ODEL

ANNUAL REPORT 2022/23

CONTENTS

OUR VISION

To inspire the world.

OUR MISSION

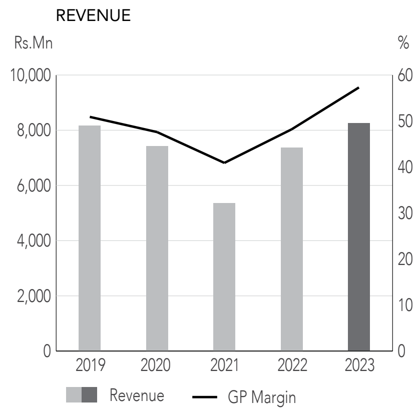
To provide a complete Mind, Body and Soul experience as the premier fashion and lifestyle retailer promoting sustainable and unparalleled levels of retail experience.

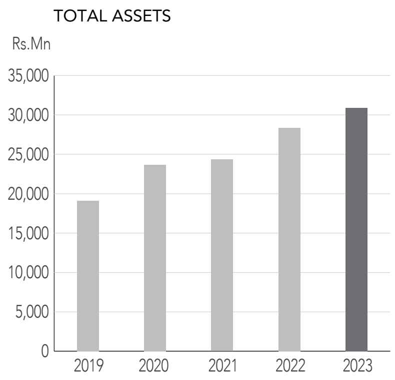
OUR VALUES

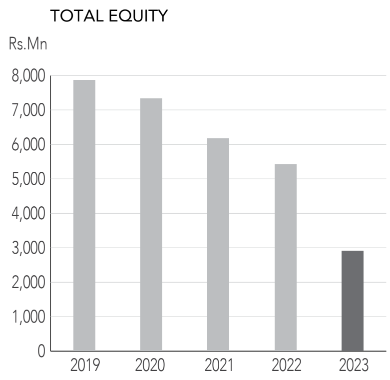
Odel is guided by strong shared values. We love, we serve, we style, we innovate, we give, we save, we enjoy and we inspire

FIVE YEAR SUMMARY

YEAR ENDED 31 ST MARCH	2023 LKR	2022 LKR	2021 LKR	2020 LKR	2019 LKR
RESULTS FOR THE YEAR					
Group Revenue	8,253,285,220	7,361,065,127	5,349,571,979	7,414,336,531	8,159,711,110
Results from Operating activities	718,505,170	117,305,639	(926,961,518)	(174,066,560)	924,359,603
Finance Cost	3,396,319,455	1,546,406,126	1,179,902,051	1,077,664,344	629,005,041
Finance Income	12,154,271	10,437,743	8,902,575	11,404,500	6,255,699
Profit (loss) before tax	(2,665,660,013)	(1,418,662,744)	(2,097,960,994)	(1,240,326,404)	301,610,262
Profit (loss) for the Year	(2,211,747,708)	(1,371,443,118)	(1,685,445,557)	(835,550,269)	244,652,393
Profit (loss) attributable to equity holders of the parent	(2,211,747,708)	(1,371,443,118)	(1,685,445,557)	(835,550,269)	244,652,393
FINANCIAL POSITION					
Non-Current Assets	25,211,729,093	22,444,648,776	19,465,658,804	18,927,737,015	13,341,882,162
Current Assets	5,668,616,243	5,918,748,731	4,868,218,734	4,750,107,528	5,756,191,724
Total assets	30,880,345,336	28,363,397,507	24,333,877,537	23,677,844,543	19,098,073,886
Equity attributable to equity holders of the parent	2,909,183,022	5,413,286,738	6,169,508,202	7,328,661,285	7,867,432,444
Non-Current Liabilities	10,479,827,775	10,331,267,888	8,484,501,548	8,084,044,803	4,569,962,225
Current Liabilities	17,491,334,539	12,618,842,880	9,679,867,786	8,265,138,454	6,660,679,217
Total Equity and Liabilities	30,880,345,336	28,363,397,507	24,333,877,537	23,677,844,543	19,098,073,886
Total debt	18,869,566,042	15,787,083,083	13,123,421,569	11,511,418,302	8,244,541,539
No. of Ordinary Shares	272,129,431	272,129,431	272,129,431	272,129,431	272,129,431
Gearing (%)	87%	74%	68%	61%	51%







