater to middle-income customers. We were only catering to the upper middle class and above, but have now started to enter the middle-income market, and have plans to capture/convert a large section of this segment.

The current high CAPEX cost makes rapid investments into this new market segment impossible, but once the required economic reforms and restructuring takes place, we will be venturing into this significantly larger, middle-income segment.

ODEL1

Construction work on our Odel Mall Project continues but the project will no longer be referred to as a mall. It will instead be titled the Odel1 Department store and operate in similar vein to a Harrods or Selfridges.

ENHANCING THE ODEL EXPERIENCE

A new step that we have taken on a short-term basis, is to facelift Odel Basics across our retail stores. On a long-term basis, the Odel1 Department stores will house a large portfolio of luxury brands such as Dolce and Gabbana, Ferragamo, Coach, Kate Spades and so on. We are also in talks with brands like Salvatore Ferragamo, but will only bring them in when we feel the time is right. Similarly, we have put some other plans on hold too, but brands are willing to come on board with us.

MANAGING THE ECONOMIC AND HEALTH CRISIS

We have not felt the need thus far to take any drastic measures such as closing down any of the stores or retrenching staff, but will continue to do our part to maintain market sentiment, and cultivate productive profit before tax from our long-standing locations.

In addition, since the rentals on these locations are also nominal, we have decided to continue the store operations at these locations. Within these four months if a call is taken to make significant changes, building it back might be triple the cost, thus we have decided not to shut down any locations.

However, we are keeping a close watch on cost-cutting in terms of electricity, excess staff and how we can develop the income level of the existing staff, which would make them motivated to stay with us for a longer period.

BRAND SNAPSHOT

PEOPLE POWER

The retail industry has indeed taken a hard hit with several black swan events slowing down progress. Amidst this situation, Odel has portrayed true grit and dedication to keep up with fashion and lifestyle trends, which it has built a reputation for. We have throughout the years inculcated the dynamism to meet the far-reaching tastes of a large cross-section of customers both locally and internationally, and the tenacity to face many challenges and revel in our success. In achieving this goal, everyone has a pivotal role to play.

HUMAN CAPITAL

As our main value creator, human capital plays an important role in the business operations of Odel. Therefore, we make continuous investments to nurture our team while offering them a holistic value proposition to ensure we retain them. During the year, we focused on keeping our team safe from the recurring COVID-19 pandemic, ensuring a safe workplace by taking all necessary safety precautions.

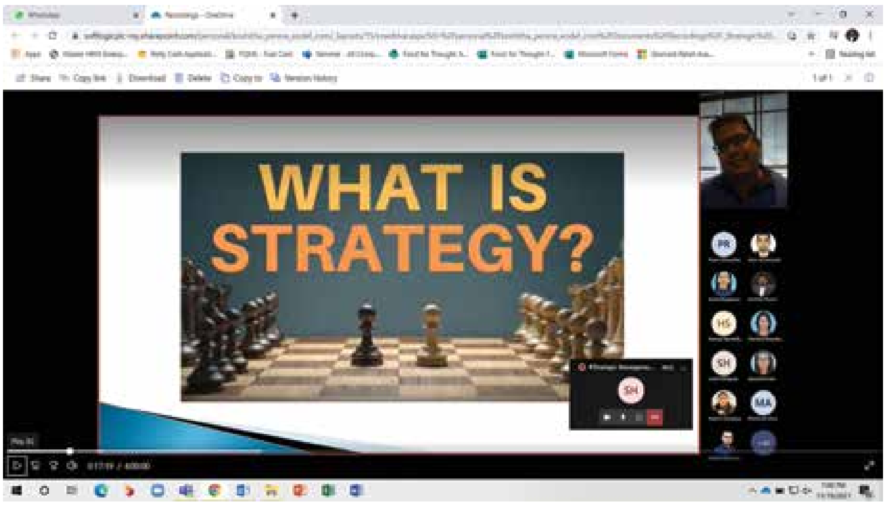
TRAINING AND DEVELOPMENT

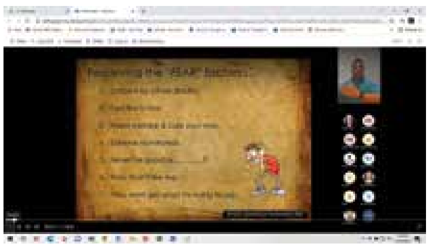
The ability to up-skill talent is a necessity for business sustainability as we keep abreast with evolving technology and trends, along with other changes in our sphere. The essence of Odel is to provide relevant, essential and timeless fashion for all, and we ensure that from the time an employee joins our fold, they embark on a career in fashion retail with limitless career development opportunities.

Training new employees employs a three-pronged approach, covering the main areas of product knowledge, store processes, and customer orientation. An induction program was introduced during the year under review. This program is the initial step in a holistic training and development program and gives new employees a brief understanding of the company's culture as well as its products and services. Once completed, the employee would move on to the second phase of training which encompasses team building, technical and personality-development programs. A series of product awareness sessions at the inception of each theme is conducted to educate staff on new items which have been introduced, as well as product updates and improvements. These areas of training equip staff with the necessary knowledge to handle our customers, and further gives them a sense of pride to be an ambassador of the Odel brand.

Some of the key training programs offered to our employees are as follows:

- Service CHAMPS Program
- Positive Thinking & Self-Motivation Training Program
- Shop Floor English Retail Supervisory Development Program
- Management Development Program
- Advanced Retail Module
- Product Training
- Standard Operating Procedures Training
- Assessment Centers
- Service Blueprint Training
- Personality Development Training
- Supervisor Development Training
- 5S
- Performance Management System Training





Advance Strategic Management

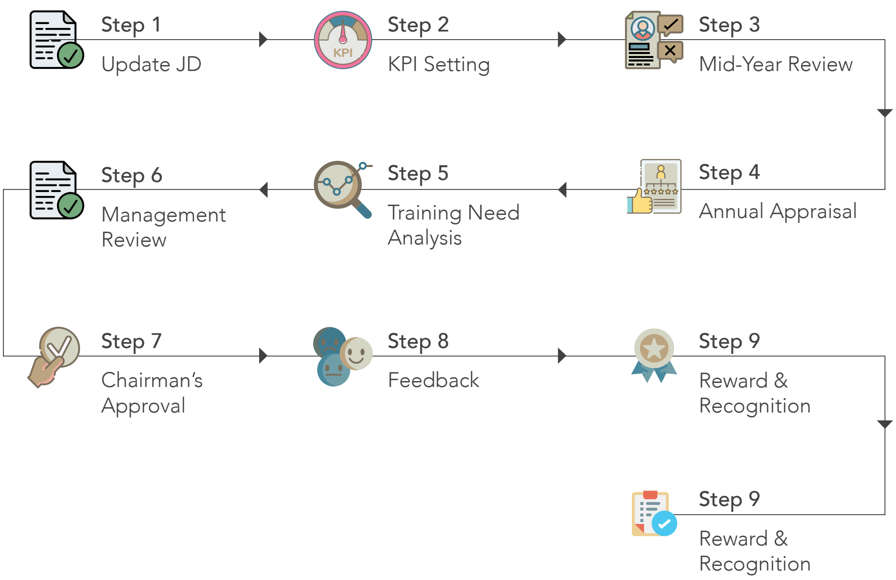
Advance Excel Training Programme

PEOPLE POWER

THE PERFORMANCE MANAGEMENT SYSTEM (PMS) FRAMEWORK CONSISTS OF 10-STEPS IN WHICH JOB REQUIREMENTS ARE REVISED AND KPIS ARE DEVELOPED FOR EACH FINANCIAL YEAR.

PERFORMANCE EVALUATION PROCESS

A comprehensive 10 step performance management system was introduced by the HC division, which is illustrated below;



The training covers analysis and skills audits which assist the organization in identifying the competencies that employees lack as well as the specific training required to inculcate those skills.

KEY INITIATIVES

- Introduction of the performance management system across the retail sector
- Introduction of the training directory
- Introduction and implementation of online training
- Using 9 Blocker for Talent Review
- Assessment Centers for Talent Identification
- Development Center to develop Behavioural & Technical Competencies

The Performance Management System (PMS) framework consists of 10-steps in which job requirements are revised and KPIs are developed for each financial year. Mid-year assessments are carried out to assess the performance of each employee and to identify training gaps. An annual performance assessment is carried out in which employees carry out self assessments, and are thereafter and are thereafter evaluated by their supervisors. This assessment is based on their competencies, values and ability to go above and beyond expectations.

PERFORMANCE MANAGEMENT PROCESS

Using the Hoshin Kanry methodology (setting SMARTS objectives) and a balance score care system, KPIs and employee job descriptions are created and updated. This helps evaluate and review employees' performance through achievement of their KPIs, which are defined according to their level within the competence framework. The system also works as a mechanism to provide feedback on significant achievements and areas that can be improved. Employees are rewarded and recognized according to each person's level of performance as well as the level of performance of the organization, based on the bell curve methodology.

A training need analysis will be conducted on the performance management system, as it's a vital step of the PMS process.

- Training need analysis is done based on competency evaluation marks (according to the Likert scale). The mark ranking is as follows; 1 = unacceptable, 2 = below expectation, 3 = meet expectation, 4 = above expectation, 5 = exceptional.
- A Training Directory defining 33 training areas was introduced, which is in compliance with the competency framework, enabling the selection of necessary training according to each individual's identified areas.

EMPLOYEE EVENTS

Hybrid working, which came about with the onset of the Covid-19 pandemic does have its benefits including shortened travelling time and allowing more time to be spent with family. However, the increase in remote working has meant employees are unable to relax or switch off from work. This could be because they're working more hours than before, or due to the physical separation from their workplace. We believe that employees who are enthusiastic about their jobs, and dedicated to their employers provide significant competitive advantages, such as increased productivity and less employee turnover. Therefore, we ensure a proper work-life balance is maintained throughout all levels and demographics.

MAINTAINING STRONG COMMUNICATION CHANNELS WITH EMPLOYEES WAS RENDERED EVEN MORE IMPORTANT DUE TO THE RESTRICTIONS ON PHYSICAL PROXIMITY.

We encourage our employees to make their voices heard by providing multiple channels of communication at all employee levels. Maintaining strong communication channels with employees was rendered even more important due to the restrictions on physical proximity. MS Teams, webinars, social media and e-mail were used extensively to maintain constant dialogue with employees during the lockdown period. A 'Food-For-Thought' program was designed, for employees to share their thoughts and ideas. The recommencement of the 'Odel Idol' program was yet another initiative which was warmly received by all employees. A few more notable initiatives which dotted the calendar included;

- Cricket tournaments
- World Aids Day
- International Women's Day
- Fit to Work
- Independence Day Celebration
- Softlogic Premier League

5

HR GOALS
PEOPLE PROMISES

- We develop and grow
- We recognise and appreciate
- We trust and care
- We listen to your ideas
- We have fun

World Aids Day - 2021

MANAGEMENT DISCUSSION & ANALYSIS

PEOPLE POWER

Independence Day Celebration

International Women's' Day

SPL 2022

SPL 2022

Fit to work

STRENGTHENING TALENT PIPELINE

TALENT MANAGEMENT PRACTICES

We continue to invest in developing employees across all sectors, categories, and locations. As discussed earlier, during the year, we continued to use online performance management systems (PMS) to monitor employee performance and achievement of key performance indicators and 100% of our workforce was covered by the PMS.

We also continued with the following initiatives:

- Performance moderations
- Promotion moderations
- Compensation and benefits linked to performance

The nine Blocker Grid, which illustrates where employees stand, according to their level of performance and competency is shown below;

COMPETENCE	HICH	PROBLEM CHILD		STARS
	MODERATE			
	LOW	DEAD WOODS		WORK HORSE
		LOW	MODERATE	HIGH
		PERFORMANCE		

STARS	-	Highest potential, Top Talent, Reward, Recognised, Promote, Develop.
WORK HORSE	-	High potential to advance further even though underperforming due to wrong job/role or manager.
PROBLEM CHILD	-	Specialized or expert talent. Retain, Reward, help with developing other skills.
DEAD WOODS	-	Low on performance and potential and have high risk in job security.

Apart from a performance and competency evaluation, we conduct assessment centers to re-evaluate technical and behavioural competencies which are unbiased, in order to make sure that rewards and recognition are given to the right talent. These assessment centers are carried out by qualified third-party assessors.

EQUAL OPPORTUNITY

Diversity, multiculturalism and respect are values which are part of Odel's DNA. We have developed a culture in which each person can be who they are and develop to their maximum potential as part of a diverse, creative and innovative team, regardless of their race, ethnicity, gender, age, religion, nationality, or any other characteristics.

Therefore, fostering a diverse and inclusive work environment in order to improve company performance and achieve corporate goals is a priority for Odel that has been endorsed at the highest level, with innovation too being broadly sanctioned as one of the core competencies that determine long-term growth and sustainability.

A principal aspect of work that Odel follows to manage our employee's talent is to promote initiatives and projects which help create a motivating environment. We consider qualities like trust, transparency, and engagement as vital to a wholesome culture.

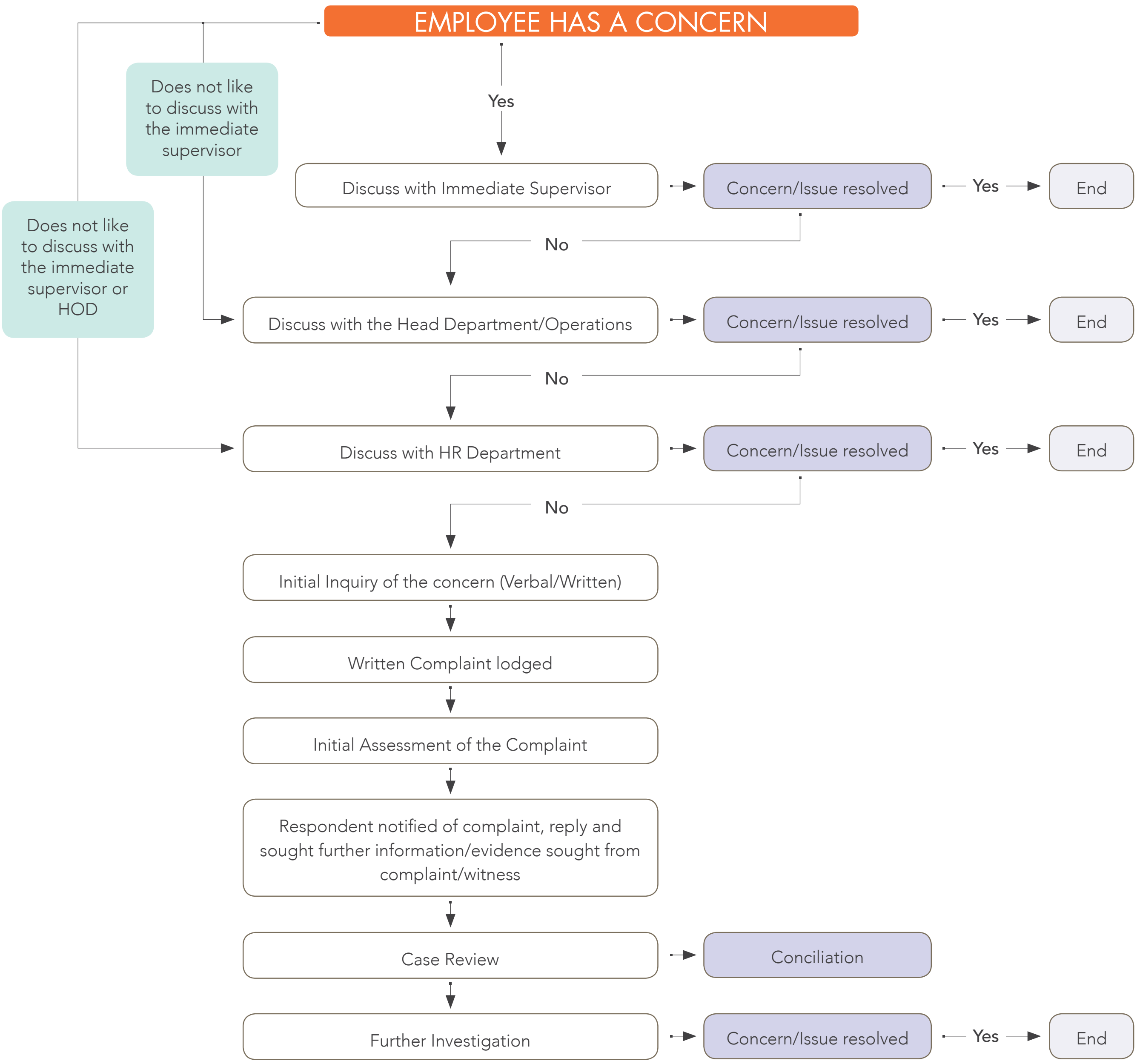
Our employees demonstrate multiple viewpoints and see things uniquely, in order to be open-minded about innovation and to search tirelessly for new ways of doing things. We believe that it takes diverse thoughts and opinions to create extraordinary products and services but more prominently, it takes a diverse and inclusive workforce to build the core values of trust and respect.

GRIEVANCE HANDLING & WHISTLE BLOWING

All permanent and contract employees are governed by the grievance and complaints handling policy of the Company. This policy is practised in order to maintain a harassment free, harmonious work environment. Employees are encouraged to directly discuss grievances and issues with their immediate superiors and in the event the issue cannot be resolved, it can be escalated to a higher level. We consider it to be important that such grievances are discussed on a priority basis for the following reasons:

- To solve the grievance and relieve the affected employee
- To avoid a grievance being aggravated, so as to foster a harmonious working environment for all employees; and
- To remove if any, the root cause of such grievances.

We also have in place a counselling programme to help our employees with work-related concerns, as well as personal issues. The Grievance Procedure is set out below.



Odel operates a zero-tolerance policy for any form of sexual harassment in the workplace, and treat all incidents seriously, promptly investigating all allegations of sexual harassment. Any person found to have sexually harassed another will face disciplinary action, up to and including dismissal from employment. All complaints of sexual harassment are taken seriously and treated with respect and in confidence. No one is victimized for making such a complaint.

REWARDS AND RECOGNITION

The Management of Odel is committed to recognize the outstanding performance of all employees by awarding appropriate rewards and incentives in order to:

- Create a culture with a "Passion to deliver Excellence"
- Motivate staff to excel in their roles
- Identify top talent and retain them
- Improve employee engagement levels at stores
- Be a well-recognized "Employer Brand"
- Create pride about the organization

The main Reward and Recognition programs include:

- Employee of the Month
- Employee of the Year
- Chairman's Award
- Service Awards
- Best Supervisor of the Month/Quarter/ Year
- Sales Personality of the Month/Quarter/ Year

WELFARE AND WELLBEING PROGRAMS

The company offers a variety of benefits to its employees which include:

- Discounts at all retail outlets, which vary depending on the retail sector company
- A company mobile phone voucher that allows them to purchase a phone within a stipulated price range
- The introduction of flexi-hours, yet another initiative which was well received by all staff
- Non-executive category employees' children being gifted vouchers for books and shoes at the end of each year.
- Half-day leave on birthdays – This is one of the special benefits that the company provides as we recognize that birthdays are significant occasions. As a result, we urge our teams and supervisors to collaborate and manage their workload so that a team member can enjoy a half-day on their birthday. This helps employees stay motivated and helps us retain our employees.
- A comprehensive Insurance scheme was introduced, which consists of an indoor cover, OPD, eyecare, critical illness, life cover as well as a personal accident cover for the staff and their immediate family members. All insurance benefits will be limited and categorized into three categories - Non Executives, Executives and Managers above ML1.

COVID-19 IMPACT AND MEASURES TAKEN

Odel values all employees in our supply chain. Therefore, the management team took bold decisions to improve employee wellbeing in difficult situations such as the COVID-19 global pandemic. The entire nation was affected both economically as well as socially because of the lockdowns. To overcome these difficulties, dues from employees to the company were not deducted during this period, and salaries were also paid without any pay cuts.
The company also steps in with similar supportive measures during various other disasters.

MANAGING LABOUR COSTS AND FUNDS

- The leadership and management team initiated a scheme through which a percentage of their salaries was contributed towards payments to executives and employees below the executive grade, thus eliminating any pay cuts.
- Overheads were reduced as most of the employees were working from home.

MANAGING OPERATIONS

Once the lockdowns were lifted and retail operations were back to normal, the following initiatives were taken with proper safety measures:

- All retail operations were converted to online operations and all employees were given special transport, accommodation, and food, since these were unavailable at that point in time
- All stores were disinfected and sanitized to ensure employee safety
- All employees were advised to wear a mask and maintain a 1-meter distance, while adequate sanitizer dispensers were available at each touch point
- Special security officers were allocated to conduct temperature checks at the entrance to the stores and accommodation facilities

MANAGEMENT DISCUSSION & ANALYSIS

PEOPLE POWER

- Employees were divided into two teams and operated in a bubble rostering scheme, ensuring the availability of an alternative team to carry out the operation in case one team was unable to do so
- Special accommodation was arranged to quarantine employees who were affected with COVID-19, with all safety protocols being carried out
- Special passes were obtained for operational staff and vehicles in order to travel between restricted areas and ensuring adherence to all safety measures introduced by the government
- Support function staff were also involved in supporting operations while adhering to all safety measures

ADOPTING WORK FROM HOME

- All support function staff were requested to work from home
- All employees were provided with necessary equipment, such as laptops, dongles and adequate data in order to work from home effectively
- A special work from home policy was developed with proper instructions so that work from home will be effective
- Senior Management was advised to have daily routines and task lists to keep track of work
- Pre and post work meetings were conducted in order to maximize productivity

ONLINE BASE TRAINING

- All basic and service-related training was conducted via Microsoft Teams while video modules were developed to refer to when offline
- Leadership development and motivational training was facilitated through internal resources on a weekly basis in order to drive a learning culture
- Online training modules and programs were developed to educate all operational staff engaged in online operations

EMPLOYEE ENGAGEMENT AND COMMUNICATION

- All information relating to COVID-19 and new operational policies were communicated through sector communication, to keep all employees informed and updated
- Birthday wishes and food-for-thought were shared every day in order to engage employees
- Online engagement activities were done to motivate employees who worked from home and engaged in online operations

SYSTEMS AND STRUCTURES

As automation continues to enter and transform every business vertical, we at Odel have embraced the digital transformation journey with no exception — especially the way e-commerce got a boost during the Covid-19 pandemic. It is a well-known fact that automation is a great way to carry out and complete tasks more quickly efficiently and effectively resulting in faster and better customer services. The benefits in retail automation, affects every aspect of the business. The digital transformation initiatives will enhance our retail offering which will enable to achieve defined business strategies.

Following are some of the key technology driven initiatives done during the financial year

System/Structure Type	Detail of Upgrade
ABITI Business application	This is a contract manufacturing business application where end-to-end journeys are automated thereby increasing efficiency, checks, and balances.
Bank reconciliations, credit card reconciliations process upgrade	Fully automated reconciliation process facilitated through a system enables, avoiding manual worker intervention. This also has brought in better checks and balances in to the reconciliation process
Internal petty cash requests, disbursement, and accounting process	Automated business processes have done away the usage of manual work and increased overall productivity
Financial reporting automated through 'Qlik' business intelligence platform	The automated Financial reports using a BI (Business intelligence) platform has made financial information readily available there by reducing manual work while enhancing overall productivity
Ready to launch, newly developed customer engaging mobile app (Super app)	Creating a whole new customer experience in e-commerce transaction journeys

STREAMLINED PROCESSES

At Odel, we are focused on building a 360˚, end-to-end digital system which will optimise and fine-tune our processes to deliver value across all our stakeholder groups. The outcome post implementing these processes is three-pronged. We strive to maximise profitability, streamline operations, and simplify systems. During the year, key planning tools were initiated in order to improve our top-line, thus ensuring on-time inventory fulfilment, improved capacity planning, and better expense management. This system is designed to drive sustainable, efficient operations– improving entry accuracy and reducing wastage through the advancement of our inventory management and assortment purchasing processes. It also serves to minimise the likelihood of over-buying or under-buying goods through accurate projections via the monitoring of historical data.

The ABITY system developed by Softlogic's IT arm enabled us to run the entirety of our operations online, encompassing aspects from design to delivery of goods, with the added advantage of supporting financial reconciliation.

GROUP SYNERGY

Odel PLC is part of the blue-chip conglomerate, The Softlogic Group of companies. The groups diversity covers the areas of retail, healthcare, financial services, leisure, automobile, and information technology. As a result of this group synergy we have been able to create a diverse team within the organization, which has spearheaded operational achievements and market performance along with value chain efficiencies, operational agility and productivity.

LOOKING AHEAD

The holistic retail industry, and particularly Odel has undergone tectonic shifts over the past decade. The COVID-19 pandemic sped up many of these trends. We have seen consumer activity shifting from offline to online, however we have been able to keep abreast with these changes though the introduction and adaption of systems and structural upgrades. The changing patterns of how consumers shop for products and engage with brands has been closely monitored and Odel has geared itself to face these new changes. While patterns indicate that consumers are becoming more connected, less loyal, more informed, and definitively channel agnostic, purchasing habits are also shifting toward healthy, fresh and local product lines. We have been successful in catering to this market dynamic through our wide range of products and our 'Sri Lankan' stance.