FINANCIAL HIGHLIGHTS

YEAR ENDED 31 ST MARCH		2023 LKR	2022 LKR	CHANGE %	2021 LKR
RESULTS FOR THE YEAR					
Group Revenue		8,253,285,220	7,361,065,127	12.12%	5,349,571,979
Results from Operating activities		718,505,170	117,305,639	512.51%	(926,961,518)
Finance Cost		(3,396,319,455)	(1,546,406,125)	119.63%	(1,179,812,352)
Finance Income		12,154,271	10,437,743	16.45%	8,812,875
Profit (loss) before tax		(2,665,660,013)	(1,418,662,743)	87.90%	(2,097,960,995)
Profit (loss) for the Year		(2,211,747,708)	(1,371,443,118)	61.27%	(1,685,445,558)
Profit (loss) attributable to equity holders of the parent		(2,211,747,708)	(1,371,443,118)	61.27%	(1,685,445,558)
FINANCIAL POSITION HIGHLIGHTS					
Equity attributable to equity holders of the parent		2,909,183,022	5,413,286,738	-46.26%	6,169,508,202
Total assets		30,880,345,336	28,363,397,507	8.87%	24,333,877,537
Total debt		18,869,566,042	15,787,083,083	19.53%	13,123,421,570
No. of Ordinary Shares		272,129,431	272,129,431		272,129,431
Gearing (%)		87%	74%	16.35%	68%
SHAREHOLDER INFORMATION					
Earnings/(loss) per share	(Rs.)	(8.13)	(5.04)	61.27%	(6.19)
Return on Equity	(%)	-76%	-25%	200.09%	-27%
Net asset per share	(Rs.)	10.69	19.89	-46.26%	22.67
Interest cover	(Times)	0.21	0.08	179.89%	-
Market price as at 31st March	(Rs.)	16.80	19.10	-12.04%	18.70
Market Capitalisation	(Rs.)	4,571,774,441	5,197,672,132	-12.04%	5,088,820,360

CHAIRMAN'S MESSAGE

Dear Shareholders,

The year ending 31 March 2023 has been one replete with numerous challenges for both your company and our country. It is in this context that I present to you the Annual Report and Financial Statements for the year 2022/23 and welcome you to our 13th Annual General Meeting.

MACROECONOMIC CONDITIONS

At the very outset of the new financial year, Sri Lanka witnessed the beginnings of months of civil unrest which immediately dampened the April new year season causing a significant slowdown in sales. The unrest continued for the first two quarters, marked by nation-wide disruptions and volatility, and the eventual resignations of the incumbent President and Prime Minister. Consumer confidence and spending patterns were severely impacted throughout the year, as the country entered a sustained economic crisis that included, for the first time, a sovereign default.

The rupee lost nearly half of its value during the year, with the exchange rate soaring from LKR 299/USD to LKR 370/USD. This devaluation had a sharp impact on the cost of imports and exerted pressure on pricing strategies. Compounding the pricing issue, the global surge in freight costs which dramatically increased the landed cost of products, squeezed profit margins further. This double blow intensified the pressure on the trade and commerce - which was already reeling from domestic issues ranging from an energy crisis and shortages of essential items - with the slapping of import controls.

Businesses were compelled to grapple with the disruptive operational inefficiencies following irregular power supply; this hindered business continuity and placed supply chains in disarray. The energy crisis resulted in prolonged power cuts for several months, which severely hampered operations at our stores.

Interest rates surged dramatically, reaching an alarming 36%, which not only made borrowing more expensive, but also impacted our investments in mall expension and caused disruption to consumption patterns. The steep rise in Value Added Tax (VAT) from 8% to 15% added another layer of financial burden on consumers and enterprises alike. Moreover, the substantial surge in energy costs, affecting both fuel and electricity, impacted the operational costs for businesses.

Import restrictions, coupled with adverse payment terms, introduced uncertainties and disruptions in supply chains. These measures, although temporary, created hurdles for import-reliant businesses. The government's decision to levy high duties on key product categories, such as fashion accessories, footwear, and handbags, resulted in a significant surge in production costs, impaired competitiveness and affordability resulting in demand slippage.

While the economic upheavals had a profound impact on the lower income segments, the segment of salaried individuals also faced a revision of the income tax structure. Our primary customer base consists of salaried individuals with average income of LKR 300,000 per month who now find themselves in the highest tax bracket of 36%, compelling them to reconsider their consumption choices and explore more affordable alternatives, including lower-end fashion brands. Buying power was further curtailed by the high interest rate regime that prevailed over credit cards during the year.

The multitude of challenges that confronted the economy in 2022 underscored the need for a long-term vision, resilient strategies and adaptable policies to ensure a more stable economic environment.

We therefore welcome the government's decision to engage with the International Monetary Fund, which approved a USD 3 Billion Extended Fund Facility at the tail end of our financial year.

PERFORMANCE

Decompression of the external environment brought immense pressure on the operations of the company during the 2022/2023 financial year. Nonetheless, I report that Odel PLC strategically navigated its business as best as it could using prudent financial management, strategic brand prioritisation, and operational agility.

While the company grappled with an array of challenges stemming from substantial monetary and policy shifts against an unstable economic backdrop, Odel PLC achieved an exceptional level of financial performance in areas that were within its control and at the EBIT level.

Odel PLC attained its highest sales figure in the past three years of LKR 8.25 Bn, even taking into account the VAT increase. However, the overall financial performance was noticeably impacted by a significant increase in finance costs given the hyper-inflated interest rates that prevailed during the year. The Group ended the year with a loss after tax of LKR 2.21 Bn.

STRATEGIC FOCUS

Your company undertook a series of measures to enhance cost efficiency, including optimising headcount, centralising functions, renegotiating rental concessions, and initiating energy efficiency projects. Simultaneously, Odel focused on cashflow optimisation by negotiating moratoriums with banks; this contributed to a more stable financial foundation.

A key element of the strategy involved a targeted brand approach, where we focused on a selected set of high-revenue-generating brands, given the constraints of foreign currency availability. This strategic allocation of resources facilitated maximum impact. We also implemented innovative inventory management techniques, encompassing in-housing and liquidation strategies. This effort culminated in the achievement of the highest gross profit margin of 57% recorded in a single financial year.

In an endeavour to refine and optimise our operations, Odel PLC made strategic decisions to discontinue activities in non-strategic or loss-making locations and brands. This involved the closure of Odel department stores in Battaramulla and Majestic City, Cotton Collection at Majestic City, and various Exclusive Brand Outlets (EBOs) at Liberty Plaza (Nike, Levi's, American Tourister, IWS), Colombo City Centre (Mothercare, Jack & Jones), One Galle Face Mall (Love Moschino, Hallmark), Arcade Independence Square (Crocs) and Colombo 03 (Mango, Nike, Charles and Keith). Additionally, the Nugegoda department store was transformed into an outlet/discount store, enabling us to cater to the mass market while reducing inventory holding costs.

The company embarked on initiating operations by establishing malls in strategically advantageous areas, most notably marked by the introduction of MCC Mall. This expansion facilitated broader market reach and tapped into new consumer segments.

FUTURE DIRECTION

Having remained resilient during a year of extraordinarily unprecedented challenges, it is with optimism that I note, the improved sentiment by the end of the year under review, made it clear that the country was headed in the direction of economic and political stability. Key indicators contributed to this positive outlook, including the decrease in inflation rates, the strengthening of the Rupee against the Dollar, the falling interest rates and the consolidation of the exchange rate. Furthermore, the temporary suspensions on various product categories are being removed on a staggered basis, boosting consumer sentiment.

We also note with optimism the revival of Sri Lanka's vital tourism industry, which has the potential to impact our bottomline positively. Our airport outlet during the year doubled its sales value; our tourist-centric brand LUV SL, recorded a growth of 86% in the year - a direct result of a resumption of tourism activities.

Odel PLC remains committed to continue with our envisaged strategic expansion and garner new investor support designed, which will hold us in good stead for the future. Noteworthy projects in the pipeline include the Havelock City project, the Colombo 14 project, the MCC expansion, and the Odel Mall project. In the short to medium term, we will fortify the production of local and private labels through the Odel Apparel Manufacturing facility, with a keen emphasis on streamlining production costs. Additionally, we will persist in rationalising current store investments, which has proven effective during the past year. Ongoing efforts will revolve around executing projects dedicated to optimising costs, underscoring the company's dedication to prudent financial management.

While there is much to be optimistic about, we do foresee ongoing challenges to remain in terms of import duties and income tax impacts. The substantial duties imposed on many of the imported goods in our portfolio will likely remain and will therefore have direct implications on our business. The shifts in income tax regulations have cast a lasting impact on our customers and will have a sustained influence on sales. Adapting strategically to these dual challenges remains a priority for sustained growth.

APPRECIATIONS

My gratitude to my fellow members of the Board for their support and wise counsel during the year.

This is a year during which the strength and commitment of our team has been exemplary. On behalf of the board, I thank them for their hardwork and loyalty to the company.

The management team has ensured that multiple strategies have been implemented prudently and effectively to enable us to weather the storms.