In order to be more responsive to these trends, the group has harnessed technology as a core enabler across several areas. Technology has supported the seamless integration of online and offline channels with smart digital services that facilitate end-to-end customer decision journeys. Technology solutions for the supply chain include advanced, real-time management; cross-channel order management; and automated logistics, HR, and finance.

Going forward, we will be further enhancing our digital offerings to develop competitive solutions and optimize running costs. Collectively, these improvements directly improve responsiveness to customer needs, enhance business performance and revenues.

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL FRAMEWORK

Despite the many black swan events which dotted both local and international economies, and the socio-political unrest at home which erupted towards the latter part of the financial year, Odel PLC was successfully in securing a positive bottom-line through commitment to strive amidst the external threats posed by the economy. Odel performed equitably amidst many headwinds, and with its own unique identity, the Company continued to fuel its fashion lines, staying true to its lifestyle products to offer customers around the world a wealth of styles and trends in fashion and design.

REVENUE

With it's virtuous, yet efficient business model in operation, Odel fully leveraged their scale by widening its product range, restructuring its retail space, yet consolidating several brand and corporate functions, in order to simplify the organization and operate more efficiently. The Company and actions have revealed results in annualized revenue of LKR 7.36Bn which is a growth of 38% compared to the previous year's revenue of LKR 5.35Bn. The Gross Profit margins of the Company have witnessed a steady rise, across the past 5 years. The overall Gross Profit margin in 2021/22 improved to 48% from 41% in the previous year. This increase could be mainly attributed to the continuous efforts which were made in reducing cost of production and the pricing strategy.

COST OF GOODS SOLD

Cost of goods sold decreased by 7.3% as a percentage of net sales in during the fiscal 2021/22 in comparison to the previous year. The surge in sales which was witnessed during December 2021 being the main contribution to this positive. This was offset by the re-emergence of Omicron variant of COVID-19 virus which propelled the country into a partial lockdown. The further deprecation of the Sri Lankan Rupee against the US Dollar also took its toll.

OPERATING EXPENSES

Administration costs has risen marginally to 9% in comparison to the previous year. This was due to the continued focus on cost reduction and obtaining concessions from the business partners on rent which is the main component of Administration Expenses. The expansion to a new location also added to this bottom line.

FINANCE COST

The company's Finance Cost increased by 31% from Rs. 1.18 Bn in the previous year to Rs. 1.54 Bn during the year under review; this was mainly due to the increased borrowings and the exchange loss of Rs. 285 Mn, which was a ripple of the depreciation on the Sri Lanka Rupee against the US Dollar. While no new premises were acquired during the year under review, Capital Expenditure stood at Rs. 2.44 Bn, a 46% increase from the preceding year.

TAXATION

The statutory tax rate of 24% remained during the FY 2022 and 2021 for Odel. However, the effective tax rate on loss before tax decreased to 15% from 22% mainly due to the tax losses resulting over the past years including 2022.

NET PROFIT/LOSS

Odel recorded a loss after tax of Rs. 1.37Bn, a decrease of 19% from last year's Rs.1.68Bn. The group was able to curtail its losses due to stringent measures implemented, which included:

EARNINGS PER SHARE (EPS)

Odel PLC reports its 2022 negative earnings per share (EPS) at Rs (5.04), an increase of 18.6% from the Rs (6.19) recorded in 2021.

RETURNS AND TOTAL EQUITY

The total equity dropped to Rs. 5.4 Bn from Rs. 6.2 Bn in the previous year, this decrease could be attributed to the decrease in retention of earnings offset by the net gain of Rs. 601 Mn arising from the revaluation of land and buildings during the year.

CASH FLOW

Despite the rising cost of inventory together with declining profitability, the Company was able to maintain slight improvement in amount of cash for Odel, with cash and cash equivalents steadily increasing from Rs. (898 Mn) in 2021 to Rs. (728 Mn) in 2022.

Notwithstanding the significant investments in working capital and the acquisition of capital assets in the past years funded partly through borrowings, the gearing ratio at the end of the year increased to 74% compared to 68% in 2021.

CORPORATE GOVERNANCE

The fundamental relationship between the Board, Management, Shareholders and other Stakeholders are established by our governance structure.

Corporate Governance (CG) is a framework of rules and practices by which an organisation is directed, controlled and managed. The CG framework provides an overview of the Corporate Governance structures, principles, policies and practices of the Board of Directors of Odel PLC (Odel). At Odel, the approach to CG is guided by ethical culture, stewardship, accountability, independence, continuous improvement, oversight of strategy and risk. The fundamental relationship between the Board, Management, Shareholders and other Stakeholders are established by our governance structure, through which the ethical values and corporate objectives are set and plans for achieving those objectives and monitoring performances are determined. To serve the interests of shareholders and other stakeholders, the Company's Corporate Governance system is subject to ongoing review, assessment and improvement. The Board of Directors proactively adopts good governance policies and practices designed to align the interests of the Board and Management with those of shareholders and other stakeholders and to promote the highest standards of ethical behaviour and risk management at every level of the organisation.

BOARD OF DIRECTORS

The Board of Directors is responsible for setting the strategic direction of the Group, safeguarding assets, managing risks and setting the tone at the top. They have set in place governance frameworks to facilitate achievement of strategic goals and compliance with regulatory frameworks while balancing stakeholder interests. Profiles of the Directors are given on pages 10,11 & 12 Directors provide annual declarations of their independence in accordance with the stipulations of the Listing Rules of the CSE and the guidelines of the Code of Best Practice. Board balance is facilitated with five Non-Executive Directors who are reputed leaders in their fields of expertise out of whom four are Independent. They understand and appreciate the dynamism of the fashion trade and the global benchmarks. The skills, experience and standing of the individual Board members ensures sufficient deliberation on matters set before the Board and exercise of independent judgement. Directors can also seek independent professional advice when deemed necessary, for which the expenses are borne by the Group.

The role of the Board is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls facilitating effective risk management. They are collectively responsible for the following:

- Providing strategic direction and establishing performance objectives to monitor the achievement of strategic goals
- Establishing an effective management team
- Establishing appropriate systems of corporate governance in the Group
- Ensuring the adequacy and effectiveness of internal controls, Code of Business Conduct and other policies to facilitate regulatory compliance and risk management.

SKILLS OF THE BOARD

COMPOSITION OF THE BOARD

Composition of the Board

Executive Chairman	Independent Directors	Non-Executive Directors
1	4	5

COMMITTEES OF THE BOARD

The Board is supported by the following committees which facilitate effective discharge of its responsibilities. Minutes of the sub-committee meetings are circulated to the Board ensuring awareness of the activities of the sub-committees by all Board members.

CORPORATE GOVERNANCE

GOVERNANCE OF THE BOARD SUB COMMITTEES

Sub-Committee	Composition	Mandate
Audit Committee	• Mr. R. Pathirana - Chairman • Dr. S. Selliah • Dr. I. C. R. De Silva • Mr. J. M. J. Perera	Responsible for ensuring the integrity of the Company's and Group's Financial Statements, appropriateness of accounting policies and effectiveness of internal control over financial reporting.
Remuneration Committee	• Mr. R.Pathirana - Chairman • Dr. S. Selliah • Mr. J. M. J. Perera	Responsible for determining remuneration policy and the terms of engagement and remuneration of the Chairman, the Board of Directors and the Executive Committees.
Related Party Transactions Review Committee	• Dr. I. C. R. De Silva - Chairman • Mr. R. Pathirana • Mr. H.K. Kaimal • Mr. J. M. J. Perera	To assist the Board in reviewing all related party transactions carried out by the Company and its listed companies in the Group in terms of the CSE Listing Rule 9

MEETINGS

The Board meets on a frequent basis and dates for Board meetings are determined and communicated in advance at the beginning of the year with additional meetings being scheduled whenever deemed necessary. Meeting agenda and relevant papers are circulated to all Directors at least 7 days prior to the meeting providing sufficient time for review facilitating the conduct of an effective meeting. Attendance at Board meetings and Sub Committee meetings during the year under review is given below;

Director	Board	Board Sub Committees		
		Audit Committee	Remuneration Committee	Related Party Transactions Review Committee
Mr. A. K. Pathirage	4/4			
Dr. S. Selliah	4/4	5/5	1/1	
Mr. H.K. Kaimal	4/4			3/4
Mr. R. P. Pathirana	4/4	5/5	1/1	4/4
Dr. I. C. R. De Silva	4/4	5/5		4/4
Mr. J. M. J. Perera	4/4	1/5	1/1	1/4

COMPANY SECRETARIES

Messrs. Softlogic Corporate Services (Pvt) Ltd. function as Company Secretaries to the Group. The Company Secretaries provide guidance to the Board as a whole and to individual Directors with regard to discharging of responsibilities. The Company Secretaries are responsible to ensure that the Board complies with the applicable rules, regulations and procedures and all activities relating to the Board.

APPOINTMENT AND RE-ELECTION TO THE BOARD

- Directors are appointed by the Board in a structured and transparent manner.
- Appointments are made with due consideration given to the diversity of skills and experience within the Board in relation to Odel's strategic plans.
- The Board Members are elected by the Shareholders at the Annual General Meeting (AGM) for the period up until the next AGM.

CHAIRMAN & MANAGING DIRECTOR

The roles of the Chairman and the Managing Director are combined in one person due to the diversity of the Group's business operations in line with a number of large diversified holding companies.

DIRECTORS' REMUNERATION

The Report of Board Remuneration Committee is on page 38 provides further information. The aggregate remuneration paid to the Directors is disclosed in the Notes to the Financial Statements on page 71 of this Report.

SHAREHOLDER RELATIONS

Shareholder relations are managed through a structured process with multiple platforms facilitating shareholder engagement and timely dissemination of information. The Annual General Meeting is the key platform for engagement and notice of the AGM and all relevant documents are circulated among shareholders at least 15 working days prior to the AGM. The Chairman/ Managing Director and Board Directors and External Auditors attend the Annual General Meetings to respond to queries that may be raised by the shareholders. In addition to the AGM, shareholder engagement is also facilitated by the Group's investor relations department which maintains a continuous dialogue with shareholders through dissemination of announcements on material developments and quarterly performance. They are also a point of clarification for shareholders.

ACCOUNTABILITY AND AUDIT

Board responsibilities include presenting a balanced assessment of the Group's financial performance, position and prospects on an interim and annual basis. This Annual Report has been prepared in discharge of this responsibility and includes the following declarations/ further information required by regulatory requirements and voluntary codes:

- Audited Financial Statements – pages 44 to 119.
- Statement of Director's Responsibilities - page 43.
- Annual Report of the Board of Directors on the Affairs of the Company – pages 40 to 42.
- Management Discussion & Analysis – pages 14 to 26.

The Audit Committee has oversight responsibility for monitoring and supervising financial processes to ensure integrity, accurate and timely financial reporting. It is also responsible for ensuring adequacy and effectiveness of the Internal Control and Risk Management processes and receives reports from Group Internal Audit and Group Risk Management in this regard. The Audit Committee comprises 4 Non-Executive Directors, all of whom are Independent. The Chairman of the Audit Committee is a Finance professional with extensive experience in the relevant areas whose profile is given on page 12 The Terms of Reference of the Audit Committee complies with the recommendations of the Code of Best Practice on Board Audit Committees issued by ICASL and guidelines stipulated by the SEC.

The Audit Committee is responsible for approving the terms of engagement of the external auditors including audit fees. The principal auditor has not provided any services which are stipulated as restricted by the SEC and the audit fees and non-audit fees paid by the Company to its auditors are separately disclosed on page 71 of the Notes to the Financial Statements.

The Board holds overall responsibility for determining the Group's risk appetite and implementing sound risk management and internal control systems to ensure that risk exposures are maintained within defined parameters. The Group's internal control systems are aimed at safeguarding shareholders investments and effectively managing risks that may impact the achievement of its strategic objectives. A discussion on the Company's key risk exposures and mitigation mechanisms are given in the Risk Management Report on page 31 of this Report. The Audit Committee annually reviews the effectiveness of the Group's risk and internal control systems.

A formalised whistle-blowing policy is in place enabling employees to raise concerns anonymously on unethical behaviour, breach of regulations and / or violations of the Group's Code of Conduct. Such complaints are investigated and addressed through a formalised procedure and brought to the notice of the Board, serving as an overriding control mechanism.

The Board Related Party Transactions Review Committee has been set up in compliance with guidelines stipulated by the CSE. Directors individually declare their relevant transactions with the Company and its subsidiaries on a quarterly basis. A formalised process is in place for identifying related party transactions and avoiding conflicts of interest. All Related Party Transactions as defined by the applicable accounting standards are disclosed on Note 33 of the Financial Statements on page 109 to 111of this Report.

SHAREHOLDERS

All shareholders are encouraged to attend the Annual General Meeting of the Company and vote on the resolutions which form part of the agenda in accordance with matters reserved for shareholders. Extraordinary General Meetings are also called to inform shareholders on material developments that impact their interests and their consent is obtained for the same in accordance with the provisions of the Companies Act.

SUSTAINABILITY REPORTING

The Group continues its efforts to embed Sustainability in to its operations and report on how the Group manages risks stemming from economic, environmental and social factors. The Group's Annual Report is used as a platform to provide comprehensive sustainability communication to all stakeholders and this year we have enhanced the scope and coverage of our sustainability reporting by adopting a stakeholder value creation approach. Holistic sustainability reporting is a journey and we continue to improve the reports each year in discharge of our obligations.

CORPORATE GOVERNANCE

COMPLIANCE WITH CORPORATE GOVERNANCE RULES OF THE CSE

The following disclosures are made in conformity with Section 7 of the Listing Rules of the Colombo Stock Exchange:

Section	Criteria	Status of Compliance	Disclosure Details
7.10.1 (a)	Non-executive Directors	Compliant	Out of 6 Directors 5 are Non-Executive Directors
7.10.2 (a)	Independent Directors	Compliant	There are 4 Independent Directors on the Board. All Non-Executive Directors have submitted the declaration with regard to their independence/non-independence.
7.10.3	Disclosures relating to Directors	Compliant	As per the rules issued by the Colombo Stock Exchange, Mr. R. P. Pathirana, Dr. I. C. R. De Silva, Dr. S. Selliah and Mr. J. M. J. Perera meet all the criteria of independence.
7.10.3 (c)	Disclosures relating to Directors. A brief resume of each Director should be included in the Annual Report including his/her area of expertise	Compliant	A brief profile of each Director is available in the Board profile presented on pages 10,11 and 12.
7.10.3 (d)	Appointment of new Directors. A brief resume of any new Director appointed to the Board	Compliant	During the period under review , Mr. J.M.J. Perera was appointed to the Board w.e.f 29th June 2021
7.10.5	Remuneration Committee	Compliant	Comprises 3 Independent Non-Executive Directors. The names of the members of the Committee are stated on page 38. of the Annual Report.
7.10.6	Audit Committee	Compliant	Comprises 4 Independent Non-Executive Directors. The names of the members of the Committee are stated on page 37. of the Annual Report. The report of the Committee is stated on page 37. The Group Finance Director and Chief Financial Officer attended all meetings.

RISK MANAGEMENT

1. INTRODUCTION TO RISK MANAGEMENT

Risk can be defined as the probability or threat of a liability, loss or other negative occurrence, caused by external or internal vulnerabilities which would affect the desired objective. Vulnerabilities mean an exposure that is related in some way to an adverse outcome. Therefore, risk represents vulnerabilities that could prevent achievement of Odel PLC's objectives.

Risk Management is the process of analysing exposure to risk by identifying vulnerabilities and their probabilities of occurrence in order to determine how best is to handle such exposure. Risk Management is concerned with implementing various policies, procedures and practices that work in agreement to identify, analyse, evaluate, monitor and prioritize risks, followed by application of coordinated and economical solutions to minimize the probability and Impact of identified vulnerabilities.

Transferring risks to outside parties, reducing the negative effect of risk and avoiding risk altogether are considered as risk management strategies in ODEL.

The Board of Directors has the overall responsibility to manage the risk effectively to ensure the business developments are consistent with the risk appetite and goals of the group. The board audit committee (BAC) monitors the effectiveness of internal controls with the Odel senior management, the Group head of Audit & Risk and the Head of Internal Audit – Retail Sector.

ODEL PLC uses a risk management ranking methodology to identify key risks specific to our company. Risk ranking offers a potentially powerful means for gathering risk elements to help set risk management priorities. The prioritization process assists in deciding which risks is to be treated as a priority in formulating the risk strategy. All the prioritized risks will be rated based on the likelihood of occurrence and impact it will have.

The ODEL PLC, is the market leading lifestyle & fashion retailer in the country with an access to wide range of internal brands. It also absorbs the group synergies of Softlogic Holdings' diverse business interests. This will expose the company to wider range of risks and opportunities. Though there are many risks to which business is exposed, those risks have been broadly categorized as follows,

1. Strategic Risk
2. Financial Risk
3. Operational Risk

Strategic Risks	Financial Risks	Operational Risk
Competitive risks	Interest rate risk	Employee risk
Economic Risk	Foreign Exchange risk	Legal risk
Reputation Risk	Credit Risk	Operation risk
Marketing Risk	Liquidity risk	Fraud risk
Environmental Risk	Investment risk	Technology risk
Regulatory Risk		

Strategic Risk - As an organization attempts to achieve their strategic objectives, both internal & external events and scenarios can inhibit or prevent an organization from achieving their strategic objectives. There is a risk associated with organizations' long term place with the initiatives such as future plans for entering new markets, expanding existing services, enhancing infrastructure, etc. Organization may exposure to adverse outcomes from the strategic decisions made by management arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes.

Financial Risk – Financial risks creates the possibility of losses arising from the failure to achieve a financial objective. The risk effects uncertainties about interest rates, foreign exchange rates, commodity prices, equity prices, liquidity, and an organization's access to financing. These financial risks are not necessarily independence to each other/ For instance, exchange rates and interest rates are often strongly linked, and this interdependence should be recognized when managers are designing risk management system.

Operational Risk – Business/operational risk related to activities carried out within the entity, arising from structure, systems, people, products and processes. Operational risks are largely based on procedures and processes, so this lends itself to the use of audit for risk identification purposes. Risk based audit can be used as a tool to identify risks, as well as method of reporting to the management on the effectiveness of the organization's risk management process.

2. THE PROCESS OF RISK MANAGEMENT

Defining the risk	Management defines risks as strategic, operational and financial
Risk Assessment	Risks are assessed based on their potential impact on business activity, financial position, and reputation. A "level 1" risk is negligible while a "level 5" risk is catastrophic. The likelihood & impact of risks are assessed, considering controls in place to address them. A scale of 1 to 5 is used, where indicates "Rare" and 5 is "Almost certain", despite the controls in place.
Risk response	Appropriate actions are taken to align with risk tolerance and risk appetite. Based on the significance of the risk, decisions are taken appropriately to manage the risk by accepting, reducing, sharing or avoiding it. Risk responses received from process owners are identified in relation to set objectives are also documented & reviewed.
Control activities	Corporate Management/Functional heads implement the risk response action plans identified while the Internal Audit follow up taken place to ensure the effectiveness of managing those risks. This is inclusive of process walk through, review of internal control gaps, spot check coverage with areas in operation.
Monitoring & Reporting risks	Documentation and reporting is a key role in monitoring risks. The internal audit reports and management letters of external auditors, are regularly communicated to the management of the company and the board audit committee. This committee comprise of three Non-Executive Directors who will assess the adequacy of the internal control strength and effectiveness of risk management framework & report to senior management for any improvement

3. RISK ASSESSMENT MATRIX

The below Risk Matrix is use for our risk assessment on the likelihood and impact of a specific type of event, the output is a probability weighted impact.

		Likelihood				
		1. Rare	2. Unlikely	3. Possible	4. Likely	5. Almost certain
Consequences/Impact	5. Catastrophic	Medium	High	Critical	Critical	Critical
	4. Major	Medium	High	High	Critical	Critical
	3. Moderate	Low	Medium	High	High	Critical
	2. Minor	Low	Medium	Medium	High	High
	1. Negligible	Low	Low	Low	Medium	Medium

4. KEY HIGHLIGHTS DURING THE YEAR

The Covid pandemic was continued to stress the local economy for the first half of FY 2021/22 and the businesses have experienced multiple disruptions due to lockdowns imposed to control the spread of the virus.

As government and public health systems manage the pandemic through vaccination drives, stringent trace and quarantine measure, the society and business were adapting new trends and modified consumer habits. Accordingly purchasing pattern and value invest on consuming ODEL Brands was changed drastically. Expeditious vaccination campaign has largely contributed to return to normalize the country by November 2021.

The ODEL PLC has implemented safety measures under the guidelines of the Government Health Authorities. All the staff and their families were encouraged and facilitated to be fully vaccinated under the Government Vaccination program.

However, Sri Lanka's macroeconomic challenges driven primarily by the decline of foreign exchange earnings, series of sovereign credit rating downgrades, Official reserves declined to critically low levels and a foreign exchange shortage has affected the supply of some essentials. Inadequate fuel supply for thermal generation resulted in scheduled power cuts. Inflation has raised sharply, due the recent currency depreciation and high commodity prices, partly related to the Russia-Ukraine War and associated sanctions.

Import restrictions imposed by the regulators, foreign currency liquidity crisis and LKR depreciation have negatively impacted for the imports of International Brands. ODEL PLC has focused more on the Local Products and taken measures to recognize local channels to face the challenging economic landscape of the country. As the market leading lifestyle & fashion retailer in the country, ODEL PLC is extending their diversification towards Apparel Manufacturing facility to approach overseas markets and earn foreign currency to cushion the impact of foreign currency shortage for Imports.

ODEL PLC has facilitated remote working and roster the staff to work from home during the pandemic period and taken measure to revisit the existing processes to move towards for systemize/automate the processes. IT Team has immensely supported through out the time to ensure the safety and security of data and infrastructure and continuity of the operation.

Risk Category	Risk	Risk Management Strategies
Strategic Risk	Business is largely dependent upon our ability to predict accurately fashion trends, customer preferences and other fashion-related factors.	A dedicated buying department oversee trends in response to seasonal changes & international changes in the fashion industry lowering such impact through meticulous planning. Further the team receives weekly updates with regards to new developments in fashion from the Trend Forecasting and Analytics (WGSN)
Strategic Risk	We rely on foreign sources of production and recognized local channels as well.	The company is focusing more on the top brands. Additionally, international brands are negotiated on continuous basis. Periodical reviews are done in terms of newly acquired brands. Senior Management will decide whether the company should continue/ discontinue/enhance the investment of such brands.
Strategic Risk	Risks from competitive actions from existing market participants and new entrants	The company is strongly committed to provide high quality products of unparalleled selection of fashion right & lifestyle products in an environment that is enjoyable & welcoming, stemming from its mission. Further leveraging the company's long-term relationship with recognized suppliers, the Company has invested in an upcoming ODEL department store to encounter the competition and continue its stance as the market leader.

RISK MANAGEMENT

Risk Category	Risk	Risk Management Strategies
Strategic Risk	Failure to implement strategic plans, Revenue improvement & cost saving initiatives and undertake profitable investments.	The company integrates risk awareness directly into strategic decision making by holding regular meetings of Board of Directors in order to formalize future strategies and plans and to revise and update plans, taking in to consideration the changing circumstances of the company. ODEL PLC has facilitated remote working and roster the staff to work from home during the pandemic period. Steering committee has been appointed to enhance productivity, reduce significant overheads and waste and grow sales and profitability.
Operational Risk (Compliance Risk)	Our business may be affected by regulatory, administrative and litigation developments.	A comprehensive internal control system is in place supplemented by regular audits from the internal audit department in collaboration with the legal division. Ensuring all statutory and legal obligations are met in all transactions. Compliances are continuously checked to ensure adherence at all types of regulations. Non-Disclosure Agreement (NDA) is implemented across all the staff levels signed & endorsed at ODEL PLC.
Operational Risk	Failure in management information systems may fail and cause disruptions in our business.	A dedicated IT team is in place to support all IT-related aspects of the company. They make sure that contingency plans are in place to mitigate any short term loss on IT services. Furthermore, the company is immensely supported by the group's comprehensive IT policy, in ensuring the safety and security of data.
Operational Risk (Reputational Risk)	Risks to the group's reputation and Brand image	The Board ensures that the company strictly complies with all relevant laws and codes of best practices, and is not involved in any unethical business practices. The employees of the company are well-informed regarding the code of ethics both during the process of recruitment & during their work life.
		The legal division of the company oversees any possible matter that leads to litigation, and ensures that the company invariably complies with the laws and regulations.
		A separate division for the purpose of development of employee's skills & technical know-how is in place. The internal Audit department with the collaboration of the training division, keeps the employees informed about the processes by way of introducing & updating Standard Operating Procedures (SOPs)
		The buying department with the collaboration of the import department makes sure that the sources of products are of high quality & invariably caters to the fulfilment of the company's vision & mission.

Risk Category	Risk	Risk Management Strategies
Operational Risk	Risk from not being able to attract and retain skilled and experienced staff	The company has significantly invested in strengthening our human capital through the deployment of the latest Human Resource Information Systems, regular staff training & development, succession planning and fostering a performance-based culture & attractive remuneration packages. Furthermore, the company has introduced various operational level programs such as selecting the best employee of the month, Annual Award Ceremony for the appreciation of service rendered by the employees.
Finance Risk (Exchange Rate risk)	Risks from adverse exchange rate fluctuations will results in increase in purchasing cost and lower profits.	The company's finance division linking with the group treasury division takes suitable financial measures in order to effectively manage the exchange rate risk.
Finance Risk (Liquidity risk)	Risk of not being able to meet financial commitments as and when they fall due, and delays in payments to suppliers. Negative effect on supply chain.	Making optimum use of cash inflows with the help of the group treasury division, ensuring the group-wide interest exposure is kept to a minimum & performing regular reviews of the actual performance against planned to ensure achievement of budgeted targets.
Finance Risk (Interest Rate Risk)	Changes in interest rates may have an impact on the profitability of the company	The company work closely with the parent company to negotiate favourable terms & conditions for loan facilities obtained.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

PURPOSE

The purpose of the Related Party Transactions Review Committee is to conduct an appropriate review of Odel Group's related party transactions and to ensure that interests of shareholders and other stakeholders are considered when engaging in related party dealings, hence preventing Directors, Key Management Personnel or substantial shareholders taking advantage of their positions. The Committee ensures adherence to the Rule 9 of the Listing Rules and guided by the Code of Best Practices on related party transactions issued by the Securities & Exchange Commission of Sri Lanka (SEC) and CA Sri Lanka. The Committee states opinions in accordance with the charter of the Related Party Transaction Review Committee. It reviews the charter and policies while making recommendations to the Board as and when deemed necessary.

COMPOSITION

The Related Party Transactions Review Committee comprises two Non-Executive Independent Directors, including the Chairman, and one Executive Director.

- **Dr. I.C.R. De Silva** - Independent Non-Executive Director – (Chairperson)
- **Mr. R. P. Pathirana**- Independent Non-Executive Director (Member)
- **Mr. H K Kaimal** – Non Executive Director – (Member)
- **Mr. J. M. J. Perera** - Independent Non-Executive Director (Member) Appointed to the Committee w.e.f 12th August 2021

Chief Financial Officer - attended all meetings by invitation Softlogic Corporate Services (Pvt) Ltd, serves as Secretaries to the Committee.

ATTENDANCE AT MEETINGS

Name	Meeting Attended
Dr. I.C.R. De Silva	4/4
Mr. R. P. Pathirana	4/4
Mr. H K Kaimal	3/4
Mr. J. M. J. Perera (Appointed to the Committee w.e.f. 12th August 2021)	1/4

ROLES AND RESPONSIBILITIES

1. Reviewing in advance all proposed related party transactions of the Company in compliance with the Code.
2. Adopting policies and procedures to review related party transactions of the Group and reviewing and overseeing existing policies and procedures.
3. Determining whether related party transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the respective Companies.
4. If related party transactions are ongoing (recurrent related party transactions) the Committee establishes guidelines for senior management to follow in its ongoing dealings with the relevant related party.
5. Ensuring that no Director of the Company shall participate in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the related party transaction to the Committee.
6. If there is any potential conflict in any related party transaction, the Committee may recommend the creation of a special committee to review and approved the proposed related party transaction.
7. Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules/regulations are made in a timely and detailed manner.

REVIEW OF THE RELATED PARTY TRANSACTIONS DURING THE YEAR

The Committee reviewed all proposed Related Party Transactions of Odel PLC and scrutinised such transactions to ensure that they are no less favourable to the Group than those generally available to an unaffiliated third party in a similar circumstance. The activities of the Committee have been communicated to the Board quarterly through tabling minutes of the meeting of the Committee at Board Meetings. Relevant disclosures have been made to the Colombo Stock Exchange in compliance with regulations. Details of Related Party Transactions entered by the Group during the above period are disclosed in Note 33 to the Financial Statements.

During the year there were no non- recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules of the Colombo Stock Exchange.

(Sgd.)
Dr. I.C.R. De Silva,
Chairperson
Related party Transactions Review Committee

2nd December 2022

REPORT OF THE AUDIT COMMITTEE

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee, appointed by and responsible to the Board of Directors, comprises of four members. The Committee is made up of members who bring their varied expertise and knowledge to effectively carry out their duties. Members of the Committee at year end are;

Mr. Ranil Pathirana - Chairman- Non-Executive Independent Director

Dr. S Selliah - Non-Executive Independent Director

Dr I.C.R De Silva - Non-Executive Independent Director

Mr. J M J Perera - (Appointed to the member of the Committee on 12th August 2021)

The functions of the Audit Committee are governed by an Audit Committee Charter, which is reviewed annually.

OBJECTIVES AND ROLE OF THE AUDIT COMMITTEE

The main objective of the Audit Committee is to assist the Board of Directors to perform its duties effectively and efficiently. Accordingly, the objectives of the Audit Committee can be described in detail as follows:

- Oversee the financial reporting process and determine that the financial reports present accurate, complete and timely financial information.
- Monitor the effectiveness of the Company's risk management processes and the internal control system.
- To assess the independence of the External Auditor and monitor the performance of Internal and External Auditors.
- To recommend to the Board the appointment of External Auditors.

MEETINGS

The Committee held 4 meetings during the year under review. The Chief Financial Officer and the Head of Internal Audit – Retail Sector attended these meetings by invitation.

The attendance of the members at these meetings is given below.

Name	Meeting Attended
Mr. Ranil Pathirana	5/5
Dr. S Selliah	5/5
Dr I.C.R De Silva	5/5
Mr. J M J Perera	1/5

SUMMARY OF ACTIVITIES

FINANCIAL REPORTING

The Committee reviewed the Financial Reporting System to determine the accuracy and timeliness of the Financial Statements published. The Committee also reviewed the interim and year-end Financial Statements prior to publication, in order to determine that the statutory requirements have been complied with and the Company's Accounting Policies have been consistently applied.

INTERNAL AUDIT

The Committee monitored the effectiveness of the Internal Audit Function and the implementation of the recommendations made by the Internal Audit.

EXTERNAL AUDIT

The Committee reviewed the status of their independence.

CONCLUSION

Based on the review of reports submitted by the External and Internal Auditors, the information obtained from management the Committee having examined the adequacy and effectiveness of the internal controls which have been designed to provide a reasonable but not absolute assurance to Directors that the assets of the company are safeguarded, is satisfied that the financial position of the company is regularly monitored and that steps are being taken to continuously improve the control environment maintained within the Company.

The Audit Committee determined that Messrs Ernst & Young are independent on the basis that they do not participate in any management activity of the company and do not provide any non-audit services to the company and recommended to the Board of Directors that Messrs Ernst & Young be reappointed as statutory Auditors for the financial year ending 31st March, 2023, subject to approval by the Shareholders at the forthcoming Annual General Meeting.

(Sgd.)
Ranil Pathirana
Chairman – Audit Committee

2nd December 2022

REPORT OF THE REMUNERATION COMMITTEE

PURPOSE

The principal purpose of the Committee is to consider, agree and recommend to the Board a remuneration policy that is aligned with its long-term business strategy, objectives, risk appetite, values and the long term interests of the Group whilst also recognising the interests of stakeholders. The responsibilities of the Committee are laid out in its written Terms of Reference (TOR).

COMMITTEE COMPOSITION AND MEETING

Remuneration Committee consists of Non-Executive Independent Directors. The members of the Remuneration Committee as at 31 March 2022 and the attendance at the meeting held is as below:

ATTENDANCE AT MEETINGS

Name of Director	Category	Attended/ Eligible to attend
Mr. R. P. Pathirana Non-Executive Independent Director	Chairman	1/1
Dr. S. Selliah Non- Executive - Independent Director	Member	1/1
Mr. J. M. J. Perera Non- Executive Independent Director -(Appointed to the Committee w.e.f.12th August 2021)	Member	1/1

The Committee spent time understanding the interaction of remuneration and culture of the organisation and how our remuneration structures influence our chosen strategic behaviours. We performed a comprehensive review of our executive remuneration offering in order to optimise the structure of our package to enhance competitiveness.

SUMMARY

The Remuneration Committee will continue to monitor the remuneration policy to ensure that it is correctly aligned with the Group's strategy. The Committee's policy aims to properly reward performance in line with the Company's business objectives and growth to enrich shareholder value.

(Sgd.)
Mr. R. Pathirana
Chairman
Remuneration Committee

2nd December 2022

CREATING New VALUES

FINANCIAL STATEMENTS

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

The Directors of Odel PLC have pleasure in presenting to the members of their report together with the Audited Financial Statements of the Company and the Audited Consolidated Financial Statements of the Group for the year ended 31 March 2022.

GENERAL

Odel PLC is a Public Limited Company which was incorporated under the Companies Act No. 17 of 1982 as a Private Limited Company on 31st October 1990, re-registered under the Companies Act No. 7 of 2007 on 05th September 2008, converted to a Public Limited Liability Company on 24th February 2010, and listed on the Colombo Stock Exchange on 04th August 2010. The name of the Company was changed to Odel PLC on 12th October 2010. The Company is currently listed on the Second Board of the Colombo Stock Exchange.

PRINCIPAL ACTIVITIES AND NATURE

The principal activity of the Company during the year was fashion retailing offering its customers a total shopping experience. There have been no significant changes in the activities of the company during the year under review.

FUTURE DEVELOPMENTS

An indication of likely future developments is set out in the Chairman's Review on pages 6 to 9.

PERFORMANCE REVIEW

The Financial Statements reflect the state of affairs of the Company and the Group. This report forms an integral part of the Annual Report of the Board of Directors.

FINANCIAL STATEMENTS

Section 168 (b) of the Companies Act require that the Annual Report of the Directors include financial statements of the Company, in accordance with Section 151 of the Companies Act and Group financial statements for the accounting period, in accordance with section 152 of the Companies Act. The requisite financial statements of the Company are given on pages 44 to 119 of the Annual Report.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards. A statement in this regard is given on page 43.

AUDITOR'S REPORT

The Auditor's Report on the financial statements is given on page 44 of the Annual Report.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are given on pages 55 to 69 of the Annual Report. There was no change in the accounting policies adopted from the previous year except for the standards listed in Note 6

PROPERTY, PLANT & \ EQUIPMENT

The details and movement of property, plant and equipment during the year under review is set out in Note 10 to the Financial Statements on pages 76 to 82.

CAPITAL EXPENDITURE

The total capital expenditure incurred on the acquisition of property, plant and equipment for the Company and the Group amounted to Rs 250 Mn (2021 – Rs.126 Mn) and Rs. 2,436 Mn (2021 – Rs.1,672 Mn) respectively. Details of capital expenditure and their movements are given in Note 10 to the Financial Statements on pages 76 to 82 of the Annual Report.

RESERVES

The reserves for the Company and Group amounted to Rs 2,552 Mn (2021 Rs. 2,879Mn) and Rs 2,618 Mn (2021 – Rs. 3,374Mn) respectively. The movement and composition of the Capital and Revenue reserves is disclosed in the Statement of Changes in Equity.

DONATIONS

During the year, donations made by the Company and Group is 45,000 (2021 – nil).

STATED CAPITAL

The stated capital of the Company as at 31 March 2022 was Rs. 2,795,513,620 represented by 272,129,431 shares. There was no change in the stated capital of the Company during the year under review.

EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL PERFORMANCE

No circumstances have arisen, and no material events have occurred after the date of the Statement of Financial Position, which would require adjustments to, or disclose in the accounts other than those disclosed in Note 37 to the Financial Statements.

TAXATION

The information relating to income tax and deferred taxation is given in Notes 8 & 9 to the Financial Statements.

DIVIDENDS

No dividend was paid out from the profit of current financial year.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied that all taxes, duties and levies payable by the Company and the Group, all contributions, levies and taxes payable on behalf of, and in respect of, the employees of the Company and the Group, and all other known statutory dues as were due and payable by the Company and the Group as at the date of the Statement of Financial Position have been paid or, where relevant provided for,

RELATED PARTY TRANSACTIONS

Transactions of related parties (as defined in LKAS 24 – Related Parties Disclose) with the Company are set out in Note 33 to the Financial Statements. There are no related party transactions which exceed the threshold of 10% of the equity or 5% of the total assets, whichever is lower in relation to non-recurrent related party transactions or 10% of the gross revenue in relation to recurrent related party transactions except for the information disclosed in the Related Party Transaction Committee Report on The Company has complied with the requirements of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions.

DIRECTORATE

The following Directors held Office during the year under review. The biographical details of the Board members are set out on pages 10 to 12.

Mr. A.K. Pathirage
(Chairman/ Managing Director)

Mr. H.K. Kaimal

Dr. I.C.R. De Silva

Dr. S. Selliah

Mr. R. P. Pathirana

Mr. J. M. J. Perera - appointed w.e.f 29th June 2021

DIRECTORS' SHAREHOLDING

The relevant interests of Directors in the shares of the Company are as follows:

Name of Director	No. of Shares as at 31/03/2022	No. of Shares as at 31/03/2021
Mr. A K Pathirage	48,292	48,292
Dr. S. Selliah		
Mr. H.K. Kaimal		
Mr. R. P. Pathirana		
Dr. I. C. R. De Silva		
Mr. J. M. J. Perera		

DIRECTORS' REMUNERATION

Directors' remuneration in respect of the Company for the financial year ended 31 March 2022 was Rs. 3,375,000 (2021 – Rs Nil). The remuneration of the Directors is determined by the Board.

DIRECTORS' INTERESTS IN CONTRACTS AND PROPOSED CONTRACTS WITH THE COMPANY

Directors' interests in contracts, both direct and indirect are referred to in Note 33 to the Financial Statements. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

INTERESTS REGISTER

The Interests Register is maintained by the Company as per the Companies Act No. 07 of 2007. All Directors have disclosed their interests pursuant to Section 192(2) of the said Act.

MINIMUM PUBLIC HOLDING AS A CONTINUOUS LISTING REQUIREMENT

The Company is currently looking at all options available and steps to be adopted by the Company to comply with the Minimum Public Holding Requirement will be notified in due course.

SHAREHOLDERS' INFORMATION

The distribution of shareholders is indicated on page 120 of the Annual Report. There were 4923 registered shareholders as at 31 March 2022 (31 March 2021 – 5070).

SHARE INFORMATION

Information on share trading is given on page 121 of the Annual Report.

INTERNAL CONTROL

The Directors are responsible for the governance of the Company including the establishment and maintenance of the Company's system of internal control. Internal control systems are designed to meet the particular needs of the organization concerned and the risk to which it is exposed and by their nature can provide reasonable, but not absolute assurance against material misstatement or loss. The Directors are satisfied that a strong control environment is prevalent within the Company and that the internal control systems referred to above are effective.

RISK MANAGEMENT

The Group's risk management objectives and policies and the exposure to risks, are set out in page 31 and 35 of the Annual Report.

CORPORATE GOVERNANCE

The report on Corporate Governance is given on pages 27 to 30 of the Annual Report.

THE AUDITORS

The Board Audit Committee reviews the appointment of the external auditors, as well as their relationship with the Group, including monitoring the Group's use of the auditors for non-audit services and the balance of audit and non-audit fees paid to the auditors.

The Auditors of the Company, Messrs Ernst & Young, Chartered Accountants were paid Rs. 1,920,000 as audit fees for the financial year ended 31 March 2022 (2021 – 1,440,000) by the Company. Details of which are given in Note 7 to the Financial Statements.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an auditor) with the Company that would have an impact on their independence. The Auditors also do not have any interest in the Company.

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

Having reviewed the independence and effectiveness of the external auditors, the Audit Committee has recommended to the Board that the existing auditors, Messrs Ernst & Young, Chartered Accountants be reappointed. Ernst & Young have expressed their willingness to continue in office and ordinary resolution reappointing them as auditors and authorizing the Directors to determine their remuneration will be proposed at the forthcoming AGM.

GOING CONCERN

The Directors having assessed the environment within which it operates, the Board is satisfied that the Company and the Group have adequate resources to continue its operations in the foreseeable future. Therefore, the Directors have adopted the going-concern basis in preparing the financial statements.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Thursday the 29th day of December 2022 at 10:00 am. The Notice of the Annual General Meeting is on page 122 of the Annual Report.

A K Pathirage
Chairman/Managing Director

H K Kaimal
Director

Softlogic Corporate Services (Pvt) Ltd
Secretaries

2nd December 2022

Colombo

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of the Directors, in relation to the financial statements of the Company differ from the responsibilities of the Auditors, which are set out in the Report of the Auditors on page 44.

The Companies Act No. 07 of 2007 stipulates that the Directors are responsible for preparing the Annual Report and the financial statements. Company law requires the Directors to prepare financial statements for each financial year, giving a true and fair view of the state of affairs of the Company at the end of the financial year, and of the Statement of Comprehensive Income of the Company and the Group for the financial year, which comply with the requirements of the Companies Act.

The Directors consider that, in preparing financial statements set out on pages 48 to 119 of the Annual Report, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed. The Directors confirm that they have justified in adopting the going concern basis in preparing the financial statements since adequate resources are available to continue operations in the foreseeable future.

The Directors are responsible for keeping proper accounting records, which disclose reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure the financial statements comply with the Companies Act No. 07 of 2007 and are prepared in accordance with Sri Lanka Accounting Standard (SLFRS/ LKAS).

They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities. In this regard the Directors have instituted an effective and comprehensive system of internal control.

The Directors are required to prepare financial statements and to provide the external auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate to enable them to give their independent audit opinion.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

COMPLIANCE REPORT

The Directors 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 relevant provided for, in arriving at the financial results for the year under review except as specified in Note 32 to the Financial Statements covering contingent liabilities

(Sgd.)
Softlogic Corporate Services (Pvt) Ltd
Secretaries

2nd December 2022
Colombo

INDEPENDENT AUDITORS' REPORT

Building a better working world

Ernst & Young
Chartered Accountants
201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF ODEL PLC

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Odel 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 31 March 2022, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How our audit addressed the key audit matter
ODEL Mall Project The Group continued its planned investment in the ODEL mall project as disclosed in notes 12 and 17 to the financial statements. Expenditure incurred on ODEL mall project amounts to Rs. 8,582 Mn and represents 30% of the total assets of the Group. Expenditure is classified as Other non-current assets (Rs. 6,826 Mn) and Inventory work-in-progress (Rs. 1,756 Mn) as described in notes 12 and 17 to the financial statements. This was a key audit matter due to: • Materiality of the balances. • Involvement of management judgements in assessing project completion cost, capitalization of borrowing costs and other overhead costs as work-in-progress for the project as disclosed in notes 2.6.9, 12 and 17. • Estimates and assumptions applied in the determination of carrying amount and Net Realizable Value (NRV). Such estimates and assumptions include forecast market price and sale of apartments.	Our audit procedures, among others, included the following: • Performed test of expenditure and apportionment of overheads including an evaluation of management's assessment as to whether the expenditure met the recognition and measurement criteria set forth in the accounting policies of the Group. • Inspected the loan agreement to establish that the loan has been obtained for the project and management's assessment of the timing and amount of capitalization of borrowing costs is in compliance with the accounting policies of the Group. • Reviewed the project status reports and the certificates issued by the project manager to understand the status of the project. Further we assessed reasonableness of management's estimates and assumptions made to assess the cost of project to be completed. • Tested NRV of the Inventories work -In-Progress to the selling prices contracted in the said project. We also assessed the adequacy of the Group's disclosures of its capitalization policy and other related disclosures in Notes 2.6.9, 12 and 17.
Existence and measurement of trading stock As at 31 March 2022, the carrying value of trading stock amounted to Rs. 2,386 Mn net of allowance for slow moving inventory in accordance with its accounting policy, as disclosed Note 17 to the financial statements. Existence and measurement of trading stock was a key audit matter due to: • materiality of the reported amount, which represents 8% of the Group's total assets; • trading stock being held at multiple locations comprising warehouses and showrooms island wide; • Significance of judgements and estimates used in measuring inventories at lower of cost and Net Realizable Value.	Our audit procedures included the following: • Assessed the appropriateness of the accounting policy in relation to measurement of inventories. • Evaluated management's process for inventory management and internal controls over the existence and measurement of trading stock. • Observed inventory counts at selected locations and reconciled the count results to the inventory listings compiled by management to support reported amounts as at the reporting date. • Assessed reasonableness of judgements and estimates applied by management when determining allowance for slow – moving inventory. • Tested, whether inventories were measured at the lower of cost and net realizable value at the reporting date, by comparing with subsequent selling prices of such items. We also evaluated the adequacy of the disclosures in Notes 2.6.14 and 17 to the financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Interest bearing loans and borrowings As of the reporting date, the Group reported total interest-bearing borrowings of Rs. 15,787 Mn, of which Rs. 8,913 Mn is reported as current liabilities and the balance Rs. 6,874 Mn as non-current liabilities. Interest bearing borrowings was a key audit matter due to: • Magnitude of the borrowings and volume of borrowing contracts. • Existence of numerous financial and non-financial covenants relating to such borrowings; and • Appropriateness of disclosures including liquidity risk management, maturity profile and current vs non-current classification of such borrowings in the notes to the financial statements.	Our audit procedures included amongst others the following: • Obtained an understanding of the terms and conditions attached to borrowings, by perusing the loan agreements. • Assessed the design and operating effectiveness of controls implemented for recording of borrowings, monitoring, evaluating and timely reporting on covenant compliances in relation to interest bearing borrowings. We also assessed the adequacy and appropriateness of the disclosures made in note 23 to the Financial Statements relating to interest bearing borrowings.

Other Information included in the 2022 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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 a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities of the management and those charged with governance

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 internal controls of the Company and the Group.
- 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 1697.