I extend a warm appreciation to our many business partners, who have placed their trust in us through both good times and bad. We are also looking at potential investors to harness the business further in a climate of improving economic stability.

Our customers are our lifeblood and their loyalty has been our strongest asset. I assure them that we will continue to seek ways in which we can delight them.

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 three core verticals, namely Retail, Healthcare Services and Financial Services and in three non-core verticals namely, IT, Leisure & Automobiles.

Asiri Hospital chain is the country's leading private healthcare provider which has achieved technological milestones in medical innovation and reliability in Sri Lanka's private healthcare services.

He is the Chairman/Managing Director of Softlogic Holdings PLC, Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Odel PLC. He also serves as the Chairman of Softlogic Capital PLC and Softlogic Life Insurance PLC in addition to other companies of the Softlogic Group.

He is the Chairman of NDB Capital Holdings Limited, Sri Lankan Airlines Limited and Sri Lankan Catering Limited.

HARESH KAIMAL
Non - Executive Director

Mr. Haresh Kumar Kaimal is a co-founder of the Softlogic Group and an Executive Director of Softlogic Holdings PLC 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 an Executive Director of Softlogic BPO Services (Pvt) Ltd, Director of Odel PLC and Non-Executive Director of Softlogic Finance PLC, Softlogic Life Insurance PLC, Asiri Hospital Holdings PLC and many other Group Companies.

DR. RUANTHI DE SILVA
Non-Executive Independent Director

Dr. Ruanthi De Silva is a Freelance Consultant providing consultancy services on Finance, Logistics,Best Practices in Procurement and process restructuring.

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 43 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.

MR. RANIL PRASAD PATHIRANA

Non-Executive Independent Director

Mr. Ranil Pathirana has extensive experience in finance and management in 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. 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 server as an independent Non- Executive Director of Singer Finance PLC, Horana Plantations PLC, McLarens Group of Companies - Main Board, Interocean Energy (Pvt) Ltd, Qwest Destinations (Pvt) Ltd, Qwest Cruises 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 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.

MANAGEMENT DISCUSSION & ANALYSIS

OPERATING ENVIRONMENT

The retail sector endured one of its most challenging years in recent memory during 2022/23, coinciding with Sri Lanka's prolonged economic crisis, which led to public protests during the year that culminated in the resignations of the country's president, prime minister and Central Bank chief. The year that was has seen Sri Lanka defaulting on its debt for the first time in history, and approaching the International Monetary Fund for a bailout package, which was finalised at the tail end of our financial year.

This crisis led to stringent constraints on foreign exchange for imports, subsequently resulting in a plethora of import restrictions, many of which had substantial ramifications for the retail segment. Furthermore, the Sri Lankan rupee faced severe depreciation, with the US Dollar surging to Rs 370 during the year from Rs 205 in the prior year. This challenging year compounded the pressures of the preceding eighteen months, which arose largely due to the closures and disruptions caused by the Covid-19 pandemic.

The retail sector faced a double blow during the year as global freight costs soared thereby impacting the landed cost of imported products, while on the domestic front – the economic crisis led to an energy crisis and widespread shortages, which had harsh influences on day-to-day life in general, and supply chains in particular. The high cost of borrowing further exacerbated the situation

These multi-pronged impacts means that the retail industry faced a massive challenge in navigating the turbulence, with activity in many sub-sectors dwindling during the year. The retail sector is pivotal to the national economy, implying over a million people ad contributing to about a Quarter of GDP through retail sales. It also plays a substantial role in the economic value chain while being an important element in the tourism industry.

For Odel, being one of the largest and best-known retail brands in Sri Lanka, the challenge during the year was to battle the challenges facing the segment by putting in place the right controls as well as innovating wherever possible. This section discusses the steps taken by the company to ensure that despite the negative conditions, our business remained stable in 2022/23.

FINANCIAL CAPITAL

PERFORMANCE REVIEW

In the fiscal year 2022/23, your Company demonstrated commendable growth in terms of financial performance, despite an extremely challenging environment. The key highlights of the financial performance are as follows:

Revenue Growth: The Company achieved an impressive annualised revenue of LKR 8.25 billion, marking a significant growth of 12% compared to the previous year's revenue of LKR 7.36 billion. This increase in revenue can be attributed to the effective implementation of various strategies and initiatives, discussed elsewhere in this report.

Gross Profit Margins: Over the past five years, the Company has consistently improved its gross profit margins. In the fiscal year 2022/23, the overall gross profit margin increased to 57%, a notable improvement from 48% in the previous year. This improvement can be credited to a concerted effort to reduce production costs and a well-thought-out pricing strategy.