2nd December 2022
Colombo

INCOME STATEMENT

		Company		Group	
		For the year ended 31st March		For the year ended 31st March	
		2022	2021	2022	2021
	Note	LKR	LKR	LKR	LKR
Revenue	3	4,150,475,048	3,088,860,471	7,361,065,127	5,349,571,979
Cost of sales		(1,879,656,383)	(1,605,395,965)	(3,811,332,284)	(3,159,994,458)
Gross profit		2,270,818,665	1,483,464,506	3,549,732,842	2,189,577,522
Other operating income	4	543,772,467	324,006,788	123,558,892	111,005,416
Distribution expenses		(179,925,481)	(134,170,663)	(266,764,730)	(206,711,920)
Administrative expenses		(2,264,019,270)	(1,883,749,820)	(3,289,221,366)	(3,020,832,537)
Operating profit/(loss)		370,646,381	(210,449,189)	117,305,639	(926,961,518)
Finance costs	5	(976,836,729)	(811,870,354)	(1,546,406,126)	(1,179,902,051)
Finance income	6	34,790,870	33,837,084	10,437,743	8,902,575
(Loss) before tax		(571,399,478)	(988,482,459)	(1,418,662,744)	(2,097,960,994)
Income tax expense	8	85,851,069	221,935,445	47,219,625	412,515,437
Loss for the year		(485,548,409)	(766,547,014)	(1,371,443,119)	(1,685,445,557)
Attributable to:					
Owners of the parent				(1,371,443,119)	(1,685,445,557)
Non controlling interest				-	-
				(1,371,443,119)	(1,685,445,557)
Earning per share					
Basic	30	(1.78)	(2.82)	(5.04)	(6.19)

The accounting policies and notes on page 55 through 119 form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

		Company		Group	
		For the year ended 31st March		For the year ended 31st March	
		2022	2021	2022	2021
	Note	LKR	LKR	LKR	LKR
loss for the year		(485,548,409)	(766,547,014)	(1,371,443,119)	(1,685,445,557)
Other comprehensive income					
Other comprehensive income not to be reclassified to income statement in subsequent periods					
Actuarial loss on defined benefit plans	24	10,047,155	(6,886,815)	16,336,474	(10,828,975)
Income tax effect		(2,411,317)	1,652,836	(2,409,918)	1,474,270
		7,635,838	(5,233,979)	13,926,556	(9,354,706)
Revaluation of land and buildings	10	161,397,420	166,760,490	682,702,237	497,296,852
Income tax effect		(11,245,138)	65,882,321	(81,407,138)	38,350,328
		150,152,282	232,642,811	601,295,099	535,647,180
Other comprehensive Profit/(loss) for the year, net of tax		157,788,120	227,408,831	615,221,655	526,292,475
Total comprehensive income for the year, net of tax		(327,760,289)	(539,138,182)	(756,221,464)	(1,159,153,083)
Attributable to:					
Equity holders of the parent				(756,221,464)	(1,159,153,083)
Non-controlling interests				-	-
				(756,221,464)	(1,159,153,083)

The accounting policies and notes on page 55 through 119 form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31st March 2022	Note	Company 31-03-2022 LKR	Company 31-03-2021 LKR	Group 31-03-2022 LKR	Group 31-03-2021 LKR
ASSETS					
Non-Current Assets					
Property, plant & equipment	10	4,100,001,272	4,100,046,637	9,648,998,681	10,197,922,766
Investment property	11	4,676,760,000	4,145,300,000	1,870,100,000	1,730,000,000
Other non current assets	12	-	-	6,825,995,997	4,840,703,339
Intangible assets	13	552,564	925,443	215,409,804	269,717,603
Right of use assets	14	889,978,208	572,046,613	2,693,339,001	1,231,523,012
Investment in subsidiaries	16	4,718,600,044	3,608,434,044	-	-
Other financial assets	19	246,107,396	253,004,915	472,705,738	416,964,755
Goodwill	13	-	-	445,565,053	445,565,053
Deferred tax asset	9	-	-	272,534,502	333,262,276
		14,631,999,484	12,679,757,652	22,444,648,776	19,465,658,804
Current Assets					
Inventories	17	1,250,369,069	1,398,791,512	4,290,170,550	3,536,769,403
Trade and other receivables	18	682,412,727	547,833,715	1,175,431,544	807,608,201
Amounts due from related parties	22	310,553,149	363,541,585	150,531,536	128,844,000
Income Tax Refund Due		67,878,931	95,159,588	89,231,544	130,964,713
Other current assets	12	-	-	24,050,166	8,498,522
Other financial assets	19	21,948,077	23,188,243	21,948,077	23,188,243
Cash and bank balances	27	124,616,560	84,944,724	167,385,315	232,345,650
		2,457,778,513	2,513,459,367	5,918,748,731	4,868,218,734
Total Assets		17,089,777,997	15,193,217,019	28,363,397,507	24,333,877,537
EQUITY AND LIABILITIES					
Equity					
Stated capital	28	2,795,513,620	2,795,513,620	2,795,513,620	2,795,513,620
Revaluation surplus		2,570,749,900	2,420,597,618	4,426,663,199	3,825,368,099
Retained earnings		(19,053,703)	458,858,868	(1,808,890,080)	(451,373,517)
Total Equity		5,347,209,817	5,674,970,106	5,413,286,738	6,169,508,202

As at 31st March 2022	Note	Company 31-03-2022 LKR	Company 31-03-2021 LKR	Group 31-03-2022 LKR	Group 31-03-2021 LKR
Non-Current Liabilities					
Interest bearing borrowings	23	1,968,723,624	2,148,139,283	6,874,337,004	6,149,410,608
Deferred tax liabilities	9	162,421,997	261,897,268	351,631,029	422,258,086
Lease liability	15	841,065,635	557,130,052	2,239,626,404	1,103,142,862
Other non current liabilities	21	-	-	738,829,095	677,497,100
Retirement benefit liability	24	93,700,951	95,247,695	126,844,356	132,192,893
		3,065,912,208	3,062,414,298	10,331,267,888	8,484,501,548
Current Liabilities					
Trade and other payables	25	1,060,295,651	571,234,457	2,302,962,848	1,474,561,601
Amounts due to related parties	26	1,261,507,403	759,901,457	873,239,624	753,290,226
Income tax payable		-	-	2,469,270	5,573,484
Interest bearing borrowings	23	6,141,782,190	4,971,246,976	8,912,746,079	6,974,010,961
Lease liability	15	213,070,729	153,449,726	527,425,059	472,431,514
		8,676,655,972	6,455,832,616	12,618,842,880	9,679,867,786
Total Equity and Liabilities		17,089,777,997	15,193,217,019	28,363,397,507	24,333,877,537
Net asset per share		19.65	20.85	19.89	22.67

These financial statements are in compliance with the requirements of the Companies Act No 7 of 2007

S L R PIYAL
Chief Financial Officer

The Board of Directors is responsible for these financial statements.

Signed for and on behalf of the board by

A K PATHIRAGE
Chairman/Managing Director

H K KAIMAL
Director

The accounting policies and notes on page 55 through 119 form an integral part of the financial statements.

2nd December 2022
Colombo

STATEMENT OF CHANGES IN EQUITY

Company	Revaluation Reserve	Stated Capital	Retained Earnings/(Losses)	Total Equity
	LKR	LKR	LKR	LKR
As at 1st April 2020	**2,187,954,807**	**2,795,513,620**	**1,230,639,861**	**6,214,108,288**
Net Loss for the year	-	-	(766,547,014)	(766,547,014)
Other comprehensive income, net of tax	232,642,811	-	(5,233,979)	227,408,831
	2,420,597,618	2,795,513,620	458,858,868	5,674,970,106
As at 31st March 2021	**2,420,597,618**	**2,795,513,620**	**458,858,868**	**5,674,970,106**
Net Loss for the year	-	-	(485,548,409)	(485,548,409)
Other comprehensive income, net of tax	150,152,282	-	7,635,838	157,788,120
	2,570,749,900	2,795,513,620	(19,053,703)	5,347,209,817
As at 31st March 2022	**2,570,749,900**	**2,795,513,620**	**(19,053,703)**	**5,347,209,817**

	Attributable to equity holders of the parent			
Group	Revaluation Reserve	Stated Capital	Retained Earnings/(Losses)	Total Equity
	LKR	LKR	LKR	LKR
As at 1st April 2020	**3,289,720,919**	**2,795,513,620**	**1,243,426,746**	**7,328,661,285**
Net Loss for the year	-	-	(1,685,445,557)	(1,685,445,557)
Other comprehensive income, net of tax	535,647,180	-	(9,354,706)	526,292,475
	3,825,368,099	2,795,513,620	(451,373,517)	6,169,508,202
As at 31st March 2021	**3,825,368,099**	**2,795,513,620**	**(451,373,517)**	**6,169,508,202**
Net Loss for the year	-	-	(1,371,443,119)	(1,371,443,119)
Other comprehensive income, net of tax	601,295,099	-	13,926,556	615,221,655
	4,426,663,199	2,795,513,620	(1,808,890,080)	5,413,286,738
As at 31st March 2022	**4,426,663,199**	**2,795,513,620**	**(1,808,890,080)**	**5,413,286,738**

The accounting policies and notes on page 55 through 119 form an integral part of the financial statements.

STATEMENT OF CASHFLOWS

	Note	Company 2022 LKR	Company 2021 LKR	Group 2022 LKR	Group 2021 LKR
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES					
Net Loss before Income tax expense		(571,399,478)	(988,482,459)	(1,418,662,744)	(2,097,960,994)
Adjustments for					
Depreciation	10	410,595,073	413,186,531	743,719,362	735,237,625
Intangible assets amortization	13	372,879	418,745	54,307,799	54,337,646
Amortization of right of use assets	14	240,616,040	214,778,837	566,973,222	475,801,906
Finance costs	5	976,836,729	805,261,531	1,546,406,126	1,179,812,352
Finance income	6	(34,790,870)	(33,837,084)	(10,437,743)	(8,812,875)
Fair value (gain)/loss on investment property	4	(531,460,000)	(318,300,000)	(140,100,000)	(92,000,000)
Derecognition of right of use assets	14/15	-	-	(49,481,401)	-
(Profit)/loss on disposal of property, plant & equipment	4	(612,749)	171,591	30,716,940	195,342
Provision for define benefit plans	24.1	15,981,383	19,801,715	22,740,197	28,118,203
Operating profit before working capital changes		506,139,007	112,999,407	1,346,181,758	274,729,204
Decrease/(Increase) in inventories		148,422,443	258,270,624	(26,973,019)	(198,943,075)
Decrease/(Increase) in trade and other receivables		(134,579,012)	(125,713,463)	(367,823,342)	53,052,029
Decrease/(Increase) in dues from related parties		52,988,436	(34,616,048)	(21,687,536)	(26,134,026)
Decrease/(Increase) in other non current/current assets		-	-	160,468,510	948,988,709
Decrease/(Increase) in other current financial assets		8,137,685	(78,604,198)	(54,500,817)	(105,853,188)
(Decrease)/Increase in dues to related parties		501,605,946	601,235,920	119,949,398	402,813,721
(Decrease)/Increase in trade and other payables		489,061,194	(27,356,602)	828,401,247	300,250,977
(Decrease)/Increase in other non current liabilities		-	-	61,331,996	-
(Decrease)/Increase in contract liabilities		-	(1,037,892)	-	(1,037,892)
Cash generated from operations		1,571,775,699	705,177,748	2,045,348,194	1,647,866,460
Finance costs paid	5	(861,092,668)	(711,993,666)	(1,284,100,079)	(962,967,238)
Defined benefit plan costs paid	24	(7,480,971)	(15,522,860)	(11,752,261)	(17,740,732)
Income tax paid		0	0	(7,867,758)	17,466,758
Net cash from/(used in) operating activities		703,202,060	(22,338,777)	741,628,095	684,625,249

STATEMENT OF CASHFLOWS

	Note	Company		Group	
		2022	2021	2022	2021
		LKR	LKR	LKR	LKR
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES					
Acquisition of property, plant & equipment	10	(249,628,890)	(125,850,600)	(274,900,995)	(375,038,236)
Investment in equity shares of subsidiaries	16	(1,110,166,000)	(440,791,170)	-	-
Investment in capital projects	12.1	-	-	(2,161,312,813)	(1,297,280,812)
Finance income	6	34,790,870	33,837,084	10,437,743	8,812,875
Proceed from disposal of fixed assets		1,089,352	-	5,662,890	-
Net cash flows from/(used in) investing activities		(1,323,914,669)	(532,804,686)	(2,420,113,175)	(1,663,506,174)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES					
Repayment of interest bearing borrowings	23	(22,458,957,490)	(8,904,291,576)	(22,775,686,494)	(9,246,960,054)
Proceeds from interest bearing borrowings	23	23,650,055,840	9,654,501,635	25,675,026,774	10,848,666,458
Operating lease rent paid		(330,735,110)	(295,690,380)	(1,050,136,769)	(553,248,248)
Net cash flows from/(used in) financing activities		860,363,240	454,519,679	1,849,203,510	1,048,458,155
Net increase/(decrease) in cash and cash equivalents		239,650,631	(100,623,784)	170,718,431	69,577,230
Cash and cash equivalents at the beginning of the year		(685,033,247)	(584,409,463)	(898,298,376)	(967,875,607)
Cash and cash equivalents at the end of the year	27	(445,382,616)	(685,033,247)	(727,579,946)	(898,298,376)

The accounting policies and notes on page 55 through 119 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Odel PLC is a limited liability company incorporated and domiciled in Sri Lanka whose shares are publicly traded in the Colombo Stock Exchange. The registered office of Odel PLC is located at No 475/32, Kotte Road, Rajagiriya. Odel PLC is a subsidiary of Softlogic Retail Holdings (Pvt) Limited and Softlogic Holding PLC is the ultimate parent. The details of subsidiary companies are as follows.

Subsidiaries

Odel Apparels (Pvt) Ltd

Odel Apparels (Pvt) Ltd is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No.475/32, Kotte Road, Rajagiriya and the principal place of business is situated at No. 71/3, Kamatawatte Road, Rajagiriya.

Odel Properties (Pvt) Ltd.,

Odel Properties (Pvt) Limited is a limited liability company incorporated and domiciled in Sri Lanka. The registered office and principle place of business of the Company is located at No. 475/32, Kotte Road Rajagiriya.

Odel Lanka (Pvt) Ltd.

Odel Lanka (Pvt) Limited is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No.475/32, Kotte Road, Rajagiriya and the principal place of business is situated at 271, Kaduwela Road, Thalangama, Battaramulla.

Odel Information Technology Services (Pvt) Ltd

Odel Information Technology Services (Pvt) Ltd is a limited liability company incorporated and domiciled in Sri Lanka. The registered office and principle place of business of the Company is located at No.475/32, Kotte Road Rajagiriya.

Softlogic Brands (Pvt) Ltd

Softlogic Brands (Pvt) Ltd is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 14, De Fonseka Place, Colombo 05.

Odel Properties One (Pvt) Ltd

Odel Properties One (Pvt) Ltd is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No 475/32, Kotte Road, Rajagiriya and the principal place of business is situated at No 15, C.W.W Kannangara Mawatha, Colombo 7.

Odel Restaurants (Pvt) Ltd

Odel Restaurants (pvt) Ltd is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No 475/32, Kotte Road, Rajagiriya.

Cotton Collections (Pvt) Ltd

Cotton Collections (Pvt) Ltd is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No 475/32, Kotte Road, Rajagiriya.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the group were as follows;

Parent Company

During the year, the principal activities of the Company were to carry out fashion retail activities and to earn rental income from letting retail space.

Subsidiaries

Odel Apparels (Pvt) Ltd

During the year, the principal activities of the Company were to manufacture and supply of the garments to the group.

Odel Properties (Pvt) Ltd

During the year, the principal activities of the Company were to carry out real estate activities in relation to retail business

Odel Lanka (Pvt) Ltd

Principal activity of the Company was to hold its property for capital appreciation purpose.

Odel Information Technology Services (Pvt) Ltd

No activities were carried out during the year

Softlogic Brands (Pvt) Ltd

The principal activities of the Company were to import and retailing branded apparels.

Odel Properties One (Pvt) Ltd

The principal activity of the Company is involving the developing, owning, managing, operating, selling, leasing and renting of a mixed development project, which is under construction during the year

Odel Restaurants (Pvt) Ltd

The principle activity of the company were to manage restaurants.

Cotton Collections (Pvt) Ltd

The principal activities of the Company were to carry out retailing and manufacturing of fashion retail items.

1.3 Date of Authorization for issue

The consolidated financial statements of Odel PLC and Its Subsidiaries for the year ended 31st March 2022 were authorized for issue in accordance with a resolution of the directors on 2nd December 2022.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements of the group (Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement together with Accounting Policies and Notes) as at 31st March 2022 are prepared in accordance with Sri Lanka Accounting Standards (SLFRSs) as laid down by the Institute of Chartered Accountants of Sri Lanka.

2.1 Basis of preparation and measurement

The consolidated financial statements have been prepared on a historical cost basis, except for land and buildings and Financial Instruments that have been measured at fair value. The preparation and presentation of these financial statements are in compliance with the Companies Act No.07 of 2007.

Consolidated financial statements are presented in Sri Lankan Rupees except when otherwise indicated.

2.2 Going Concern

The Directors have made an assessment of the Group's and the Company's ability to continue as a going concern and is satisfied that respective entities have 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 those entities' ability to continue as a going concern. Therefore, the financial Statements continue to be prepared on the going concern basis.

In arriving at the above conclusion, following factors together with counter actions of the management stated below were duly considered by the management:

1) Net current liability position of Rs. 6,700 Mn reported by the Group, mainly resulting from/contributed by Company (i.e. Fashion retail business of the Group), which reported net current liability position of Rs. 6,219 Mn;

2) Net losses for the year of Rs. 485 Mn reported by the Company and parallelly, net losses of 1,371 Mn reported by the group, resulting from weakened business operations of the year due to negative effects of external factors such as global COVID-19 pandemic which limited immensely the local and foreign customers' shopping practices; and

3) The existing and anticipated effects of COVID-19 pandemic on the operations of the Group and the management has considered the potential downsides that the COVID -19 pandemic could bring to the business operations of the Group, in making this assessment.

Management, in consultation with business expertise and various actions are being taken to gain cost and operational efficiencies in the whole supply chain of the business operation. Management expects these actions to be implemented during the next financial year.

The Group is in the process of evaluating various options including some restructuring activities to minimise the existing interest-bearing borrowings. Negotiations are ongoing with the loan providers to convert certain of short-term facilities to long term loans and for capital deferment arrangements. Management is confident of liquidity risk management aspects with the long-term funding lines that the company and Group has secured as of the reporting date.

Considering the above action plans and the status of those as of the reporting date, the Directors are confident that the Group and the Company will continue its operation in the foreseeable future and they do not intend either to liquidate or to cease trading.

2.3 Comparative information

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements. The presentation and previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the group and its subsidiaries as at 31st March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee

- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.5 Significant judgements, estimates and assumptions

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets, liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future period.

Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgments and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period and any future periods.

In the process of applying the Company's accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful life of Property and finite Intangible Assets

Management assigns useful lives and residual values to the depreciable property based on the intended use of assets and the economic lives of these assets. Subsequent changes in circumstances such as improvements or utilization of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. Management reviews the residual values and useful lives of major items of depreciable property periodically. Refer Note 2.6.7 for useful lives used in depreciating Property. Useful life of finite intangible assets such as Brand Names have been estimated based on the average period of contractual right that the company is entitling to enjoy the future economic benefits. Refer Note 2.6.11 for useful lives used in Intangible assets.

Revaluation of Property Plant and Equipment and Investment Properties.

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 March 2022 for investment properties and Property plant and Equipment. Comparison method and Open market value method was used to assess the fair value of Investment Properties. In addition, it measures the Land and Buildings at revalued amounts, with changes in fair value being recognized in OCI. Land and Buildings were valued by reference to transactions involving properties of a similar nature, location and condition. Comparison method, DRC method, Investment method and Check method- Residual method were used to assess the fair value of Land & Buildings. For more details refer Note 10.3.1, 10.3.2 & Note 11.3.1, 11.3.2.

Retirement Benefit Obligations

The cost of defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the assumptions used are provided in Note 24

Impairment of Non-Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Impairment of Goodwill

Potential impairment of goodwill on business combination is periodically tested. The recoverable amounts of the CGU have been determined based on the value in use (VIU) calculation. value in use calculated based on the discounted cash flows of CGU..The recoverable amount of the Branded Apparel CGU, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 22.5%. The key assumptions used to determine the recoverable amount for the CGU is disclosed and further explained in note 13.3.

Deferred Tax

Deferred tax liability as reflected in Note 9 are recognized for unused tax losses to the extent that is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with the future tax planning strategies.

Estimating stand-alone selling price – loyalty programme

The Group estimates the stand-alone selling price of the loyalty points awarded under the loyalty Points programme. The stand-alone selling price of the loyalty points issued is calculated by multiplying to the estimated redemption rate and to the monetary value assigned to the loyalty points. In estimating the redemption rate, the Group considers breakage which represents the portion of the points issued that will never be redeemed. The Group applies statistical projection methods in its estimation using customers' historical redemption patterns as the main input. The redemption rate is updated annually and the liability for the unredeemed points is adjusted accordingly.

Segregation of Odell mall project work in progress

The Group segregates the cost incurred for the Odel Mall mix development project and it classifies as other non-current assets and inventory. The cost incurred for project work in progress which relating to the residential apartments work in progress segregates from Other non-current assets based on net floor area, element of work and functional allocation of the project.

2.6 Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

2.6.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value either in profit or loss or as a change to other comprehensive income (OCI). If the contingent consideration is not within the scope of SLFRS 9, it is measured in accordance with the appropriate SLFRS.

Contingent consideration that is classified as equity is not remeasured and subsequent settlement is measured at fair value with changes in fair value either in a profit or loss or as a change to the other comprehensive income (OCI). If the contingent consideration is not within the scope of SLFRS

9, it is measured in accordance with the appropriate SLFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash- generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.6.2 Foreign currency translation

The Group's consolidated financial statements are presented in Sri Lankan Rupees, which is also the parent company's and its subsidiary companies functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

2.6.3 Revenue recognition

Revenue from contracts with customers

Under SLFRS 15 - Revenue from contracts with customers with effected from 01 April 2018, revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.:

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable and consideration payable to the customer (if any).

Rendering of services

Under SLFRS 15 - Revenue from contracts with customers, revenue from service performance obligation over time or at a point in time. For each performance obligation satisfied over time, the Group recognizes the revenue over time by measuring the progress towards complete satisfaction of that performance obligation because the customer simultaneously receives and consumes the benefits provided by the Group.

Variable Consideration

If the consideration in a tenant contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the service to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Loyalty Point Programme.

The Group has loyalty point programmes, in several sector, which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer. When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

2.6.3.1 Other Income

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Dividends

Revenue is recognised when the Group's right to receive the payment is established.

2.6.4 Expenditure recognition

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

b) For the purpose of presentation of the Consolidated Income Statement the Directors are of the opinion that the function of expenses method presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

2.6.5 Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

IFRIC 23 Uncertainty over income tax treatments

The IFRIC 23 interpretation on Uncertainty over income tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes specifically determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Company applies significant judgement in identifying uncertainties over income tax treatments.

2.6.6 Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.6.7 Property, plant and equipment

Initial recognition

Property, plant and equipment is initially stated at cost except for land and buildings, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Subsequent Measurement

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

• Buildings	Over 40 Years
• Lease hold buildings	Over the lease period
• Fixtures and Fittings Years	Over 10 to 20
• Fixtures – air condition	Over 10 Years
• Office Equipment	Over 10 Years
• Furniture	Over 10 Years
• Computer Equipment	Over 05 Years
• Motor vehicles	Over 05 Years

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.6.8 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.6.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.6.10 Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise. Fair values are evaluated annually by an accredited external, independent valuer, In accordance with SLFRS 13.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change.

2.6.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Amortization is calculated on a straight-line basis over the estimated useful lives of the asset as follows:

- Computer Software 3 - 5 Years
- Brand Names 5 – 10 Years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

2.6.12 Financial instruments — initial recognition and subsequent measurement.

(i) Financial Assets

Recognition, Initial Measurement and Derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and Subsequent Measurement of Financial Assets

The Company classifies its financial assets into the following measurement category:

- Financial Assets measured at amortised cost.

The classification depends on the Company's business model for managing financial assets and the contractual terms of the financial assets' cash flows.

The Company classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through profit or loss or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

At the Inception, the Financial Assets are Classified in One of the Following Categories:

- Financial assets measured at fair value through profit or loss
- Financial assets measured at amortised cost
- Financial assets measured at amortised cost - loans and advances
- Financial assets measured at amortised cost - debt instruments
- Financial assets measured at fair value through Other Comprehensive Income

At the Inception, the Financial Liabilities are Classified in One of the Following Categories:

- Financial liabilities at amortised cost
- Financial liabilities at amortised cost - other instruments

Initial Measurements of Financial Instruments

Financial assets and liabilities are initially measured at their fair value plus transaction cost, except in the case of financial assets and liabilities recorded at fair value through profit or loss.

"Day One" Profit or Loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Company immediately recognises the difference between the transaction price and fair value (a "Day One" Profit or Loss) in the Income Statement. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in the Income Statement over the life of the instrument.

Financial Assets measured at Amortised Cost Debt Instruments

Investments in debt instruments are measured at amortised cost where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using Effective Interest Rate (EIR). The measurement of credit impairment is based on the three-stage expected credit loss model described below.

(ii) Reclassification of Financial Assets

The Company reclassifies its financial assets when, and only when, the Company changes its business model for managing financial assets. If the Company reclassifies financial assets which were measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, the Company applies the reclassification prospectively from the reclassification date. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

If the Company reclassifies a financial asset out of the amortised cost measurement category and in to the fair value through profit or loss measurement category, its fair value is measure at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognized in Profit or Loss.

If the Company reclassifies a financial asset out of the amortised cost measurement category and into the fair value through other comprehensive income measurement category, its fair value is measured at the reclassification date, any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognized in Other Comprehensive Income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

Impairment of financial assets

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of SLFRS 9 are classified, at initial recognition, as financial liabilities at fair value through profit or loss and other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities classified as 'fair value through profit or loss' will be subsequently measured at fair value and financial liabilities classified as 'other liabilities' will be subsequently measured at amortized cost.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

  Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable for the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.6.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous evaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

2.6.14 Inventories

Inventories are stated at the lower of cost and net realizable value. The management primarily determines cost of inventories using the weighted average method. The management estimates the net realizable value of inventories based on assessment of receipt of committed sales prices and provide for excess and obsolete inventories based on historical usage, estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities, related margin and market positioning of its products. However, factors beyond its contract, such as demand levels, technological advances and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories.

Finish Goods - Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Purchase cost on an actual basis
- Closing balance of the inventory on weighted average cost

Inventory work-in-progress – At actual cost

Actual cost includes cost of direct materials, direct labour and an appropriate proportion of directly attributable cost including the portion of borrowing cost incurred for the project.

Other inventories – At actual cost

2.6.15 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.6.16 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.

Where 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 income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.6.17 Odel Mall Project-Construction work in progress segregation and classification

The company has segregated the cost incurred for the Odel Mall mix development project under the Odel Mall portion and apartment portion separately in the financial statements. Odel Mall cost portion of the project will be categorized under Property, Plant and Equipment and currently it is under Other non-current assets as capital work in progress. Apartment cost portion of the project will be categorized under current assets as inventory work in progress.

The cost segregation is based on following guidelines

1) Net floor area
2) Element of work
3) Functional allocation

2.6.18 Post-employment benefits

Defined Benefit Plan - Gratuity:

Gratuity is a post-employment benefit plan. Provisions have been made for retirement gratuities from the first year of service for all employees in conformity with LKAS 19. However, under the 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 relevant statute. In order to meet this liability, the Group uses an actuarial valuation method in accordance with LKAS 19.