Operating Costs: Distribution expenses and administration costs witnessed increases of 22% and 15%, respectively, compared to the previous year. The inflation rate, as indicated by the CCPI annual average, reached 45.6% in 2023, significantly higher than the 13% observed in March 2022. The rise in administration costs, attributed to factors such as staff costs, rent, and electricity, was primarily due to increased business volumes and the gradual removal of pandemic-induced concessionary rates in 2022/23. The Company is committed to maintaining cost control efforts despite inflationary pressures.

Taxation: The statutory tax rate remained at 30% and 24% during the FY 2023, with an effective tax rate on loss before tax increasing to 17% from 3%. This increase was primarily due to the accumulation of tax losses over the past years, and including this year.

Profit After Tax: Odel reported a loss after tax of Rs. 2.21 billion, representing a 61% increase from the previous year's Rs. 1.37 billion. This increase was primarily driven by a substantial rise in finance costs, which increased by 120% from Rs. 1.55 billion to Rs. 3.40 billion.

Capital Expenditure: The Group invested Rs. 877 million in acquiring property, plant, and equipment during the year. Additionally, a significant investment of Rs. 2,307 million was made in a BOI project for the construction of a shopping mall with apartments, reflecting a commitment to future growth and expansion.

Share Information: The share trading information for the fiscal year 2022/23 showed a trading range with the highest share price at LKR 22.00, and the lowest at LKR 15.00, and a closing price of LKR 16.80, compared with a closing price of Rs 19.10 in 2021/22. Overall performance of the Colombo Stock Exchange remained dull as the country went through its economic crisis.

In conclusion, despite facing challenges such as currency depreciation and increased taxation, the Company has made progress in revenue growth and cost management. Future efforts will continue to focus on sustaining these positive trends and optimising profitability.

MANAGEMENT DISCUSSION & ANALYSIS

HUMAN CAPITAL

SUCCESS IS IN THE HANDS OF OUR HUMAN CAPITAL

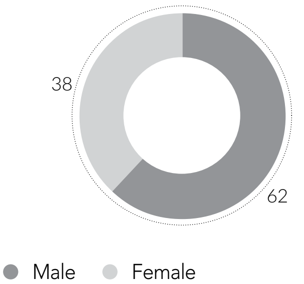
Odel's success hinges on our Human Capital, a strategic partner that has propelled us to a competitive advantage in our dynamic industry. Our relentless focus on recruitment standards, training, and overall organisational development ensures we have the right people with the right skills, in the right roles, at the right time. This approach also translates into improved customer satisfaction as we aim to enhance the customer experience through our Human Capital development.

With over 835 employees from diverse backgrounds, Odel's workforce turns our vision into reality, driving everything from store ideation to data analysis and customer service excellence. We foster a culture of teamwork that knows no boundaries, providing an inclusive and inspiring workplace. Our investments prioritise employee knowledge, skills, and capabilities through training, development, and engagement activities, creating an environment where people can thrive.

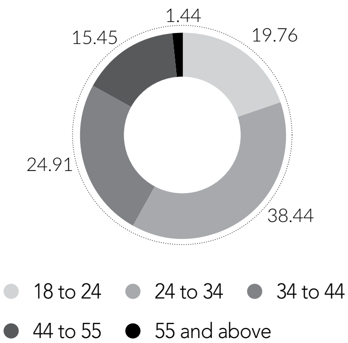
OUR PEOPLE IN RETROSPECT

As of March 31, 2023, Odel's workforce comprises 62% male and 38% female employees. Odel emphasises a horizontal structure where store employees play vital roles across various professional classifications, from managers to specialists. We ensure a safe and equitable work environment, fostering professional development through internal promotion and training programmes. In the 2022/2023 fiscal year, we invested over 54,480 hours in training, benefiting more than 13,360 participants.

Gender Wise
%



Age Wise
%



OUR SHARED VALUES

In the fast-paced fashion industry, Odel remains committed to its core values of integrity, respect, and belief in our employees' initiatives. Our open and collaborative corporate culture aligns with these values, emphasising customer focus and adaptability. Every employee has a role to play within this culture and holds the promise of career success through the support and strategic exposure provided by the company.

HR VISION AND MISSION

Our HR Vision is to be the most preferred retail employer brand in the country, and our HR Mission is to create a great place to work.

We provide career development opportunities from the moment a school leaver joins us, offering exposure to local and international product lines, exceptional service initiatives, island-wide store networks, and digital retail. Our commitment to superior service and quality has enabled us to execute a multi-market, multi-brand strategy successfully.

THE FIVE PILLARS OF EXCELLENCE

We uphold five enduring promises to our employees, which we continuously measure through internal climate surveys and a dashboard of well-planned activities throughout the year.

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

THE FIVE PILLARS ARE EXPLAINED WITH FOCUS ON EACH PILLAR AND ITS ACTIVITIES, AS FOLLOWS:

WE DEVELOP AND GROW: STAFF TRAINING ENDEAVOURS

In the fiscal year 2022, we allocated over 54,480 hours to training programs, benefiting various groups within the Odel and Softlogic Group, with a total of 13,360 participants.

As our employees progress in their roles over time, they naturally seek opportunities for growth. For us, the most valuable advancement we can offer is knowledge. Staff training plays a pivotal role in helping employees feel they are advancing in their positions and expanding their skill sets. This serves as a potent motivator and a means to reinforce our team against complacency.

We actively foster a practical learning culture through on-the-job training, facilitated by our network of internal trainers. These trainers instill the company's culture and operations, ensuring the successful integration of new hires.

Training in our stores focuses on three core areas: product knowledge, store processes, and customer orientation, supplemented by cross-sectional topics like occupational health and safety and diversity and inclusion. Odel's commitment to a Healthy Workplace is also reflected in our training, encompassing physical and psychosocial aspects, resource allocation for employee health, and community participation. We take a comprehensive approach to accident prevention within the workplace, encompassing identification, awareness creation, specialised training, and control measures.

WE RECOGNISE AND APPRECIATE: REWARDS AND AWARDS

REWARDS THAT EMPOWER EMPLOYEES

We initiated a balanced scorecard with a diverse set of Key Performance Indicators (KPIs), recognising and rewarding employees. We envisage linking revised KPIs to the compensation of our staff so they have accountability and responsibility to achieve the expected outcomes. The Senior Management will take the lead, ensuring a balanced scorecard that combines financial, social, and environmental KPIs to measure a 'triple bottom line' for the elements of people, planet, and profit.

AWARDS AND RECOGNITION

Odel has taken more stringent measures to minimise and/or control complacency within the workforce, creating means of motivating employees and improving their job satisfaction. Recognizing and rewarding staff for their work helps improve job satisfaction and contributes positively to the organisation. We strive to establish a sense of purpose in what our employees are entrusted to do and also communicate the short-term and long-term objectives of the Company and how employees may contribute towards making 'things happen'..

Employee recognition is a priority:

- **Congratulatory Messages and Positive Comment Cards:** Create a celebratory culture, motivating staff.
- **Peer-to-Peer Recognition:** Encourage appreciation of colleagues' expertise through anonymous notes.
- **In-Situ Treats:** Small gestures, like gifting a favorite cupcake, boost morale.
- **The Gift of Time:** Flexible work hours, late logins, remote work, and days off enhance work-life balance.

WE TRUST AND CARE: CAPACITY AND WORK-LIFE BALANCE

At Odel, we prioritise work-life balance and continually seek to enhance employee rights as per local laws. Our efforts concentrate on improving work quality to nurture talent and professional motivation. We've introduced flexible work hours during the recent financial year to boost task efficiency.

As an organisation, we trust our employees, recognizing their talents and capacity, while holding honesty as a core value. This philosophy permeates all categories of work and begins with our recruitment process, where we aim to kindle candidates' enthusiasm and passion for their roles. We actively encourage authenticity and openness, knowing that these qualities contribute to long-term productivity and accomplishment.

WE LISTEN TO YOUR IDEAS: THE VALUE OF INNOVATION AND TEAM SPIRIT

The Odel ecosystem is defined by its diverse interactions, in which the roles of individuals may differ from those of a formal organisation. We encourage all employees working in our organisation to be open-minded about innovation and to search tirelessly for new ways of doing things.

Workers often follow social norms determined by co-workers, which define the proper amount of work, rather than merely driving towards targets set by the management.

We are governed by a sense of informal leadership as against formal leadership that helps our employees to function as a social group. We consistently encourage two-way proactive communication (upward and downward) to gauge the views of Odel employees. Hence, we advocate periodic one-to-one sessions all throughout the organisation to establish transparency.

It is evident that conflict between organisational and individual goals arises at a great frequency and as such, we practice a KPI-driven operation that enables the simultaneous growth of both the individual and the company.

At Odel, we believe that it is necessary to relate work and organisational structure to the social needs of our employees. In this way, by making our employees happy, we as an organisation can obtain their full cooperation and effort and thus increase overall efficiency.