The cost of providing benefits under gratuity is determined using the projected unit credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the statement of comprehensive income. The defined benefit liability comprises the present value of the defined benefit obligation using a discount rate based on market yields at the end of reporting period on government bonds of a similar tenure as the estimated term of the gratuity obligation. Current service cost and the interest cost is recognized in the Income statement.

The gratuity benefits of the Group in unfunded.

Defined Contribution Plans

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively. Related expenditure is recognized in the income statement.

2.6.19 Lease

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term

Lease liability

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced

The Company lease liabilities are included in Note 22 to the Financial Statements.

2.7 Changes in Accounting Policies and Disclosure

2.7.1. The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021.

Amendments to SLFRS 16 Covid-19 Related Rent Concessions beyond 30 June 2021.

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification. The Group has applied practical expedient for Covid-19 related rent concessions which have been extended up to June 2022.

The following amendments and improvements do not expect to have a significant impact on the Group's financial statements.

- Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16
  : Interest Rate Benchmark Reform - Phase 2.

2.7.2. Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 - Interest Rate Benchmark Reform Phase 1 and 2

IBOR reform Phase 1

In 15 January 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 9, LKAS 39 and SLFRS 7 due to Interest Rate Benchmark Reform (Phase 1). A summary of Phase 1 amendments are as follows:

Highly Probable Requirement: when determining whether a forecast transaction is highly probable to be designated as a hedged item, an entity shall assume that the interest rate benchmark on which the hedged cashflows are based is not altered as a result of the reform

Prospective assessments: when performing prospective assessments to evaluate whether a hedging relationship qualifies for hedge accounting, an entity shall assume that the interest rate

LKAS 39 retrospective assessment: an entity is not required to undertake the 'LKAS 39 retrospective assessment' for hedging relationships directly affected by the reform. However, the entity must comply with all other LKAS 39 hedge accounting requirements, including the prospective assessment

Separately identifiable risk components: For hedges of non-contractually specified benchmark component of interest rate risk, an entity shall apply the requirement of risk component (or a portion) to be separately identifiable to be eligible for hedge accounting, only at the inception of such hedging relationships

2.8 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The amended standards that are issued, but not yet effective up to the date of issuance of these financial statements are disclosed below. The Group intends to adopt these amended standards, if applicable, when they become effective.

2.8.1. SLFRS 17 - Insurance Contracts

In 8 January 2020, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued SLFRS 17 Insurance Contracts (SLFRS 17). SLFRS 17 was amended by Amendments to SLFRS 17 - Insurance Contracts, in 28 June 2021. SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

2.8.2. Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of Fulfilling a Contract

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets (LKAS 37) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

2.8.3. Amendments to LKAS 16 Property, Plant & Equipment: Proceeds before Intended Use

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued LKAS 16 Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

2.8.4. Amendments to SLFRS 3 Business Combinations: Updating a reference to conceptual framework

In 23 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 3 Business Combinations - Updating a Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements

An exception was also added to the recognition principle of SLFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately

At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively

2.8.5. SLFRS 1 First-time Adoption of Sri Lanka Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 1 First-time Adoption of International Financial Reporting Standards (SLFRS 1). The amendment permits a subsidiary that elects to apply paragraph D16(a) of SLFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to SLFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of SLFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted

2.8.6. SLFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 9 Financial Instruments (SLFRS 9). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

2.8.7. LKAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to LKAS 41 Agriculture (LKAS 41). The amendment removes the requirement in paragraph 22 of LKAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of LKAS 41

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted

NOTES TO THE FINANCIAL STATEMENTS

3 REVENUE

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Type of goods or service				
Sales - Fashionable Retail	3,392,854,639	2,613,598,145	7,014,627,595	5,115,241,547
Net Income from Restaurant (3.1)	-	-	11,142,157	3,945,664
Commission income	-	-	47,637,848	25,610,567
Service income	72,828,789	75,706,165	24,987,194	1,638,875
Total revenue from contracts with customers	3,465,683,428	2,689,304,310	7,098,394,793	5,146,436,653
Rental income	684,791,620	399,556,161	262,670,334	203,135,327
Total revenue	4,150,475,048	3,088,860,471	7,361,065,127	5,349,571,979
Timing of revenue recognition				
Goods transferred at a point in time	3,392,854,639	2,613,598,145	7,014,627,595	5,115,241,547
Service transferred over time	757,620,409	475,262,326	346,437,532	234,330,432
Total revenue	4,150,475,048	3,088,860,471	7,361,065,127	5,349,571,979

3.1 Net Restaurant Income

	Company 2022 LKR	Company 2021 LKR	Group 2022 LKR	Group 2021 LKR
Sales - Restaurant	-	-	11,142,157	14,811,555
Less - Management fees	-	-	-	(10,865,890)
Net Income	-	-	11,142,157	3,945,664

4 OTHER OPERATING INCOME

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Fair value gain/(loss) on investment property	531,460,000	318,300,000	140,100,000	92,000,000
Profit/(loss) on disposal of PP&E	612,749	(171,591)	(30,716,940)	(195,342)
Sundry income	11,699,718	5,878,379	14,175,832	19,200,758
	543,772,467	324,006,788	123,558,892	111,005,416

5 FINANCE COSTS

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Interest on overdrafts	43,975,365	50,449,827	57,252,571	70,842,194
Interest on loans & borrowings	521,157,681	550,357,389	699,145,310	680,915,072
Interest on intercompany borrowings	186,452,962	101,728,568	221,447,603	183,699,030
Interest on leases	115,744,061	93,267,865	262,306,047	216,845,115
Guarantee fees	21,658,727	9,457,882	21,658,727	9,457,882
Exchange loss	87,847,933	6,608,823	284,595,867	18,142,758
	976,836,729	811,870,354	1,546,406,126	1,179,902,051

6 FINANCE INCOME

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Interest income	1,170,003	437,348	1,385,630	1,058,256
Fair value adjustment on refundable deposits	9,052,113	7,844,319	9,052,113	7,844,319
Intercompany interest	24,568,754	25,555,417	-	-
	34,790,870	33,837,084	10,437,743	8,902,575

7 PROFIT BEFORE TAX

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Administration Expenses				
Directors' emoluments	3,375,000	-	3,375,000	-
Depreciation	410,595,073	413,186,531	743,719,362	735,237,625
Provision for doubtful debt	3,126,185	-	3,126,185	-
Amortisation of intangible assets	372,879	418,745	54,307,799	54,337,646
Amortisation of ROU assets	240,616,040	214,778,837	566,973,222	475,801,906
Personnel costs includes -				
- Gratuity	15,981,383	19,801,714	22,740,197	28,118,203
- EPF & ETF	71,621,245	65,650,437	100,320,527	93,570,125
- Other staff costs	548,661,073	491,844,876	771,318,484	547,404,276
Donations	45,000	-	45,000	-
Audit fees	1,920,000	1,440,000	3,127,181	2,832,831

8 INCOME TAX EXPENSE

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Current income tax				
Current tax expense on ordinary activities for the year	27,280,657	22,020,457	47,897,449	31,583,372
Under/(over) provision of current taxes in respect of prior year	-	-	(1,400,734)	(1,975,933)
Dividend tax	-	-	-	-
Deferred income tax				
Deferred taxation charge /(reversal)	(113,131,726)	(243,955,902)	(93,716,339)	(442,122,877)
Income tax expense/(income) reported in the income statement	(85,851,069)	(221,935,445)	(47,219,625)	(412,515,437)
Statement of Other Comprehensive Income				
Deferred income tax related to items charged or credited directly to equity during the year				
Net gain on revaluation of building	11,245,138	(65,882,321)	81,407,138	(38,350,328)
Actuarial losses on defined benefit plans	2,411,317	(1,652,836)	2,409,918	(1,474,270)
Income tax charged/(reversed) directly to OCI	13,656,455	(67,535,157)	83,817,056	(39,824,597)

8.1 A Reconciliation between tax expenses and the product of accounting profit multiplied by the statutory tax rate is as follows

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Accounting Loss before tax	(571,399,478)	(988,482,459)	(1,418,662,744)	(2,097,960,994)
	(571,399,478)	(988,482,459)	(1,418,662,744)	(2,097,960,994)
Income tax rate of 24% (2021 : 24%)	(137,135,875)	(237,235,790)	(340,479,059)	(503,510,639)
Under/(over) provision for previous year	-	-	(1,400,734)	(1,975,933)
Allowable expenses	(120,511,223)	(174,493,021)	(215,537,361)	(239,823,268)
Income exempt from tax	(136,047,269)	(76,392,000)	(136,267,959)	(76,408,133)
Non deductible expenses	198,580,741	213,695,678	480,289,906	426,669,773
Tax loss claimed	195,113,625	296,445,590	221,940,143	424,655,640
ESC Write-off	27,280,657	-	37,951,779	-
Effect on deferred tax	(113,131,726)	(243,955,902)	(93,716,339)	(442,122,877)
	(85,851,069)	(221,935,445)	(47,219,625)	(412,515,437)
The effective income tax rate	15.02%	22.45%	3.33%	19.66%
Income tax expense reported	(85,851,069)	(221,935,445)	(47,219,625)	(412,515,437)

The Company and its subsidiary are liable to pay income tax at the rate of 24% of its taxable profits in accordance with the provisions of the Inland Revenue Act, No 24 of 2017 and subsequent amendments thereto. In the current year, there is no income tax expense recognised in the company for the trading income due to the tax losses produced and the tax expense recognised on interest income has been off set with the taxable loss from trading.

9 DEFERRED TAX ASSETS, LIABILITIES AND INCOME TAX RELATES TO THE FOLLOWING;

9.1 Statement of Financial Position

		Company		Group	
		31-03-2022	31-03-2021	31-03-2022	31-03-2021
		LKR	LKR	LKR	LKR
	Deferred Tax Liability				
	Capital allowances for tax purposes	48,573,477	38,438,421	59,063,450	65,501,142
	Revaluation of property, plant and equipment	786,264,492	775,019,354	786,264,492	806,855,387
	Fair valuation on investment property	143,676,000	90,530,000	339,020,098	223,012,066
		978,513,969	903,987,775	1,184,348,040	1,095,368,594
	Deferred Tax Assets				
	Defined benefit plans	(22,488,228)	(22,859,447)	(30,164,309)	(31,439,548)
	Provision for bad debts	-	-	(618,356)	(618,356)
	Deferred revenue	(1,760,037)	(709,775)	(1,760,037)	(709,775)
	Tax losses	(736,621,057)	(573,853,614)	(1,023,971,637)	(865,833,295)
	Net impact on ROU asset / Operating lease liability	(39,397,957)	(33,247,960)	(20,362,325)	(83,238,955)
	Provision for Inventory	(15,824,693)	(11,419,713)	(28,374,849)	(24,532,856)
		(816,091,972)	(642,090,508)	(1,105,251,514)	(1,006,372,785)
	Net Deferred Tax Liability / (Assets)	162,421,997	261,897,268	79,096,527	88,995,809
9.1.1	Total net deferred tax liability by entities	162,421,997	261,897,268	351,631,029	422,258,086
9.1.2	Total net deferred tax asset by entities	-	-	(272,534,502)	(333,262,276)
		162,421,997	261,897,268	79,096,527	88,995,810

9.2 Statement of Income /Comprehensive Income

	Company		Group	
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
	LKR	LKR	LKR	LKR
Deferred Tax Liability				
Capital allowances for tax purposes	10,135,056	(45,646,552)	(6,437,692)	(77,815,023)
Revaluation of property, plant and equipment	11,245,138	(65,882,321)	(20,590,895)	(34,046,289)
Fair valuation on investment property	53,146,000	31,830,000	116,008,032	(5,516,382)
	74,526,193	(79,698,873)	88,979,446	(117,377,694)
Deferred tax assets				
Defined benefit plans	371,219	683,520	1,275,239	190,728
Provision for Bad Debts	-	-	-	103,059
Deferred revenue	(1,050,261)	(419,165)	(1,050,261)	(419,165)
Tax losses	(162,767,443)	(228,190,514)	(158,138,343)	(346,926,595)
Net impact on ROU asset / Operating lease liability	(6,149,998)	2,081,557	62,876,630	(14,257,978)
Provision for Inventory	(4,404,980)	(5,947,583)	(3,841,994)	(3,259,830)
	(174,001,465)	(231,792,186)	(98,878,729)	(364,569,781)
Deferred income tax charge / (reverse)	(99,475,271)	(311,491,059)	(9,899,283)	(481,947,474)
Reported in the Statement of Income	(113,131,726)	(243,955,902)	(93,716,339)	(442,122,877)
Reported in the Statement of Comprehensive Income	13,656,455	(67,535,157)	83,817,056	(39,824,597)

9.3 The Company has unutilised tax losses to recognise a Deferred Tax Asset up to the extent of the Deferred Tax Liability arising from taxable temporary differences in the Company and will have taxable profits under the New Inland Revenue Act which is effective from 01st April 2018.

Further, the deferred tax liability has been recognised on the capital gain on investment assets and business assets at the applicable rates as per the new Inland Revenue Act.

10 PROPERTY, PLANT & EQUIPMENT

10.1 Company

10.1.1 Gross carrying amounts

	Balance As at 1-Apr-21	Incurred during the year / Transfers In	Revaluation	Disposals/ Derecognition	Transfer Out	Balance As at 31-Mar-22
	LKR	LKR	LKR	LKR	LKR	LKR
At cost						
Landscaping	884,560	-	-	-	-	884,560
Building - leasehold	998,072,741	3,828,138	-	-	-	1,001,900,879
Fixtures and fittings	1,781,460,014	9,244,588	-	(45,465,070)	-	1,745,239,532
Fixtures - air conditions	92,016,764	147,904	-	(24,642)	-	92,140,026
Furniture	50,277,804	1,997,407	-	(5,911,157)	-	46,364,054
Computer equipments	42,264,058	6,444,575	-	-	-	48,708,633
Office equipment	402,024,670	2,891,939	-	(8,824,936)	-	396,091,673
Motor vehicles	44,308,928	-	-	-	-	44,308,928
	3,411,309,539	24,554,551	-	(60,225,805)	-	3,375,638,285

	Balance As at 1-Apr-21	Transfer from Accumulated Depreciation	Revaluation	Disposals/ Derecognition	Transfer Out	Balance As at 31-Mar-22
	LKR	LKR	LKR	LKR	LKR	LKR
At valuation						
Land	1,944,500,000	-	198,776,000	-	-	2,143,276,000
Building	247,000,000	(35,258,370)	(37,378,580)	-	-	174,363,050
	2,191,500,000	(35,258,370)	161,397,420	-	-	2,317,639,050

10.1.2 In the Course of Constructions

	Balance As at 1-Apr-21	Transfer In	Revaluation	Disposals/ Derecognition	Transfer Out	Balance As at 31-Mar-22
	LKR	LKR	LKR	LKR	LKR	LKR
Capital work in progress	4,588,283	249,628,890	-	-	(24,554,551)	229,662,622
Total gross carrying amount	4,588,283	249,628,890	-	-	(24,554,551)	229,662,622
Total gross carrying value	5,607,397,822	238,925,071	161,397,420	(60,225,805)	(24,554,551)	5,922,939,957

10.1.3 Depreciation

	Balance As at 1-Apr-21	Acquisitions/ Transfers	Charge for the year	Disposals/ Derecognition	Revaluation / Transfer Out	Balance as at 31-Mar-22
	LKR	LKR	LKR	LKR	LKR	LKR
At Cost						
Landscaping	884,560	-	-	-	-	884,560
Building - leasehold	207,856,870	-	79,620,408	-	-	287,477,278
Fixtures and fittings	922,698,335	-	234,239,700	(45,465,070)	-	1,111,472,965
Fixtures - air conditions	37,870,806	-	16,219,498	(24,642)	-	54,065,662
Furniture	42,658,269	-	2,212,725	(5,911,157)	-	38,959,837
Computer equipments	25,968,642	-	4,981,680	-	-	30,950,322
Office equipment	240,884,483	-	32,091,954	(8,348,333)	-	264,628,104
Motor vehicles	28,529,220	-	5,970,737	-	-	34,499,957
	1,507,351,185	-	375,336,703	(59,749,203)	-	1,822,938,685

	Balance as at 1-Apr-21	Acquisitions/ Transfers	Charge for the year	Disposals/ Derecognition	Revaluation / Transfer Out	Balance as at 31-Mar-22
	LKR	LKR	LKR	LKR	LKR	LKR
At valuation	-	-	35,258,370	-	(35,258,370)	-
Building	-	-	35,258,370	-	(35,258,370)	-
Total depreciation	1,507,351,185	-	410,595,073	(59,749,203)	(35,258,370)	1,822,938,685

10 PROPERTY, PLANT & EQUIPMENT (CONT'D....)

10.1.4 Net Book Value

	2022 LKR	2021 LKR
At Cost		
Building - lease hold	714,423,601	790,215,871
Fixtures and fittings	633,766,567	858,761,679
Fixtures - air conditions	38,074,364	54,145,958
Furniture	7,404,217	7,619,535
Computer equipment	17,758,311	16,295,416
Office equipment	131,463,569	161,140,187
Motor vehicles	9,808,971	15,779,708
	1,552,699,600	1,903,958,354
At valuation		
Land	2,143,276,000	1,944,500,000
Building	174,363,050	247,000,000
	2,317,639,050	2,191,500,000
10.1.5 In the course of constructions		
Capital work in progress	229,662,622	4,588,283
Total gross carrying amount	229,662,622	4,588,283
Total	4,100,001,272	4,100,046,637

10.1.6 The company uses the revaluation model for measurement of land and buildings. The company engaged chartered valuer M/S G.W.G. Abeygunawardene an accredited independent valuer, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence. Valuations are based on comparison method/DRC method, adjusted for any difference in the nature, location or condition of the specific property. The date of the most recent revaluation was on 31st March 2022. The previous revaluation was on 31st March 2021.

If the properties were measured using the cost model, the carrying amounts would be, as follows:

Class of asset	Cost LKR	Cumulative depreciation If assets were carried at cost LKR	Net carrying amount 2022 LKR	Net carrying amount 2021 LKR
Building	312,463,128	304,109,981	8,353,146	136,590,986
Land	680,661,992	-	680,661,992	680,661,992

10.1.7 Land and buildings with a carrying value of LKR 2,250,309,800 (2021 - LKR 2,079,800,000) have been pledged as security for term loans obtained, and details of which are disclosed in Note 31

10.1.8 Property pant and equipment include fully depreciated assets having a gross carrying amount of LKR 689,605,990 (2021 - LKR 588,747,914)

10.1.9 The amount of borrowing costs capitalised during the year was LKR - Nil (2021 - LKR - Nil)

10 PROPERTY, PLANT & EQUIPMENT

10.2 Group

10.2.1 Gross carrying amounts

At cost	Balance As at 1-Apr-21	Incurred during the year / Transfers In	Revaluation	Disposals/ Derecognition	Transfer Out	Balance As at 31-Mar-22
	LKR	LKR	LKR	LKR	LKR	LKR
Landscaping	884,560	-	-	-	-	884,560
Building - leasehold	2,178,093,170	21,276,238	-	(75,221,216)	-	2,124,148,193
Fixtures and fittings	2,077,852,268	11,241,171	-	(45,854,791)	-	2,043,238,647
Fixtures - air conditions	104,088,236	147,904	-	(24,642)	-	104,211,498
Furniture	891,977,140	5,477,114	-	(14,959,220)	-	882,495,034
Computer equipment	186,157,528	10,945,375	-	(760,060)	-	196,342,843
Office equipment	546,657,789	7,998,294	-	(9,740,406)	-	544,915,678
Motor vehicles	62,241,578	-	-	(6,002,600)	-	56,238,978
Motor vehicles -lease	2,574,404	-	-	-	-	2,574,404
	5,992,434,385	57,086,095	-	(152,562,934)	-	5,955,049,835

At valuation	Balance As at 1-Apr-21	Transfer from Accumulated Depreciation	Revaluation	Disposals/ Derecognition	Transfer Out	Balance As at 31-Mar-22
	LKR	LKR	LKR	LKR	LKR	LKR
Land	6,487,200,000	-	759,636,000	-	(815,214,607)	6,431,621,393
Building	415,800,000	(42,989,668)	11,852,718	-	-	384,663,050
	6,903,000,000	(42,989,668)	771,488,718	-	(815,214,607)	6,816,284,443

10.2.2 In the course of constructions

	Balance As at 1-Apr-21	Transfer In	Revaluation	Disposals/ Derecognition	Transfer Out	Balance As at 31-Mar-22
	LKR	LKR	LKR	LKR	LKR	LKR
Building work in progress	-	-	-	-	-	-
Capital work in progress	16,952,709	249,628,890	-	(7,259,440)	(24,554,551)	234,767,608
Total gross carrying amount	16,952,709	249,628,890	-	(7,259,440)	(24,554,551)	234,767,608
Total gross carrying value	12,912,387,095	263,725,318	771,488,718	(159,822,374)	(839,769,159)	13,006,101,886

10.2.3 Depreciation

	Balance As at 1-Apr-21	Acquisitions/ Transfers	Charge for the year	Disposals/ Derecognition	Revaluation / Transfer Out	Balance As at 31-Mar-22
At Cost	LKR	LKR	LKR	LKR	LKR	LKR
Landscaping	884,560	-	-	-	-	884,560
Building - leasehold	774,896,366	-	253,771,075	(45,639,349)	-	983,028,091
Fixtures and fittings	1,015,041,926	-	267,070,950	(45,555,297)	-	1,236,557,579
Fixtures - air conditions	46,484,940	-	17,105,937	(24,642)	-	63,566,235
Furniture	393,283,905	-	105,761,368	(9,892,389)	-	489,152,884
Computer equipment	142,530,079	-	9,651,752	(332,575)	-	151,849,257
Office equipment	351,816,733	-	40,546,975	(8,736,253)	-	383,627,455
Motor vehicles	45,438,680	-	6,821,637	(6,002,600)	-	46,257,717
Motor vehicles -lease	2,179,428	-	-	-	-	2,179,428
	2,714,464,328	-	700,729,694	(116,183,105)	-	3,357,103,205

	Balance As at 1-Apr-21	Acquisitions/ Transfers	Charge for the year	Disposals/ Derecognition	Revaluation / Transfer Out	Balance As at 31-Mar-22
	LKR	LKR	LKR	LKR	LKR	LKR
At valuation						
Building	-	-	42,989,668	-	(42,989,668)	-
	-	-	42,989,668	-	(42,989,668)	-
Total depreciation	2,714,464,328	-	743,719,362	(116,183,105)	(42,989,668)	3,357,103,205

10.2.4 Net book value -Group

	2022 LKR	2021 LKR
At Cost		
Building - leasehold	1,141,120,101	1,403,196,805
Fixtures and fittings	806,681,068	1,062,810,342
Fixtures - air conditions	40,645,263	57,603,297
Furniture	393,342,151	498,693,235
Computer equipment	44,493,587	43,627,449
Office equipment	161,288,222	194,841,056
Motor vehicles	9,981,261	16,802,898
Motor vehicles -lease	394,976	394,976
	2,597,946,630	3,277,970,057
At valuation		
Land	6,431,621,393	6,487,200,000
Building	384,663,050	415,800,000
	6,816,284,443	6,903,000,000
10.2.5 In the course of constructions		
Capital work in progress	234,767,608	16,952,709
Total gross carrying amount	234,767,608	16,952,709
Total	9,648,998,681	10,197,922,766

10.2.6 The company uses the revaluation model for measurement of land and buildings. The company engaged chartered valuer M/S G.W.G. Abeygunawardene an accredited independent valuer, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence. Valuations are based on comparison method/DRC method, adjusted for any difference in the nature, location or condition of the specific property. The date of the most recent revaluation was on 31st March 2022. The previous revaluation was on 31st March 2021.