A TEAM THAT WINS

We continually challenge ourselves to maintain the ideal blend of skills, experience, and personalities within our teams. In the fiscal year 2022, we devised innovative strategies to strengthen team relationships. Over time, we have learned that effective collaboration hinges on nuanced communication that goes beyond top-down directives or weekly meetings. To foster team collaboration, we implement diverse strategies aimed at cultivating robust intra and inter-team communication, where every member participates with equality and authority, championing honesty and ownership.

We value diverse viewpoints, fresh ideas, and constructive feedback from team members and ensure that individual perspectives are both rare and highly valued. Accountability is a cornerstone of our team dynamics, achieved through clear goal setting, well-defined roles with achievable timelines, and a culture of collaboration.

Recognising the limitations of traditional meetings in the fast-paced fashion industry, we harness digital technologies to enhance communication and collaboration among team members.

Moreover, we've observed that employee workloads can become overwhelming, and our strategic teams are structured to provide ample support, aiming for a mutually beneficial outcome for all.

MANAGEMENT DISCUSSION & ANALYSIS

HUMAN CAPITAL

WE HAVE FUN: ENGAGEMENT BY EMPLOYEES

Our superior business results stem from exceptional people management decisions. Our management believes that for the business, direct participation stimulates employees' inherent knowledge and improves communications while raising their awareness of the business situation and improving productivity and flexibility.

Odel has established a work-based perk system through 'way-to-go' cards and cash them in for a monetary reward, which in turn ignites encouragement, and drives sales and efficiency whilst an end result of excellent customer service is achieved.

ODEL STRIVES TO MAKE THE WORKPLACE FUN AND ENJOYABLE.

DIVERSITY AND EQUALITY

Diversity, multiculturalism, and respect are ingrained in Odel's DNA, fostering a culture where every individual can reach their full potential within a diverse, creative, and innovative team, irrespective of race, ethnicity, gender, age, religion, nationality, or other essential attributes.

As such, creating a diverse and inclusive workplace is a top priority at Odel, endorsed at the highest levels. Simultaneously, innovation is celebrated as a core competency essential for long-term growth and sustainability.

Managing talent at Odel involves promoting initiatives and projects that cultivate a motivating environment, with trust, transparency, and engagement being crucial elements of our culture.

Our employees bring multiple perspectives, open-mindedness toward innovation, and an unwavering drive to discover new approaches. We firmly believe that it takes diverse thoughts and opinions to create exceptional products and services. More importantly, it takes a diverse and inclusive workforce to uphold our core values of trust and respect.

RECRUITING THE RIGHT TALENT

Talent is a key element that allows Odel to transfer its passion for responsible fashion and aspirational lifestyle to customers. This enthusiasm is shared by all our employees whose work is characterised by their drive, commitment, creativity, and customer orientation.

Our people philosophy is based on talent management from the perspective of a responsible employer. Therefore, we thrive on offering quality employment in a motivating environment that allows our employees to experience professional growth.

The identification, evaluation, and recruitment of the right talent, channels our actions to attract the right people through different contact points with candidates: social media, stores, universities, or schools.

We publish all our job offers for the different business areas, markets, and brands on the Odel corporate website and through print media. With a total of 22 physical stores in operation, we prudently identify and absorb candidates with passion and a drive to delight customers.

OUR COMMITMENT TO SUSTAINABILITY

Our commitment to the community is expressed through the paradigm of 3Cs: to Care about the impression that our actions and brands create on the planet, on climate change, and on natural resources; Collaborate for the wellbeing of our employees, suppliers, clients; and Create pioneering ideas to safeguard our rich heritage and empower future generations. Odel also actively promotes the employment of differently abled and with special needs or who are in vulnerable situations and constantly advocates social projects driven by employees.

Our extensive portfolio of both local and global leading fashion brands is dedicated to championing sustainability. We prioritize processes and products that make a positive impact on the environment and society while preserving each brand's unique values and identity. Our passionate employees are the driving force behind these initiatives, fully understanding and embracing their significance.

At Odel, we acknowledge our duty to align with community expectations, pledging to adopt practices that minimise our environmental footprint. Giving back to the communities that have supported us is fundamental. As responsible corporate citizens, we go the extra mile to promote socio-economic growth and assist groups affected by natural disasters.

Hundreds of our dedicated employees actively and voluntarily engage in workplace projects and initiatives that benefit both society and participants, demonstrating our unwavering commitment to making a positive difference.