If the properties were measured using the cost model, the carrying amounts would be, as follows:

Class of asset	Cost LKR	Cumulative depreciation If assets were carried at cost LKR	Net carrying amount 2022 LKR	Net carrying amount 2021 LKR
Building	433,610,820	346,899,762	86,711,058	222,424,339
Land	2,178,317,202	-	2,178,317,202	2,178,317,202

10.2.7 Land and buildings with a carrying value of LKR 7,564,169,800 (2021 - LKR 6,791,300,000) have been pledged as security for term loans obtained, and details of which are disclosed in Note 31

10.2.8 Property pant and equipments included fully depreciated assets having a gross carrying amount of LKR 1,178,045,756 (2021 - LKR 1,001,588,810)

10.2.9 The amount of borrowing costs capitalised during the year was LKR Nil (2021 - LKR 5,077,270)

10.3 Valuation information - Land and building

10.3.1 Company

Property	Extent	No of buildings	Method of valuation	Effective date of valuation	Property valuer	Significant unobservable inputs 2022	Significant unobservable inputs 2021	Sensitivity of fair value to unobservable inputs	Fair Value as at 31-Mar-2022	Fair Value as at 31-Mar-2021
No. 10, Ward Place, Colombo 07.	Land - R 2, P 15 Buildings - Sq.ft 14,491	1	Comparison Method/ DRC Method	31-Mar-22	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	Estimated price per perch is LKR 20.5 Mn & estimated price per Square foot- LKR 4,250 to LKR 4,500	Estimated price per perch is LKR 18.5 Mn & estimated price per Square foot- LKR 3,450 to LKR 3,650	Positively correlated	Land - 1,947.5 Mn Building - 63.5 Mn	Land - 1,757.5 Mn Building - 51.5 Mn
C.W.W Kannangara Mawatha & Ward Place, Colombo 07	Building - Sq.ft 14,768	1	Comparison Method/ DRC Method	31-Mar-22	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	Estimated price per Square foot- LKR 0	Estimated price per Square foot- LKR 3,339	Positively correlated	Building - 0 Mn	Building - 49.3 Mn
No 29A, Jayathilaka Mawatha, Panadura	Land- R 1, P 2.16 Building - Sq.ft 33,272	1	Comparison Method/ DRC Method	31-Mar-22	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	Estimated price per perch is LKR 3.6 Mn & estimated price per Square foot is LKR 2,950 to LKR 5,250	Estimated price per perch is LKR 2.9 Mn & estimated price per Square foot is LKR 2,300 to LKR 4,700	Positively correlated	Land - 151.7 Mn Building - 151.0 Mn	Land - 146 Mn Building - 124.8 Mn
No 18 & 20, Sama Mawatha, Boralesgamuwa	Land -P 20 Building - Sq.ft 5,155	1	Comparison Method/ DRC Method	31-Mar-22	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	Estimated price per perch is LKR 2.2 Mn & estimated price per Square foot- LKR 4,400 to LKR 4,850	Estimated price per perch is LKR 2.050 Mn & estimated price per Square foot- LKR 4,000 to LKR 4,600	Positively correlated	Land - 44 Mn Building -23.3 Mn	Land - 41 Mn Building -21.4 Mn

10.3.2 Group (together with Note No 10.3.1 &11.3.1)

Property	Extent	No of buildings	Method of valuation	Effective date of valuation	Property valuer	Significant unobservable inputs 2022	Significant unobservable inputs 2021	Sensitivity of fair value to unobservable inputs	Fair Value as at 31-Mar-2022	Fair Value as at 31-Mar-2021
No. 475/32, Kotte Road, Rajagiriya	Land - R 1, P 7.42 Building Sq.ft 32,080	1	Comparison Method/ DRC Method	31-Mar-22	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	Estimated price per perch LKR 9 Mn & estimated price per Square foot- LKR 3,000 to LKR 7,250	Estimated price per perch LKR 8.2 Mn & estimated price per Square foot- LKR 2,750 to LKR 5,900	Positively correlated	Land - 426.78 Mn Building - 210.3 Mn	Land - 397.4 Mn Building - 168.8 Mn

11 INVESTMENT PROPERTY

11.1 Company

Gross carrying amount	Balance As at 1-Apr-21	Transfer In	Changes in fair value	Transfers Out	Impairment	Balance As at 31-Mar-22
	LKR	LKR	LKR	LKR	LKR	LKR
Land	4,145,300,000		531,460,000	-	-	4,676,760,000
Total	4,145,300,000	-	531,460,000	-	-	4,676,760,000

11.1.1 Net book value

	2022	2021
	LKR	LKR
At fair value		
Land	4,676,760,000	4,145,300,000
Total at fair value	4,676,760,000	4,145,300,000

11.1.2 Odel PLC has entered into a long term lease agreement for the ground rent with Odel Properties One (Pvt) Ltd for the purpose of constructing proposed shopping mall under a mixed development project approved by the Board of Investment of Sri Lanka. Note No 11.3.1 represent the detail of the land thereof.

11.2 Group

	Balance As at 1-Apr-21	Acquisitions/ Transfers	Changes in fair value	Disposals / Transfers	Write-offs / Impairment	Balance As at 31-Mar-22
	LKR	LKR	LKR	LKR	LKR	LKR
Land	1,730,000,000	-	140,100,000	-	-	1,870,100,000
Total	1,730,000,000	-	140,100,000	-	-	1,870,100,000

11.2.1 Net book value

	2022	2021
	LKR	LKR
At fair value		
Land	1,870,100,000	1,730,000,000
Total at fair value	1,870,100,000	1,730,000,000

11.2.2 Land with a carrying value of LKR 1,638,000,000 (2019 - LKR 1,364,000,000) have been pledged as security for term loans obtained, details of which are disclosed in Note 31

11.3 Valuation information - Land and building

11.3.1 Company

Property	Extent	No of buildings	Method of valuation	Effective date of valuation	Property valuer	Significant unobservable inputs		Sensitivity of fair value to unobservable inputs	Fair Value as at	
						2022	2021		31-Mar-2022	31-Mar-2021
No. 15, C.W.W. Kannangara Mawatha, Colombo 07.	Land - A 1, R 1, P 12.58	0	Comparison Method	31-Mar-22	G W G Abeygunawardene, Chartered Valuation Surveyor	Estimated price per perch is LKR 22 Mn	Estimated price per perch is LKR 19.5 Mn	Positively correlated	Land 4,677 Mn	Land 4,145 Mn
No. 21/5, C.W.W.Kannangara Mawatha, Colombo 07.										
No.25/2 ,3,5,6 & 6B,C.W.W. Kannangara Mawatha,Colombo 7.										
No.17,17/1,17/1A,19 & 19A, C.W.W. Kannangara Mawatha,Colombo7.										
No. 25, C.W.W. Kannangara Mawatha, Colombo 07.										

11.3.2 Group

Property	Extent	No of buildings	Method of valuation	Effective date of valuation	Property valuer	Significant unobservable inputs		Sensitivity of fair value to unobservable inputs	Fair Value as at	
						2022	2021		31-Mar-2022	31-Mar-2021
No 197/C, Kalapaluwawa Road & No 271, Kaduwela Road, Thalangama	A 1-R 1-P 35.24	0	Comparison Method	31-Mar-22	G W G Abeygunawardene, Chartered Valuation Surveyor	Estimated price per perch LKR 7.85 Mn	Estimated price per perch LKR 7.35 Mn	Positively correlated	Land 1,870 Mn	Land 1,730 Mn

12 OTHER CURRENT/NON CURRENT ASSETS

12.1 Other Non Current Assets

	Company		Group	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Work in progress				
Balance as at 01 st April	-	-	4,840,703,339	4,396,970,628
Addition during the period	-	-	2,161,312,813	1,297,280,812
Transfers during the period	-	-	(176,020,154)	(853,548,101)
Balance as at 31 st March	-	-	6,825,995,997	4,840,703,339

Odel Properties one (Pvt) Ltd, fully owned subsidiary of Odel PLC commenced the construction of a shopping mall with apartments as a BOI project. Other Non-Current Assets represents the construction work in progress, which mainly consists of advances paid to contractors, directly attributable cost incurred on the project and borrowing cost capitalized. The amount of borrowing costs capitalized during the year ended 31 March 2022 was LKR 383,172,217 (2021 – LKR 302,438,404)

12.1.1 Details of the Odell mall project

The Group is engaged in the development and construction of an integrated complex with an approximate area of 630,815 square feet, comprising of offices, residential units, retail and associate facilities and a car park.

The land owned by ODEL PLC has leased out for this project and land details are as follows;

Land Extent	A 1, R 1, P 12.58
Lease Period	50 Years

Total ODEL mall project cost

Upon completion of the project, the total cost will be allocated in the following percentages under each asset category. As estimated at this juncture of time the final project cost allocation will be done in an absolute manner once the project is at near completion.

Asset category	Type	Cost percentage
Property, plant & Equipment and Investment Property	Office premises and Retail space	88%
Inventory	Apartments	12%
		100%

12.2 Other Current Assets

	Company		Group	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Advance paid on constructions 12.2.1	-	-	34,618,874	654,000,000
Less - Work recovered from Advance	-	-	(10,639,550)	(645,572,320)
	-	-	23,979,324	8,427,680
Withholding Tax refund due	-	-	70,842	70,842
	-	-	24,050,166	8,498,522

12.2.1 Advances have been paid to Access Engineering PLC and China State Engineering Corporation for piling, diaphragm wall and construction of the shopping mall including apartments.

13 INTANGIBLE ASSETS

13.1 Company

13.1.1 Gross carrying amounts

	Balance As at 1-Apr-21	Incurred during the year / Transfers In	Revaluation	Disposals	Transfer Out	Balance As at 31-Mar-22
	LKR	LKR	LKR	LKR	LKR	LKR
At cost						
Computer software	2,001,615	-	-	-	-	2,001,615
Total	2,001,615	-	-	-	-	2,001,615

13.1.2 Amortization

	Balance As at 1-Apr-21	Acquisitions/ Transfers	Charge for the year	Disposals	Revaluation / Transfer Out	Balance As at 31-Mar-22
	LKR	LKR	LKR	LKR	LKR	LKR
At cost						
Computer software	1,076,172	-	372,879	-	-	1,449,051
	1,076,172	-	372,879	-	-	1,449,051

13.1.3 Net book value

	2022	2021
	LKR	LKR
At cost		
Computer software	552,564	925,443
Total	552,564	925,443
Total	552,564	925,443

13.1.4 Intangible Assets include fully amortised assets having a gross carrying amount of LKR -Nil (2020 - Nil)

13.2 Group

13.2.1 Gross carrying amounts

	As at 1-Apr-21	Incurred Transfers In	Revaluation	Disposals	Transfer Out	As at 31-Mar-22
	LKR	LKR	LKR	LKR	LKR	LKR
At cost						
Computer software	144,237,975	-	-	-	-	144,237,975
Brand names	672,974,584	-	-	-	-	672,974,584
Total	817,212,559	-	-	-	-	817,212,559

13.2.2 Amortization

	As at 1-Apr-21	Acquisitions/ Transfers	Charge for the year	Disposals	Revaluation / Transfer Out	As at 31-Mar-22
	LKR	LKR	LKR	LKR	LKR	LKR
At cost						
Computer software	143,020,371	-	607,799	-	-	143,628,171
Brand names	404,474,584	-	53,700,000	-	-	458,174,584
	547,494,956	-	54,307,799	-	-	601,802,755

13.2.3 Net book value

	2022	2021
	LKR	LKR
At cost		
Computer software	609,804	1,217,603
Brand names	214,800,000	268,500,000
Total	215,409,804	269,717,603

13.2.4 Intangible Assets include fully amortised assets having a gross carrying amount of LKR 307,106,647 (2019 - LKR 306,875,556)

13.3 Goodwill

The balance represents the Goodwill computed on the acquisition of,

	2022 LKR	2021 LKR
Softlogic Brands (Pvt) Ltd on 21st March 2015	104,680,409	104,680,409
Cotton collection (Pvt) Ltd on 28th August 2018	340,884,644	340,884,644
	445,565,053	445,565,053

Impairment of goodwill

The recoverable amounts of the CGU has been determined based on the value in use (VIU) calculation. value in use calculated based on the discounted cash flows of CGU. Cash flows are derived from the budget for the next five years without considering the significant future investments. Key Budget assumptions used for the budget are as follows.

Gross Margin - Actual gross margins achieved in the year preceding the budgeted year adjusted for projected market condition

Discount Rate - Current weighted average cost of funds - 22.5%

Inflation Rate/Cash flow growth rate - Inflation rate based on projected economic conditions.- 5%

14 RIGHT OF USE ASSETS

14.1 Company

	1-Apr-21 LKR	Additions / Charge LKR	Transfers In LKR	Transfers Out LKR	31-Mar-22 LKR
Gross carrying amounts	1,087,008,420	558,547,635	-	-	1,645,556,055
Amortisation	(514,961,807)	(240,616,040)	-		(755,577,847)
Net carrying amount	572,046,613				889,978,208

14.2 Group

	1-Apr-21 LKR	Additions / Charge LKR	Transfers In LKR	Transfers Out LKR	31-Mar-22 LKR
Gross carrying amounts	2,227,531,362	2,097,926,505	-	(69,137,294)	4,256,320,573
Amortisation	(996,008,350)	(566,973,222)	-	-	(1,562,981,572)
Net carrying amount	1,231,523,012				2,693,339,001

15 LEASE LIABILITY

15.1 Company

	1-Apr-21	Additions	Interest	Payments	31-Mar-22
	LKR	LKR	LKR	LKR	LKR
Leasehold properties	710,579,778	558,547,635	115,744,061	(330,735,110)	1,054,136,364
Motor vehicles	-				
	710,579,778	558,547,635	115,744,061	(330,735,110)	1,054,136,364

15.1.1 Following is the maturity lease liability for future periods.

	31-Mar-21			31-Mar-22		
	Gross Liability	Interest	Net Liability	Gross Liability	Interest	Net Liability
	LKR	LKR	LKR	LKR	LKR	LKR
0-3 Months	68,898,205	22,574,462	46,323,742	79,648,129	29,382,171	50,265,959
3-12 Months	166,772,942	59,646,959	107,125,984	242,119,325	79,314,555	162,804,770
Current balance	235,671,147	82,221,421	153,449,726	321,767,454	108,696,726	213,070,729
1 to 5 Years	537,003,757	189,362,664	347,641,093	885,759,873	208,716,619	677,043,254
5 Year and above	294,781,961	85,293,002	209,488,959	224,852,280	60,829,899	164,022,381
Non Current balance	831,785,717	274,655,665	557,130,052	1,110,612,153	269,546,518	841,065,635
Total	1,183,905,694	473,325,916	710,579,778	1,432,379,607	378,243,243	1,054,136,364

15.2 Group

	1-Apr-21	Transfer out	Additions	Interest	Payments	31-Mar-22
	LKR	LKR	LKR	LKR	LKR	LKR
Leasehold properties	1,575,574,376	(118,618,695)	2,097,926,505	262,306,047	(1,050,136,769)	2,767,051,463
Motor vehicles	-	-	-	-	-	-
	1,575,574,376	(118,618,695)	2,097,926,505	262,306,047	(1,050,136,769)	2,767,051,463

15.2.2 Following is the maturity lease liability for future periods.

	31-Mar-21			31-Mar-22		
	Gross Liability	Interest	Net Liability	Gross Liability	Interest	Net Liability
	LKR	LKR	LKR	LKR	LKR	LKR
0-3 Months	160,779,632	48,240,062	112,539,570	192,034,242	49,163,171	142,871,071
3-12 Months	481,698,450	121,806,506	359,891,944	596,155,804	211,601,816	384,553,988
Current balance	642,478,082	170,046,568	472,431,514	788,190,046	260,764,987	527,425,059
1 to 5 Years	1,155,035,088	261,381,184	893,653,904	1,798,293,218	733,877,916	1,064,415,302
5 Year and above	294,781,961	85,293,002	209,488,959	1,977,961,836	802,750,734	1,175,211,102
Non Current balance	1,449,817,048	346,674,186	1,103,142,862	3,776,255,054	1,536,628,650	2,239,626,404
Total	2,092,295,130	516,720,754	1,575,574,376	4,564,445,101	1,797,393,637	2,767,051,463

NOTES TO THE FINANCIAL STATEMENTS

16 INVESTMENT IN SUBSIDIARIES

		Company		Group	
		2022	2021	2022	2021
	% Holding	LKR	LKR	LKR	LKR
Odel Properties (Pvt) Ltd.	100%	108,100,000	108,100,000	-	-
Odel Information Technology Services (Pvt) Ltd	100%	10	10	-	-
Odel Lanka (Pvt) Ltd	100%	270,000,020	270,000,020	-	-
Odel Apparels (Pvt) Ltd	100%	1,000	1,000	-	-
Softlogic Brands (Pvt) Ltd	100%	1,719,288,000	1,719,288,000	-	-
Odel Properties One (Pvt) Ltd	100%	2,320,211,014	1,210,045,004	-	-
Odel Restaurant (Pvt) Ltd	100%	1,000,000	1,000,000	-	-
Cotton Collection (Pvt) Ltd	100%	300,000,000	300,000,000	-	-
		4,718,600,044	3,609,434,044	-	-
		4,718,600,044	3,608,434,044	-	-

17 INVENTORIES

	Company		Group	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Finished Goods	1,258,516,477	1,428,801,533	2,516,092,606	2,769,053,436
Raw Materials	68,253,634	17,572,116	148,084,174	17,572,116
Apartments - Work in progress (17.1)	-	-	1,755,996,382	853,548,102
Provision for obsolete and slow moving items	(76,401,042)	(47,582,137)	(130,002,612)	(103,404,251)
Total inventories at the lower of cost and NRV	1,250,369,069	1,398,791,512	4,290,170,550	3,536,769,403

17.1 Inventory work in progress includes transfer of ODEL mall project's construction cost and the deemed cost of the land on proportionate basis applicable to apartments

18 TRADE AND OTHER RECEIVABLES

	Company		Group	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Financial Assets - At Amortized Cost				
Trade Debtors 18.1	40,911,068	24,916,714	58,098,921	30,820,951
Other Debtors	51,183,909	26,268,518	287,171,117	109,777,020
Provision for impairment on trade receivable	(3,126,185)	-	(5,702,668)	(2,576,483)
	88,968,792	51,185,232	339,567,370	138,021,487
Non Financial Assets				
Deposits & Prepayments	593,443,935	496,648,483	835,864,173	669,586,714
	682,412,727	547,833,715	1,175,431,544	807,608,201

18.1 Trade debtors aging analysis

	Company		Group	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Age Category (Days)				
0-30	8,803,335	1,463,112	25,991,188	7,367,349
31-60	9,927,467	8,684,082	9,927,467	8,684,082
61-90	4,976,170	8,329,982	4,967,170	8,329,982
91-120	1,930,656	636,299	1,930,656	636,299
> 120	15,273,441	5,803,238	15,273,441	5,803,238
Total	40,911,068	24,916,714	58,098,921	30,820,951

18.2 The balances consist of credit card, rent and advertising debtor

19 OTHER FINANCIAL ASSETS

		Company		Group	
		2022	2021	2022	2021
		LKR	LKR	LKR	LKR
	Financial assets at fair value through profit and loss	248,959	248,959	248,959	248,959
	Investment in unit trust				
	Other Receivable				
	Staff loan	1,267,470	2,888,600	1,267,470	2,888,600
	Refundable deposit	266,539,044	273,055,599	493,137,386	437,015,439
		268,055,473	276,193,158	494,653,815	440,152,998
19.1	Total current	21,948,077	23,188,243	21,948,077	23,188,243
19.2	Total Non current	246,107,396	253,004,915	472,705,738	416,964,755
		268,055,473	276,193,158	494,653,815	440,152,998

20 CONTRACT LIABILITIES

20.1 Deferred Revenue

	Company		Group	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Loyalty programme				
Balance as at 01 st April	-	1,037,892	-	1,037,892
Transferred to Softlogic Rewards (Pvt) Ltd	-	(1,037,892)	-	(1,037,892)
Released to the income statement		-	-	-
Balance as at 31 st March	-	-	-	-

21 OTHER NON CURRENT LIABILITIES

	Company		Group	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Retained from payments on constructions (21.1)	-	-	302,411,382	298,500,000
Advances received on apartment sales (21.2)	-	-	431,294,608	373,873,994
Refundable deposit (21.3)	-	-	5,123,106	5,123,106
	-	-	738,829,095	677,497,100

21.1 The balance represents the retention amount on construction work carried out in relation to the mixed development project in progress by Odel Properties One (Pvt) Ltd.

21.2 The balance represents the advances received by Odel Properties One (Pvt) Ltd from the customers to reserve the apartments to be constructed under the mixed development project

21.3 Refundable deposit includes the security deposit received for cinema theatre form PVR Cinemas

22 AMOUNTS DUE FROM RELATED PARTIES

		Company		Group	
		2022	2021	2022	2021
	Relationship	LKR	LKR	LKR	LKR
Amount due from subsidiary companies					
Odel Properties (Pvt) Ltd	Subsidiary	-	17,980,175	-	-
Odel Properties One (Pvt) Ltd	Subsidiary	10,265,614	53,148,516	-	-
Odel Apparels (Pvt) Ltd	Subsidiary	25,584,434	35,221,555	-	-
Odel Lanka (Pvt) Ltd	Subsidiary	226,347,262	209,593,611	-	-
Cotton Collection (Pvt) Ltd		61,836,327	45,533,912	-	-
		324,033,637	361,477,769	-	-
Less: Provision for doubtful debt - Odel Lanka	Subsidiary	(65,532,013)	(65,532,013)	-	-
		258,501,624	295,945,756	-	-
Amount due from Other companies					
Softlogic Retail (Pvt) Ltd	Other Related	15,333,988	-	96,380,561	56,895,142
Softlogic Mobile Distribution (Pvt) Ltd	Other Related	-	-	-	389,868
Softlogic BPO Services (Pvt) Ltd	Other Related	-	-	3,697,913	-
Softlogic Holdings PLC	Ultimate Parent	-	-	258,863	258,863
Softlogic Restaurants (Pvt) Ltd	Other Related	36,233,876	40,893,790	36,233,876	40,978,086
Softlogic City Hotels (Pvt) Ltd	Other Related	483,661	483,661	483,661	483,661
Softlogic Communication (Pvt) Ltd	Other Related	-	48,960	-	48,960
Softlogic Retail Holdings (Pvt) Ltd	Immediate Parent	-	4,516,209	103,980	4,620,189
Softlogic Supermarkets (Pvt) Ltd	Other Related	-	21,653,209	12,061,682	23,686,641
Softlogic Properties (Pvt) Ltd	Other Related	-	-	1,063,736	1,063,736
Asiri Hospital Holdings PLC	Other Related	-	-	-	125,667
Central Hospital (Pvt) Ltd	Other Related	-	-	247,264	247,264
Asiri Hospital Galle (Pvt) Ltd	Other Related	-	-	-	45,924
		52,051,525	67,595,829	150,531,536	128,844,000
		310,553,149	363,541,585	150,531,536	128,844,000

23 INTEREST BEARING LOANS AND BORROWINGS

23.1 Company

		2022 Repayable within 1 year	2022 Repayable after 1 year	2022 Total	2021 Repayable within 1 year	2021 Repayable after 1 year	2021 Total
		LKR	LKR	LKR	LKR	LKR	LKR
Bank loan	23.1.1	3,806,027,362	1,968,723,624	5,774,750,986	2,899,259,832	2,148,139,283	5,047,399,115
Interest payable		20,168,294	-	20,168,294	-	-	-
Bank overdraft	27.2	569,999,176	-	569,999,176	769,977,971	-	769,977,971
Related Party Loans	23.1.2	1,745,587,358	-	1,745,587,358	1,302,009,173	-	1,302,009,173
		6,141,782,190	1,968,723,624	8,110,505,814	4,971,246,976	2,148,139,283	7,119,386,259

23.1.1 Bank Loans

	2021	Obtained	Repayment	2022
	LKR	LKR	LKR	LKR
Short term working capital loans	2,184,056,468	12,833,596,054	(11,911,964,355)	3,105,688,167
Medium term project loans	2,863,342,647	-	(194,279,828)	2,669,062,819
	5,047,399,115	12,833,596,054	(12,106,244,183)	5,774,750,986

23.1.2 Related Party Loans

	2021	Obtained	Repayment	2022
	LKR	LKR	LKR	LKR
Short term working capital loans				
Softlogic Holdings	1,302,009,173	10,816,459,786	(10,372,881,601)	1,745,587,358
	1,302,009,173	10,816,459,786	(10,372,881,601)	1,745,587,358

23.2 Group

		2022 Repayable within 1 year LKR	2022 Repayable after 1 year LKR	2022 Total LKR	2021 Repayable within 1 year LKR	2021 Repayable after 1 year LKR	2021 Total LKR
Bank loan	23.2.1	5,354,847,853	6,874,337,004	12,229,184,857	3,734,121,722	6,149,410,608	9,883,532,331
Interest payable		20,168,294	-	20,168,294	-	-	-
Bank overdraft	27.2	894,965,260	-	894,965,260	1,130,644,027	-	1,130,644,027
Related Party Loans	23.2.2	2,642,764,671	-	2,642,764,671	2,109,245,212	-	2,109,245,212
		8,912,746,079	6,874,337,004	15,787,083,083	6,974,010,961	6,149,410,608	13,123,421,569

23.2.1 Bank Loans

	2021 LKR	Obtained LKR	Repayment LKR	2022 LKR
Short term working capital loans	2,951,417,908	13,583,713,682	(12,015,586,623)	4,519,544,968
Medium term project loans	6,932,114,422	1,023,781,905	(246,256,438)	7,709,639,889
	9,883,532,331	14,607,495,587	(12,261,843,061)	12,229,184,857

23.2.2 Related Party Loans

	2021 LKR	Obtained LKR	Repayment LKR	2022 LKR
Short term working capital loans				
Softlogic Holdings PLC	1,956,245,212	11,067,531,186	(10,381,011,727)	2,642,764,671
Softlogic Finance PLC	153,000,000	-	(153,000,000)	-
	2,109,245,212	11,067,531,186	(10,534,011,727)	2,642,764,671

23.3 Terms of the loan

23.3.1 Company

Lending institution	Loan/Facility value	Nature of facility	Security
Bank of Ceylon	318.5 Mn	Medium term loan	First and additional legal mortgage over the property depicted as Lot No. 01 in Plan No. 012166 dated 10.07.2012 made by K D W D Perera , LS of the property situated at a Kotte Road, Rajagiriya, within the Administrative Limits of the Municipal Council of Sri Jayewardenepura Kotte, in the District of Colombo, Western Province.
Bank of Ceylon	100 Mn	Medium term loan	Corporate Guarantee of Softlogic Holdings PLC
Bank of Ceylon	112.5 Mn	Medium term-Moratorium loan	First and additional legal mortgage over the property depicted as Lot No. 01 in Plan No. 012166 dated 10.07.2012 made by K D W D Perera , LS of the property situated at a Kotte Road, Rajagiriya, within the Administrative Limits of the Municipal Council of Sri Jayewardenepura Kotte, in the District of Colombo, Western Province.
Bank of Ceylon	19Mn	Short term - Moratorium loan	First and additional legal mortgage over the property depicted as Lot No. 01 in Plan No. 012166 dated 10.07.2012 made by K D W D Perera , LS of the property situated at a Kotte Road, Rajagiriya, within the Administrative Limits of the Municipal Council of Sri Jayewardenepura Kotte, in the District of Colombo, Western Province.
Bank of Ceylon	26.4Mn	Short term - Moratorium loan	Loan Agreement
Bank of Ceylon	200Mn	Short term Loan	Loan Agreement
Cargills Bank	250Mn	Short term Loan	Corporate Guarantee for 250Mn to be obtained from Softlogic Holdings PLC together with the supporting board Resolution
Commercial Bank	50Mn	Bank Overdraft	Primary Mortgage Bond over credit and debit card sales of all outlets of the Company(excluding the outlet at BIA) routed through 3 Acquiring Banks (HSBC, Sampath, NTB- (Amex)
DFCC Bank	150Mn	Short term Loan	Primary Concurrent Mortgage Bond
DFCC Bank	500Mn	Medium term loan	Quadripartite agreement to be entered in to between DFCC bank PLC , the company, Softlogic Holding PLC and the Acuity Stock Brokers (Pvt) Ltd to Assign ordinary shares of Asiri Hospital Holdings PLC to the Value of 1,000,000,000 held by Softlogic Holdings PLC in favour of DFCC Bank PLC
DFCC Bank	100Mn	Import Loan	Primary Concurrent Mortgage Bond
DFCC Bank	135/175Mn	Bank Overdraft	Primary Concurrent Mortgage Bond No. 1066/4744/1439/1174 for Rs. 210,000,000.00 over stocks
Hatton National Bank	150Mn/400Mn	Bank Overdraft	Concurrent mortgage over stock and book debts
HNB	1000Mn	Medium term loan	Registered Primary Mortgage Over Credit Card Receivables
HNB	250Mn	Short term Loan	Concurrent Mortgage Bond, Stock in Trade & Book debts
HNB	57Mn	Short term Loan	Clean

Repayment term	Interest Rate	Loan Balance as at 31 March 2022 LKR	Loan Balance as at 31 March 2021 LKR
66 Months including 6 Months Grace Period	AWPLR+ 2%	265,833,100	385,166,203
30 Months including 6 Months Grace Period	AWPLR+ 2%	-	46,108,478
36 Equal Instalments commencing from 1st July 2022.	6.93% p.a (From 01.09.2021 to 31.12.2022) and 8.00% p.a. (From 01.01.2023 till 30.06.2025)	112,512,099	-
24 months including 03 months grace period. 1st to 3rd Month Grace Period. 4th to 24th Month-904,761.90	4% p.a	8,142,862	19,000,000
24 Months - 1,101,218.44 Per month	6.11% P.a (364 TB Rate +1%)	14,315,840	-
Maximum of 90 days subject to roll over	Market rate reviewed monthly	200,000,000	200,000,000
01 Year	AWPLR +3% p.a	216,784,243	233,988,722
On demand	PLR+2.5% p.a., reviewed Monthly	43,215,520	62,531,167
Maximum of 90 days subject to roll over	Market rate reviewed monthly	827,980,768	177,000,000
Repayable in 60 equal monthly instalments after a grace period of 12 months form the date of disbursement.	AWPLR + 2% (Reviewed in every 3 months)	213,840,000	
Maximum of 90 days	4 week AWPLR+ 2% - review monthly	68,275,593	20,802,723
On demand	Revised every month and will be 2% per annum above the AWPR	153,667,902.00	151,231,078
On demand	AWPLR (reviewed Annually)	218,383,330.00	361,677,451
To be settled in 48 Months	AWPLR+2.0% (Monthly Review)	801,596,234.30	842,867,967.58
Maximum of 90 days subject to roll over	Market rate at the date of Regrant	250,000,000.00	-
12 Monthly instalments of Rs3,687,140/ - and 1,077,323.29	AWPLR+2.5%	33,351,222	72,992,449

Lending institution	Loan/Facility value	Nature of facility	Security
Indian Bank	250Mn	Medium term loan	Primary Mortgage of merchant fee receivables and corporate guarantee of Softlogic Holdings PLC
Nations Trust Bank	90Mn	Short term Loan	Short Term Loan Agreement
Nations Trust Bank	100Mn	Import Loan	Mortgage over Stocks and Books Debts
Nations Trust Bank	20Mn	Bank Overdraft	Mortgage Over Stocks & Book debts for Rs. 100Mn
Sampath Bank	40Mn	Short term Loan	Loan Agreement
Sampath Bank	75Mn	Import Loan	Import Loan Agreement
Sampath Bank	75Mn	Bank Overdraft	Existing Concurrent Mortgage Bond for Rs.300Mn over stocks and book debts of the Company
Seylan Bank	1000Mn	Short term Loan	Corporate Guarantee of Softlogic Holdings PLC, Loan Agreement Form, Series of Loans, Accepted Facility Committed Letter
Softlogic Holding PLC		Short term Loan	None
State Bank of India	350Mn	Medium term loan	Primary Mortgage of merchant fee receivables and corporate guarantee of Softlogic Holdings PLC
Union Bank	1000Mn	Medium term loan	Primary Mortgage over commercial property for 1Bn owned by ODEL Lanka Private Limited (to secure facilities granted to ODEL PLC) situated at Thalangama in the district of Colombo, in extent of (A 1 - R 2-P 11.20), (A 0 - R 0 - P 14.50), depicted as Lot 01 and Lot 02 in survey plan no. 7009A/ 9000 dated 15th August 2013, made by S. Wickramasinghe (LS).
Union Bank	47.1Mn	Moratorium loan	Loan Agreement and the Primary Mortgage over commercial property for 1Bn owned by ODEL Lanka Private Limited (to secure facilities granted to ODEL PLC) situated at Thalangama in the district of Colombo, in extent of (A 1 - R 2-P 11.20), (A 0 - R 0 - P 14.50), depicted as Lot 01 and Lot 02 in survey plan no. 7009A/ 9000 dated 15th August 2013, made by S. Wickramasinghe (LS).
Union Bank	400Mn	Short term Loan	Concurrent Mortgage Bond
Union Bank	100Mn	Bank Overdraft	Concurrent Mortgage Bond totalling to Rs. 1.650 Bn over stocks and book debts

23.3.2 Group (together with No 23.3.1)

23.3.2.1 Odel Properties One (Pvt) Ltd

Lending institution	Loan/Facility value	Nature of facility	Security
HNB/Sampath/ BOC	5,400 Mn	Medium term loan	Primary concurrent mortgage over the property marked lot A depicted in Plan No 016016 made by K.D Walter D Perera LS together with building and everything else standing thereon. 100% of ordinary shares of Odel Properties One (Pvt) Ltd. Corporate guarantee of Softlogic Holding PLC for 5.4 Bn. Document of the title of goods to be imported in respect of a LC / Shipping guarantee for the mixed development project.

Repayment term	Interest Rate	Loan Balance as at 31 March 2022 LKR	Loan Balance as at 31 March 2021 LKR
48 Monthly after the grace period - Starting from 16th August 2020	AWPLR+2.25% p.a	186,040,000	245,500,000
Maximum of 90 days subject to roll over	AWPLR+ 1.25%	25,033,280	38,327,110
Maximum of 90 days	AWPLR+ 1%	-	34,038,370
On demand	Weekly AWPLR+1.5%p.a	1,311,227	15,150,191
Maximum of 90 days	Market rate reviewed monthly	50,000,000	40,000,000
Maximum of 90 days	AWPLR+ 1.25%	-	8,262,457
On demand	AWPLR+1.25%	64,336,198	71,348,906
Bullet Payment within 90days from the date of disbursement	Market rate reviewed monthly	1,000,000,000	1,039,644,635
On demand (Related party)	15.49% reviewed monthly	1,745,587,358	1,302,009,173
48 Monthly after the grace period - Starting from 16th August 2020	AWPLR+2.25% p.a	260,456,000	343,700,000
Capital to be repaid in 5 equal monthly instalments of Rs. 16,666,667/=+ 47 Monthly instalments of Rs 18,250,000 +one 3,162,335.98	AWPLR +3% p.a. with a floor rate of 11% p.a.	892,251,319	1,000,000,000
6 Monthly instalments of 7,850,000/= commencing form 31st July 2022.	354 Day TB Rate +1% P.A. Floor rate 6.93%	47,100,000	-
Monthly	AWPLR+ 2%	300,000,000	300,000,000
On demand	AWPLR +2%P.A.	89,088,599	108,039,178

Repayment term	Interest Rate	Loan Balance as at 31 March 2022 LKR	Loan Balance as at 31 March 2021 LKR
138 months including a grace period of 54 months	AWPLR + 2%	4,777,422,585	3,753,640,680

23.3.2.2 Softlogic Brands (Pvt) Ltd

Lending institution	Loan/Facility value	Nature of facility	Security
BOC	450 Mn	Medium term loan	Corporate Guarantee from Softlogic Holdings PLC & a mortgage over the property called "Madanagahawatta"
Commercial Bank	200 Mn	Overdraft/ Letter of Credit/ Short term Loan	Corporate guarantee of Rs 100 Mn executed by ODEL
DFCC	150 Mn	Overdraft/ Letter of Credit/ Short term Loan/ Import Loan	A Corporate Guarantee from Odel PLC for 100 Million
Union Bank	300 Mn	Letter of Credit/ Import Loan	A Corporate Guarantee from Odel PLC for 200 Million & a negative pledge over stock & Book Debts
NDB	200 Mn	Overdraft / Letter of credit / Short term Loan	A Corporate guarantee from Softlogic Retail Holdings (Pvt) Ltd for 200 million

23.3.2.3 Cotton Collections (Pvt) Ltd

Lending institution	Loan/Facility value	Nature of facility	Security
NTB	50 Mn	Import Loan	Primary Mortgage bond over Stocks

Repayment term	Interest Rate	Loan Balance as at 31 March 2022 LKR	Loan Balance as at 31 March 2021 LKR
66 months including 6 months grace period		263,154,486	315,131,096
90 Days	AWPLR +1.5%	25,109,195	24,319,167
180 Days	AWPLR + 2%	661,401,642	32,847,015
120 Days	AWPLR +1.5%	265,024,864	235,263,015
120 Days	AWPLR +1.5%	192,833,000	95,726,641

Repayment term	Interest Rate	Loan Balance as at 31 March 2022 LKR	Loan Balance as at 31 March 2021 LKR
Within 120 Days of granting each loan	AWPLR + 2.75%	23,100,784	35,526,773

24 RETIREMENT BENEFIT LIABILITY

	Company		Group	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Defined Benefit Plan Costs - Gratuity				
As at the beginning of the year	95,247,695	84,082,025	132,192,893	110,986,446
PV-DBO as at 01 April 2020 for those transferred out	-	-	-	(33,393)
Charge for the year (24.1)	15,981,383	19,801,715	22,740,197	28,151,595
Payment made during the year	(7,480,971)	(15,522,860)	(11,752,261)	(17,740,732)
Actuarial loss/ (Gain) on obligation	(10,047,155)	6,886,815	(16,336,474)	10,828,975
Defined Benefit Obligation as at the end of the year	93,700,951	95,247,695	126,844,356	132,192,893

24.1 Charge for the year

	Company 2022 LKR	Company 2021 LKR	Group 2022 LKR	Group 2021 LKR
Current service cost	9,590,263	12,066,169	13,693,824	18,222,215
Interest cost	6,391,120	7,735,546	9,046,373	9,929,380
Gratuity	15,981,383	19,801,715	22,740,197	28,151,595

24.2 The Retirement benefit liability of Odel PLC is valued by M/S Actuarial & Management Consultants (Pvt) Ltd. Defined liability is valued as at 31st March 2022 and the principal actuarial assumptions used are as follows.

Principal actuarial assumptions

	Company		Group	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Discount rate	14.00%	6.71%	14%, 15%, 11.5%	10% , 10.16%
				& 10.36%
Salary increases	10.0%	7.0%	10.0%	7.0%
Staff turnover	24%	18%	24& 12%	18%
Retirement Age	60 Years	55 Years	60 Years	55 Years
Weighted average duration of define benefit obligation	3.36 Years	4.98 Years	3.36, 3.41	7.5 , 11.8
			& 5.68 Years	& 12.5 Years

24.3 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the Comprehensive Income Statement and the Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the profit & loss and employment benefit obligation for the year.

Assumptions	Discount rate		Salary increment rate	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Impact on defined benefit obligation - Company	(2,680,389)	2,860,754	3,363,595	(3,198,884)
Impact on defined benefit obligation - Group	(15,068,787)	16,269,673	16,949,374	(15,631,184)

24.4 Maturity Analysis

Distribution of Present Value of Defined Benefit Obligation In Future Years (Rs.)

within the next 12 months	21,330,277
between 1 to 2 years	34,535,595
between 3 to 5 years	23,284,707
between 6 to 10 years	10,934,593
beyond 10 years	3,615,779
	93,700,951

The expected benefits are estimated based on the same assumptions used to measure the company's benefit obligation at the end of the year and include benefits attributable to estimated future employee service.

25 TRADE AND OTHER PAYABLES

	Company		Group	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Financial Liabilities				
Trade payables	323,160,076	138,654,435	1,266,281,038	843,081,058
Sundry creditors	393,288,604	115,550,021	490,957,381	132,718,587
Accrued expenses	72,795,235	34,762,591	197,515,672	173,320,453
Unredeemed vouchers	54,688,387	53,029,141	54,688,387	53,029,141
Work certified on constructions	-	-	279,614,207	247,468,011
Deposits & Advances	216,363,349	229,238,269	13,906,163	24,944,351
	1,060,295,651	571,234,457	2,302,962,848	1,474,561,601

26 AMOUNTS DUE TO RELATED PARTIES

		Company		Group	
		2022	2021	2022	2021
	Relationship	LKR	LKR	LKR	LKR
Amount due to subsidiary companies					
Odel Properties (Pvt) Ltd	Subsidiary	1,208,898	-	-	-
Odel Information Technology Services (Pvt) Ltd	Subsidiary	7,482,645	7,685,376	-	-
Odel Restaurant (Pvt) Ltd	Subsidiary	5,859,672	4,012,071	-	-
Softlogic Brands (Pvt) Ltd	Subsidiary	763,149,938	415,759,954	-	-
		777,701,153	427,457,401	-	-
Amount due to other companies					
Softlogic Retail (Pvt) Ltd	Other related	-	8,290,427	156,256,474	138,863,934
Softlogic BPO Services (Pvt) Ltd	Other related	111,059,403	81,596,393	144,231,501	98,711,852
Softlogic Corporate Services (Pvt) Ltd	Other related	6,501,158	4,442,887	17,471,549	10,166,266
Softlogic Holdings PLC	Ultimate parent	312,065,959	235,650,209	491,900,100	497,579,960
Softlogic Information Technologies (Pvt) Ltd	Other related	1,385,796	472,864	2,693,796	755,364
Softlogic Restaurants (Pvt) Ltd	Other related	-	-	1,082,989	902,256
Softlogic Communications (Pvt) Ltd	Other related	10	-	8,660	8,650
Softlogic Retail One (Pvt) Ltd	Other related	-	-	70,792	70,792
Nextage (Pvt) Ltd	Other related	3,673	-	3,673	-
Ceysand Resorts (Pvt) Ltd	Other related	300,000	-	300,000	-
Softlogic City Hotels (Pvt) Ltd	Other related	-	-	347,145	-
Softlogic Properties (Pvt) Ltd	Other related	150,000	-	150,000	-
Softlogic Life Insurance PLC	Other related	-	-	3,617,203	1,926,174
Softlogic Mobile Distribution (Pvt) Ltd	Other related	81,849	10,000	81,849	10,000
Softlogic Retail Holdings (Pvt) Ltd	Other related	2,890,714	-	2,890,714	-
Softlogic Supermarkets (Pvt) Ltd	Other related	46,114,399	-	46,676,116	470,317
Softlogic Automobiles (Pvt) Ltd	Other related	40,605	-	40,605	-
Central Hospital Limited	Other related	48,400	32,500	48,400	32,500
Softlogic Finance PLC	Other related	-	-	1,782	1,782
Softlogic Rewards (Pvt) Ltd	Other related	3,164,284	1,948,776	5,261,193	3,554,109
Softlogic Computers (Pvt) Ltd	Other related	-	-	105,080	-
		483,806,250	332,444,056	873,239,624	753,290,226
		1,261,507,403	759,901,457	873,239,624	753,290,226

27 CASH AND CASH EQUIVALENTS

27.1 Favourable cash & cash equivalents balance

Cash & bank balances

	Company		Group	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Components of Cash and Cash Equivalents				
Cash & bank balances	124,616,560	84,944,724	167,385,315	232,345,650
27.2 Unfavourable cash & cash equivalents balance				
Bank overdraft	(569,999,176)	(769,977,971)	(894,965,260)	(1,130,644,027)
	(445,382,616)	(685,033,247)	(727,579,946)	(898,298,376)

28 STATED CAPITAL

	Company		Group	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Fully paid ordinary shares	272,129,431	2,795,513,620	272,129,431	2,795,513,620
	272,129,431	2,795,513,620	272,129,431	2,795,513,620

29 FINANCIAL ASSETS & LIABILITIES - FAIR VALUES

29.1 The fair value of the financial assets and liabilities is included in the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Investment in unit trust, cash and short-term deposits, staff loans, refundable deposits, trade receivables, trade payables, amount due to/from related party and other current liabilities approximate their carrying amounts.

The fair value of, obligations under finance leases, is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

The fair value of loans from bank approximate the carrying value as loans have been obtained on floating rates.

29.2 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

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

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements.

Company	Carrying Amount		Fair value	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Interest bearing loans and Borrowings				
Floating Rate Borrowings	5,774,750,986	5,047,399,115	5,774,750,986	5,047,399,115
	5,774,750,986	5,047,399,115	5,774,750,986	5,047,399,115

Group	Carrying Amount		Fair value	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Interest bearing loans and Borrowings				
Floating Rate Borrowings	12,229,184,857	9,883,532,331	12,229,184,857	9,883,532,331
	12,229,184,857	9,883,532,331	12,229,184,857	9,883,532,331

Company	Carrying Amount		Fair value	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Loans and receivables				
Staff loan	1,267,470	2,888,600	1,267,470	2,888,600
Refundable deposit	266,539,044	273,055,599	266,539,044	273,055,599
	267,806,514	275,944,199	267,806,514	275,944,199

Group	Carrying Amount		Fair value	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Loans and receivables				
Staff loan	1,267,470	2,888,600	1,267,470	2,888,600
Refundable deposit	493,137,386	437,015,439	493,137,386	437,015,439
	494,404,856	439,904,039	494,404,856	439,904,039

As at 31 March 2022, the Group held the following assets carried at fair value in the statement of financial position:

Assets measured at fair value - 2022	LKR	Level 1 LKR	Level 2 LKR	Level 3 LKR
Financial assets at fair value through profit and loss				
Investment in unit trust	248,959	248,959	-	-
			-	-
Non-Financial Assets				
Free hold lands	6,431,621,393	-	-	6,431,621,393
Free hold buildings	384,663,050	-	-	384,663,050
Investment Property	1,870,100,000	-	-	1,870,100,000

Assets measured at fair value - 2021	LKR	Level 1 LKR	Level 2 LKR	Level 3 LKR
Financial assets at fair value through profit and loss				
Investment in unit trust	248,959	248,959	-	-
Non-Financial Assets				
Free hold lands	6,487,200,000	-	-	6,487,200,000
Free hold buildings	415,800,000	-	-	415,800,000
Investment Property	1,730,000,000	-	-	1,730,000,000

29.3 Unobservable inputs used in measuring the fair value of non-financial assets

Note numbers 10.3 & 11.3 set out information about significant unobservable inputs used as at 31st March 2022 in measuring non-financial assets categorised as level 3 in the fair value hierarchy

30 EARNINGS/(LOSSES) PER SHARE

Basic earnings/(losses) per share is calculated by dividing the net profit / (loss) for the year attributable to equity holders of parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events, that have changed the number of ordinary shares outstanding, without a corresponding change in the resources.

The following reflects the income and share data used in the basic earning/(losses) per share computations

	2022 LKR	2021 LKR
Amounts used as the numerators:		
Net Loss	(1,371,443,119)	(1,685,445,557)
Net Loss attributable to ordinary shareholders for basic earnings/(losses) per share	(1,371,443,119)	(1,685,445,557)
Number of ordinary shares used as denominators:		
Weighted average number of ordinary shares in issue applicable to basic earnings/(losses) per share	272,129,431	272,129,431
Adjusted weighted average number of ordinary shares applicable to basic earnings/(losses) per share	272,129,431	272,129,431
Basic earning/(losses) per share	(5.04)	(6.19)

NOTES TO THE FINANCIAL STATEMENTS

31 ASSETS PLEDGED (COMPANY/GROUP)

The following assets have been pledged as security for liabilities.

Nature of asset	Mortgage type	Bank	2022	2021	Address
Odel PLC					
Land & building	Primary	BOC	450 Mn	450 Mn	Property situated at No. 475/32, Kotte Road, Rajagiriya. Owned by Odel Properties (Pvt) Ltd
Land & building	Primary	Union	1047.1 Mn	1000 Mn	Property situated at No 271-271F, Kaduwela Road, Thalangama, Battaramulla. owned by Odel Lanka (Pvt) Ltd
Stock & book debts	Primary Concurrent	Union	100 Mn	450 Mn	
Stock & book debts	Primary Concurrent	Sampath	75 Mn	150 Mn	
Stock & book debts	Primary Concurrent	HNB	1,800 Mn	400 Mn	
Stock & book debts	Primary Concurrent	DFCC	310 Mn	250 Mn	
Stock & book debts	Primary Concurrent	NTB	120 Mn	100Mn	
Stock & book debts	Primary Concurrent	Commercial	50 Mn		
Softlogic Brands (Pvt) Ltd					
Land & building	Primary Concurrent	BOC	450 Mn	230 Mn	Property situated at No 29A, Jayathilaka Mawatha, Panadura, owned by Odel PLC
Odel Properties One (Pvt) Ltd					
Land & building	Primary Concurrent	HNB / Sampath / BOC	5,400 Mn	5,400 Mn	Property situated at Dr. C W W Kannangara Mw., Colombo - 07 owned by Odel PLC

32 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no significant capital commitments and contingent liabilities as of the Balance sheet date except for the amount disclosed below,

32.1 Capital Commitments

Odel Properties One (Pvt) Ltd which is a fully owned subsidiary, has entered into agreements with;

a) Access Engineering PLC for Rs 570 Mn to construct the diaphragm wall and piling work of the proposed Odel department store. As at 31st March 2022, estimated value of the work done is Rs 450Mn.

b) China Construction Third Engineering Bureau Co, Ltd for 7,017 Mn on commercial development at Ward Place. As at 31st March 2021, the estimated value of the work done is Rs 4,687 Mn

c) Non contracted capital commitments

Estimated non contracted commitment for the above project will be Rs 8,310 Mn.

32.2 Contingent Liabilities

a) Odel PLC has executed letter of credit for LKR 298,075,001 LKR (839,650 USD / 139,500 EUR)

b) Softlogic Brands (Pvt) Ltd has executed letter of credits for 187,117,522 LKR (507,591 USD / 13,740 GBP / 126,016 SGD)

c) Odel Properties One (Pvt) Ltd has executed letter of credits for 365,088,283 LKR (795,654 USD)

d) Refer note no 23.3 to this financial statements for the details of the corporate guarantees given by Odel PLC and it's subsidiaries

33 RELATED PARTY DISCLOSURES

The financial statements include the financial statements of the Group and the Subsidiaries listed in the following table:

	% of equity interest	
Name	2022	2021
Odel Apparels (Pvt) Ltd	100%	100%
Odel Information Technology Services (Pvt) Ltd	100%	100%
Odel Properties (Pvt) Ltd	100%	100%
Odel Lanka (Pvt) Ltd	100%	100%
Softlogic Brands (Pvt) Ltd	100%	100%
Odel Properties One (Pvt) Ltd	100%	100%
Odel Restaurants (Pvt) Ltd	100%	100%
Cotton Collections (Pvt) Ltd	100%	100%

33.1 Transaction with the parent Entity

The following table provides the total amount of transactions that have been entered into with the above related parties for the relevant financial year and the information regarding outstanding balances as at balance sheet date

	% of equity interest	
	2022	2021
Transactions between the Company and subsidiaries	LKR	LKR
Nature of Transaction		
Balance as at 1 April (Before Provision)	(65,979,632)	269,607,197
Purchase of Goods/Services	(132,682,408)	(283,160,284)
Sale of goods/services	512,372,223	343,780,809
Sister Store Sales	(1,091,489,270)	(630,229,187)
Settlements/Receipts	(145,962,316)	145,854,034
Settlement of liabilities on behalf of the Company	470,073,887	88,167,799
Balance as at 31 March (Before Provision)	(453,667,516)	(65,979,632)

33.2 Transactions between the Company and other related entities

	2022 LKR	2021 LKR
Nature of Transaction		
Balance as at 1 April (Before Provision)	(264,848,227)	(33,815,184)
Purchase of goods/services	(359,008,504)	(278,644,212)
Sale of goods/services	95,786,984	23,810,718
Sister Store Sales	346,620	-
Settlements/Receipts	270,766,052	32,647,977
Settlement of liabilities on behalf of the Company	(174,797,651)	(8,847,526)
Balance as at 31 March (Before Provision)	(431,754,725)	(264,848,227)

Other related party transactions include,

33.2.1 Transactions with ultimate parent company - Softlogic Retail Holding (Pvt) Ltd

Purchase of goods/services	(8,498,262)
Sale of goods/services	1,256,465
Settlements/Receipts	(165,126)

33.2.2 Transactions with ultimate parent company - Softlogic Holding PLC

Purchase of Goods/Services	(200,132,965)
Sale of goods/services	146,800
Settlements/Receipts	123,570,416

In addition to above transactions, working capital loans of LKR 10,816,459,786/- (261% of the revenue) were obtained and the settlements of 10,372,881,601/- (250% of the revenue) were done during the financial year.

** Above balances are included in the amount due to / due from related parties. Balance outstanding as at the year end is disclosed in the Note 22, 26 and 23.1.2 to the financial statements

Terms and conditions of transactions with related parties

** All trading transactions are at the arms length and interest has been charged on loans granted at the rate of AWPLR + 1%. All other amounts are due to/from on demand

33.3 Transactions with Key Management Personnel of the Company or its parent

The key management personnel of the Company/Group are the members of its Board of Directors and that of its parent.

	2022 LKR	2021 LKR
a) Key Management Personnel Compensation		
Short-term employee benefits	3,375,000	-
Post-employment benefits	-	-
Other long term benefits	-	-
Termination benefit	-	-
Share based payments	-	-
	3,375,000	-
b) Advances received for purchase of goods/services	31,442,015	31,442,015
	34,817,015	31,442,015

34 DIVIDENDS PAID AND PROPOSED

	2022 LKR	2021 LKR
Declared and paid during the year:		
Dividends on ordinary shares:		
Final dividend for 2022: 0 cents per share (2021: 0 cents per share)	-	-
Interim dividend paid for 2022: 0 cents per share (2021: 0 cents per share)	-	-
	-	-

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations.

The Group has loan and receivables, trade and other receivables, and cash and short-term deposits that are derived directly from its operations.

The Group's senior management oversees the management of the financial risks. The Board of Directors has the overall responsibility to manage risk effectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates arise due to the borrowings with floating interest rates. The company work closely with the parent company to negotiate favourable terms and conditions for loan facilities obtained.

35.1 Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Company	Increase/decrease in basis points	Effect on profit before tax	
	2021	Company	Group
2022			
Loan interest	+100	(76,149,460)	(144,552,523)
Loan interest	-100	76,149,460	144,552,523
2021			
Loan interest	+100	(66,920,972)	(123,174,199)
Loan interest	-100	66,920,972	123,174,199

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group has minimal exposure to credit risk from operating activities due to nature of business. The risk from its financing activities, including deposits with banks and financial institutions is managed by dealing with institutions carrying high credit rating.

35.2 Credit exposure

The Company's maximum exposure to credit risk for the components of the Statement of Financial Position as at balance sheet date is the carrying amounts of respective financial instruments.

35.2.1 Company

As at 31 March 2022	Neither past-due nor impaired						
	Risk free	AAA to AA-	A+ to A-	BBB+ to BB-	Non-rated	Past-due but not impaired	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Loans and receivables							
Trade debtors	-	-	-	-	24,076,776	16,834,292	40,911,068
Other debtors	-	-	-	-	51,183,909	-	51,183,909
Deposits & prepayments	-	-	-	-	593,443,935	-	593,443,935
Staff loan	-	-	-	-	1,267,470	-	1,267,470
Refundable deposit	-	-	-	-	266,539,044	-	266,539,044
Investment in unit trust	-	-	-	-	248,959	-	248,959
Amounts due from related parties	-	-	-	-	310,553,149	-	310,553,149
Total	-	-	-	-	1,247,313,242	16,834,292	1,264,147,534

As at 31 March 2021	Neither past-due nor impaired						
	Risk free	AAA to AA-	A+ to A-	BBB+ to BB-	Non-rated	Past-due but not impaired	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Loans and receivables							
Trade debtors	-	-	-	-	7,266,350	17,650,364	24,916,714
Other debtors	-	-	-	-	26,268,518	-	26,268,518
Deposits & prepayments	-	-	-	-	496,648,483	-	496,648,483
Staff loan	-	-	-	-	2,888,600	-	2,888,600
Refundable deposit	-	-	-	-	273,055,599	-	273,055,599
Investment in unit trust	-	-	-	-	248,959	-	248,959
Amounts due from related parties	-	-	-	-	363,541,585	-	363,541,585
Total	-	-	-	-	1,169,918,094	17,650,364	1,187,568,458

35.2.2 Group

As at 31 March 2022	Neither past-due nor impaired						
	Risk free	AAA to AA-	A+ to A-	BBB+ to BB-	Non-rated	Past-due but not impaired	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Loans and receivables							
Trade debtors	-	-	-	-	41,264,629	16,834,292	58,098,921
Other debtors	-	-	-	-	287,171,117	-	287,171,117
Deposits & prepayments	-	-	-	-	835,864,173	-	835,864,173
Staff loan	-	-	-	-	1,267,470	-	1,267,470
Refundable deposit	-	-	-	-	493,137,386	-	493,137,386
Investment in unit trust	-	-	-	-	248,959	-	248,959
Amounts due from related parties	-	-	-	-	150,531,536		150,531,536
Total	-	-	-	-	1,809,485,271	16,834,292	1,826,319,563

As at 31 March 2021	Neither past-due nor impaired						
	Risk free	AAA to AA-	A+ to A-	BBB+ to BB-	Non-rated	Past-due but not impaired	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Loans and receivables							
Trade debtors	-	-	-	-	5,247,380	19,576,426	24,823,806
Other debtors	-	-	-	-	40,218,646	-	40,218,646
Deposits & prepayments	-	-	-	-	357,077,800	-	357,077,800
Staff loan	-	-	-	-	902,634	-	902,634
Refundable deposit	-	-	-	-	196,437,367	-	196,437,367
Investment in unit trust	-	-	-	-	248,959	-	248,959
Amounts due from related parties	-	-	-	-	328,925,537	-	328,925,537
Total	-	-	-	-	929,058,323	19,576,426	948,634,749

35.3 Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled with existing lenders.

The Company and the Group are making optimum use of cash inflows with the help of the Group treasury division, ensuring the Group-wide interest exposure is kept to a minimum & performing regular reviews of the actual performance against planned to ensure achievement of budgeted targets to mitigate the risk.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted gross payments.

35.3.1 Company

Year ended 31 March 2022	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Interest-bearing loans and borrowings	-	5,072,618,230	933,234,965	2,205,459,061	-	8,211,312,256
Bank Overdrafts	569,999,176	-	-	-	-	569,999,176
Trade and other payables	54,688,387	1,005,607,264	-	-	-	1,060,295,651
Corporate Guarantee	1,926,440,000	-	-	-	-	1,926,440,000
	2,551,127,563	6,078,225,494	933,234,965	2,205,459,061	-	11,768,047,083

Year ended 31 March 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Interest-bearing loans and borrowings	-	3,732,461,323	671,265,950	2,416,576,145	-	6,820,303,418
Bank Overdrafts	769,977,971	-	-	-	-	769,977,971
Trade and other payables	53,029,141	518,205,316	-	-	-	571,234,457
Corporate Guarantee	600,000,000	-	-	-	-	600,000,000
	1,423,007,112	4,250,666,639	671,265,950	2,416,576,145	-	8,761,515,846

35.3.2 Group

Year ended 31 March 2022	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Interest-bearing loans and borrowings	-	5,367,215,526	2,949,671,783	6,982,881,646	-	15,299,768,955
Bank Overdrafts	894,965,260	-	-	-	-	894,965,260
Trade and other payables	54,688,387	2,248,274,461	-	-	-	2,302,962,848
Other non current liabilities	-	-	-	738,829,095	-	738,829,095
Corporate Guarantee	6,703,860,000	-	-	-	-	6,703,860,000
	7,653,513,647	7,615,489,987	2,949,671,783	7,721,710,741	-	25,940,386,158

Year ended 31 March 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Interest-bearing loans and borrowings						
Bank Overdrafts	-	5,307,058,802	1,030,048,916	5,555,002,858	2,278,300,574	14,170,411,151
Trade and other payables	1,130,644,027	-	-	-	-	1,130,644,027
Other non current liabilities	53,029,141	1,421,532,460	-	-	-	1,474,561,601
	-	-	-	677,497,100	-	677,497,100
	1,183,673,168	6,728,591,262	1,030,048,916	6,232,499,958	2,278,300,574	17,453,113,878

35.4 Capital Management

The Board's policy is to maintain healthy capital base so as to maintain lenders, investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, reserves, retained earnings of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

The gearing ratio at the reporting date was as follows

	Company		Group	
	2022	2021	2022	2021
	LKR	LKR	LKR	LKR
Interest bearing borrowings - Current	6,017,165,630	4,886,302,252	8,745,360,765	6,741,665,311
Interest bearing borrowings - Non Current	1,968,723,624	2,148,139,283	6,874,337,004	6,149,410,608
Total Borrowings	7,985,889,254	7,034,441,535	15,619,697,769	12,891,075,919
Total Equity	5,347,209,817	5,674,970,106	5,413,286,738	6,169,508,202
Total Equity and Debt	13,333,099,071	12,709,411,641	21,032,984,507	19,060,584,121
Gearing Ratio (Total Debt/ Total Capital)	60%	55%	74%	68%

36 SIGNIFICANT TRANSACTIONS AND EVENTS

36.1 Odel PLC invested Rs 1,110,166,000/= additionally in the ordinary shares of Odel Properties One (Pvt) Ltd, a fully owned subsidiary, of which the business is to carry out a special project under the agreement with the Board of Investment.

37 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the balance sheet date except for below, that require adjustments to or disclosure in the financial statements.

37.1 Increase in inflation

Headline inflation, as measured by the year-on-year (Y-o-Y) change in the National Consumer Price Index (NCPI, 2013=100) increased to 73.7% in September 2022 from 70.2% in August 2022. This increase in Y-o-Y inflation was driven by the monthly increases of both Food and Non-Food categories. Accordingly, Food inflation (Y-o-Y) increased to 85.8% in September 2022 from 84.6% in August 2022, while Non-Food inflation (Y-o-Y) increased to 62.8% in September 2022 from 57.1% in August 2022. (Source - CBSL)

37.2 Increase in Interest Rate

The Monetary Board of the Central Bank decided to maintain the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank at their current levels of 14.50 per cent and 15.50 per cent, respectively.

37.3 Fluctuation in foreign exchange rates

The Sri Lanka rupee that remained around Rs. 202-203 per US dollar till early March 2022, depreciated thereafter, as a result of the measured adjustment that was allowed in the determination of the exchange rate in the first week of March 2022. The subsequent market adjustment due to heightened pressure in the domestic foreign exchange market resulted in an overshooting of the exchange rate. Accordingly, during the year up to 12 May 2022, the rupee recorded a depreciation of 44.3 per cent against the US dollar. Meanwhile, reflecting cross-currency movements, the Sri Lanka rupee depreciated against the euro, the pound sterling, the Japanese yen, the Australian dollar, and the Indian rupee during the year up to 12 May 2022.

37.4 Amendments to Inland Revenue Act No 24 of 2017: A bill to amend inland revenue act No. 24 of 2017 was issued. Bill is currently not enacted and is subject to approval by the Parliament of Sri Lanka.

38 SEGMENT INFORMATION

Odel group is organised into business units based on its products and services and has two reportable segments, as follows,

* Fashion Retailing Segment which offers various fashion related clothing, accessories and sport ware foot ware etc., to wide range of customers.

* The investment property segment consists of land that holds for capital appreciation purpose.

The Management team monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements

The methods of accounting for the reportable segments are the same as those stated in " 2.4 Significant Accounting Policies"

Year ended 31 March 2022	Fashion Retail	Investment Property	Other	Total Segments	Adjustments and Elimination	Consolidated Financial Statements
	LKR	LKR	LKR	LKR	LKR	LKR
Revenue	7,007,258,153		889,272,151	7,896,530,304	(535,465,177)	7,361,065,127
Revenue						
External Customers	7,014,627,595		346,437,532	7,361,065,127	-	7,361,065,127
Inter Company	(7,369,442)		542,834,619	535,465,177	(535,465,177)	-
Total Revenue	7,007,258,153		889,272,151	7,896,530,304	(535,465,177)	7,361,065,127
Other Operating Income	(16,541,108)	140,100,000		123,558,892		123,558,892
EBIT	(22,794,361)	140,100,000		117,305,639		117,305,639
Amortisation and depreciation	1,396,407,705			1,396,407,705	(31,407,322)	1,365,000,383
Segment Profit	(1,497,533,119)	126,090,000		(1,371,443,119)		(1,371,443,119)
Non-Current Assets (excluding financial assets, goodwill and deferred tax assets)	19,383,743,483	1,870,100,000		21,253,843,483		21,253,843,483
Total Liabilities	22,611,090,670	339,020,098		22,950,110,769		22,950,110,769

Year ended 31 March 2021	Fashion Retail	Investment Property	Other	Total Segments	Adjustments and Elimination	Consolidated Financial Statements
	LKR	LKR	LKR	LKR	LKR	LKR
Revenue	5,283,708,171		568,501,509	5,852,209,680	(502,637,701)	5,349,571,979
Revenue						
External Customers	5,115,241,547		234,330,432	5,349,571,979	-	5,349,571,979
Inter Company	168,466,624		334,171,077	502,637,701	(502,637,701)	-
Total Revenue	5,283,708,171		568,501,509	5,852,209,680	(502,637,701)	5,349,571,979
Other Operating Income	19,005,416	92,000,000		111,005,416		111,005,416
EBIT	(1,018,961,518)	92,000,000		(926,961,518)		(926,961,518)
Amortisation and depreciation	1,291,050,058			1,291,050,058	(25,672,881)	1,265,377,177
Segment Profit	(1,768,245,558)	82,800,000		(1,685,445,558)		(1,685,445,558)
Non-Current Assets (excluding financial assets, goodwill and deferred tax assets)	16,539,866,720	1,730,000,000		18,269,866,720		18,269,866,720
Total Liabilities	17,941,357,269	223,012,066		18,164,369,335		18,164,369,335

Amount classified under "Other" category in above table, consists of commission / rental income earned by the Company from third parties

INVESTOR INFORMATION

GENERAL

Stated Capital as at 31 March 2022 was Rs.2,795,513,620

STOCK EXCHANGE LISTING

The ordinary shares of Odel PLC were listed in the Colombo Stock Exchange of Sri Lanka on 04 August 2010 and the trading commenced on 12 July 2011.

PUBLIC SHAREHOLDING

» Public Holding Percentage was 2.26% as at 31 March 2022.

» The number of public shareholders as at 31 March 2022 was 4,920

» Float adjusted market capitalisation as at 31 March 2022 was Rs. 117,659,704.05

» The Company is non-compliant with the Public Holding Percentage as specified in Rule 7.13 (b) of the Listing Rules.

DISTRIBUTION OF SHAREHOLDING

There were 4,923 registered shareholders as at 31 March 2022

NO. OF SHARES HELD	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	TOTAL HOLDING	% OF TOTAL0 HOLDING
1-1000	4439	90.17 %	1,060,359	0.39
1001-10,000	410	8.33%	1,322,452	0.49
10001-100,000	65	1.32%	2,060,555	0.76
100001-1,000,000	7	0.14%	1,765,197	0.65
Over- 1,000,000	2	0.04%	265,920,868	97.72
Total	4923	100.00%	272,129,431	100.00

ANALYSIS REPORT OF SHAREHOLDERS AS AT 31ST MARCH 2022

CATEGORY	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	TOTAL HOLDING	% OF TOTAL0 HOLDING
Individual	4823	97.97%	4,424,515	1.63%
Institutional	100	2.03%	267,704,916	98.37%
Total	4923	100.00%	1,192,543,209	100%

CATEGORY	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	TOTAL HOLDING	% OF TOTAL0 HOLDING
Resident	4896	99.45%	271,973,049	99.94%
Non-resident	27	0.55%	156,382	0.06%
Total	4923	100.00%	272,129,431	100%

TWENTY LARGEST SHAREHOLDERS OF THE COMPANY AS AT 31 MARCH 2021 ARE AS FOLLOWS.

No.	Name	Shares	%
1	SOFTLOGIC RETAIL HOLDINGS (PRIVATE) LIMITED	265,920,686	97.72
2	MRS. ELAINE BRYNHILDE HELGA ANIL PERERA	527,000	0.19
3	MERCANTILE INVESTMENTS AND FINANCE PLC	300,000	0.11
4	TANGERINE TOURS (PVT) LIMITED	225,600	0.08
5	BANK OF CEYLON NO. 1 ACCOUNT	222,295	0.08
6	PEOPLE'S LEASING & FINANCE PLC/MR.D.M.P.DISANAYAKE	174,797	0.06
7	Mr. CALISTUS NIMALANATHAN PAKIANATHAN	170,655	0.06
8	FORBES & WALKER LIMITED A/C NO 1	144,850	0.05
9	MISS NEESHA HARNAM	99,800	0.04
10	MR. NAYANAKA ARJUNA SAMARAKOON	96,845	0.04
11	MR. INDIKA PRASAD GALHENAGE	90,333	0.03
12	PEOPLE'S LEASING & FINANCE PLC/DR.H.S.D.SOYSA & MRS.G.SOYSA	90,000	0.03
13	COMMERCIAL BANK OF CEYLON PLC/ANDARADENIYA ESTATE (PVT) LTD	79,501	0.03
14	MR. MADHURA SUPUN HIRIPITIYA	70,000	0.03
15	MBSL/A G C SUGATH	66,580	0.02
16	MR. AMARAKOON MUDIYANSELAGE WEERASINGHE	66,200	0.02
17	MR. GONNAGE LUCIAN SENARATH LIVERA	61,709	0.02
18	DFCC BANK PLC/MR.M.C.FERNANDO	55,292	0.02
19	MR. PITIGALAGE BUDDHIKA CHANDRADEEPA KURERA	55,100	0.02
20	Mr. SARATH KUSUM WICKREMESINGHE	55,000	0.02

SHARE TRADING INFORMATION

	2021/22	2020/21
Highest	34.50	24.00
Lowest	16	14.50
Closing	19.1	18.70

EQUITY INFORMATION

	2021/22	2020/21
Loss per share (Rs.)	5.04	6.19
Dividend per share (Rs.)	-	-
Net Asset Value per share (Rs.)	19.89	22.67

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held on Thursday the 29th day of December 2022 at 10:00 a.m. at the Auditorium of Central Hospital Limited (4th Floor), No.114,Norris Canal Road, Colombo 10 for the following purposes:

(1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company and of the Group for the year ended 31st March 2022 together with the Report of the Auditors thereon.

(2) To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

(3) To authorise the Directors to determine and make donations for the year ending 31st March 2023 and up to the date of the next Annual General Meeting.

By Order of the Board,
ODEL PLC

Sgd.
Softlogic Corporate Services (Pvt) Ltd.
Company Secretaries

2nd December 2022
Colombo

Notes

1. A Shareholder who is entitled to participate, speak and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him/her by electronic means.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.
4. Shareholders are advised to follow the Guidelines and Attendance Registration Process for the Annual General Meeting available on the Corporate Website of the Company and the Website of the Colombo Stock Exchange.

FORM OF PROXY

*I/We …………………………………………………………………..……………….of …………………………………….……………………….

………………………………………………………………….…………….…………………………………………….……………………………

being * member/members of ODEL PLC, do hereby appoint ……………………………………………………………………………………

………

(holder of N.I.C No. ……………………………………….) of ………………………………………………. or (whom falling)

Mr. A.K.Pathirage	whom failing
Dr. S Selliah	whom failing
Mr. H.K.Kaimal	whom failing
Mr. R.P. Pathirana	whom failing
Dr. I.C.R. De Silva	whom failing
Mr. J.M.J.Perera	whom failing

as *my/our Proxy to represent *me/us and to speak and vote for *me/us on *my/our behalf at the ANNUAL GENERAL MEETING OF THE COMPANY to be held at the Auditorium of Central Hospital Limited (4th Floor), No.114, Norris Canal Road, Colombo-10 on Thursday the 29th day of December 2022 at 10:00 a.m. and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	For	Against
1. To receive and consider the Annual Report of the Board of Directors and the Financial Statements of the Company and of the Group for the year ended 31st March, 2022 together with the Report of the Auditors thereon.		
2. To re-appoint Messrs. Ernst & Young, as Auditors and to authorise the Directors to determine their remuneration		
3. To authorise the Directors to determine and make Donations for the year ending 31st March 2023 and up to the date of the next Annual General Meeting		

Signature ……………………………………….

Date ……………………………………….

Note:

(1) *Please delete the inappropriate words.

(2) A proxy need not be a shareholder of the Company.

(3) Instructions as to completion are noted on the reverse hereof.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The completed Proxy should be forwarded to the Company for deposit at the Registered Office through the Company Secretaries, Softlogic Corporate Services (Pvt) Ltd, No.14, De Fonseka Place, Colombo 05 marked " ODEL PLC - Annual General Meeting" or email corporateservices@softlogic.lk not later than 48 hours before the time appointed for the Meeting.

   In forwarding the completed and duly signed Proxy to the Company, please follow the Circular to Shareholders and Attendance Registration Process for the Annual General Meeting attached to the Notice of Annual General Meeting.

3. The Proxy shall -

   (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

   (b) In the case of a Company or Corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or Corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)

4. Please indicate with a `X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

CORPORATE INFORMATION

NAME OF COMPANY
Odel PLC

LEGAL FORM
Company was incorporated on 31st October 1990 under the name of Odel (Private) Limited and re-registered on 05th September 2008 under the Companies Act No. 7 of 2007. Changed to a Public Limited Liability Company on 24th February 2010 . The shares of the Company were listed on the Colombo Stock Exchange on 04th August 2010 and the name of the Company was changed to Softlogic Holdings PLC on 12th October 2010 .

COMPANY REGISTRATION NO
PV 7206 PQ

REGISTERED OFFICE OF THE COMPANY
475/32, Kotte Road, Rajagiriya

AUDITORS
Ernst & Young
Chartered Accountants
No. 201, De Saram Place, P.O. Box 101,
Colombo

DIRECTORS
Mr. A K Pathirage
Chairman/ Executive Director
Mr. H K Kaimal
Non Executive Director
Dr. S Selliah
Independent Non Executive Director
Mr. R P Pathirana
Independent Non Executive Director
Dr. I C R De Silva
Independent Non Executive Director
Mr. J. M. Jayantha Perera
Independent Non Executive Director

AUDIT COMMITTEE
Mr. R P Pathirana
Chairman
Dr. S Selliah
Mr. H K Kaimal
Mr. J. M. J. Perera

REMUNERATION COMMITTEE
Mr. R P Pathirana
Dr. S Selliah
Mr. J. M. J. Perera

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE
Dr. I C R De Silva
Chairperson
Mr. R P Pathirana
Mr. H K Kaimal
Mr. J. M. J. Perera

SECRETARIES AND REGISTRARS
Softlogic Corporate Services (Pvt) Ltd
14, De Fonseka Place,
Colombo 05 Sri Lanka
Tel : +94 11 5575 000
Fax : +94 11 2508 291

BANKERS
Bank of Ceylon
Commercial Bank of Ceylon PLC
DFCC Bank PLC
Hatton National Bank PLC
Nations Trust Bank PLC
Sampath Bank PLC
Seylan Bank PLC
Union Bank of Colombo PLC
Cargills Bank
National Development Bank

INVESTOR RELATIONS
Odel PLC 475/32, Kotte Road, Rajagiriya
Tel : 0115885000
Web : www.odel.lk

Designed & produced by
emagewise

WWW.ODEL.LK