EMPLOYEE ENGAGEMENT ACTIVITIES

ODEL PLC Broadly sanctions innovation as one of the core competencies that determine long-term growth and sustainability. We value the welfare of our people and promote engagement and satisfaction while encouraging a good work-life balance. Therefore, a range of engagement activities are conducted during the year.

Key Initiatives

- SOFTLOGIC BAKMAHA ULLELA 2022
- BLOOD DONATION CAMPAIGN 2022
- POSON DHARMADESHANAWA 2022
- SOFTLOGIC PREMIER LEAGUE 2022
- WORLD AIDS DAY AWARENESS CAMPAIGN 2022
- 75TH INDEPENDENCE DAY CELEBRATIONS 2023
- PIRITH CEREMONY AT HEAD OFFICE 2023
- INTERNATIONAL WOMEN'S DAY CELEBRATIONS 2023

PAPER-LESS WORKING ENVIRONMENT

To establish a paperless working environment, we've implemented several key strategies. First, we've configured all network printers and copiers to duplex printing mode by default and have optimised the use of A4 to reduce waste. Additionally, we've introduced a "Stationary Issuance/Request Log" to effectively manage and minimise unnecessary consumption of stationery supplies. Furthermore, we've implemented a recycling programme to collect and repurpose scrap paper, ensuring that even discarded sheets are put to good use. These initiatives collectively contribute to our commitment to reducing paper usage.

ECO-FRIENDLY ENDEAVOURS

We are committed to promoting eco-friendly practices through various initiatives. Our approach includes the use of products that are reusable, refillable, durable, and recyclable, reducing waste generation. To facilitate responsible disposal, we've placed recycling bins on all floors, clearly labeling what can be recycled for the convenience of both employees and visitors. In our efforts to conserve water, we encourage everyone to turn off taps after use and promptly report any leaky faucets for repairs. Moreover, we have implemented a composting system within our departments and offices, further minimising organic waste and contributing to a more sustainable and environmentally conscious workplace.

MANAGEMENT DISCUSSION & ANALYSIS

CONSUMER CONNECTION

DWINDLING PURCHASING POWER

In the past year, our consumers' spending power was significantly impacted as disposable incomes decreased. Many of our loyal customer segments found it increasingly challenging to afford premium brands due to rising prices. These price hikes were primarily attributed to the soaring exchange rates and elevated freight costs, which led to higher landed costs. Additionally, the imposition of higher taxes further escalated the overall cost, while we remained under pressure to maintain our own margins.

PRIORITISING POPULAR BRANDS

Throughout the year, the challenging economic conditions within the country posed difficulties in accessing foreign exchange. In response, we adapted by prioritising the importation of brands with higher sales performance potential. Additionally, in light of prevailing import restrictions, we made the necessary adjustments by reducing our shipments. Despite significant shifts in shopping patterns, we are pleased to note that there is still a dedicated customer base that continues to favour their preferred brands. Our close engagement with our loyalty customers over the years, have helped cultivate a trusted relationship with our store employees, allowing us to gain insights into their preferences, behavioural patterns and desires. Consequently, we re-evaluated our strategy and strategically incorporated brands from our portfolio that had the potential to optimise inventory turnover. Notable examples of such high-performing brands include Aldo, Charles and Keith, Levi's, US Polo, Calvin Klein, Tommy Hilfiger, and Armani Exchange.

RATIONALISING OUR PHYSICAL PRESENCE

Store optimisation was necessitated by poor performance and sluggish sales in certain locations. Consequently, we strategically discontinued operations at brand stores that were not gaining sufficient traction. This entailed shutting down Odel department stores situated in Battaramulla and Majestic City, as well as the Cotton Collection store located at Majestic City. Additionally, several Exclusive Brand Outlets were closed at various locations, including Liberty Plaza (Nike, Levi's, American Tourister, IWS), Colombo City Centre (Mothercare, Jack & Jones), One Galle Face Mall (Love Moschino, Hallmark), Arcade Independence Square (Crocs), and Colombo 03 (Mango, Nike, Charles and Keith).

PRIVATE LABELS

We also redirected our attention towards enhancing our in-house brands, recognizing that customers who previously favored international brands might reduce their purchases of those while showing interest in our private label offerings which carried more competitive pricing. Consequently, we underwent a redesign process, reviewed pricing strategies, and initiated in-house manufacturing within our own factories to achieve more effective cost management solutions. The outcomes of these efforts have been notably positive.

COMMUNICATION STRATEGIES

We conducted a comprehensive review of our entire marketing strategy and introduced modifications to our marketing communications to align with the evolving landscape. To effectively reach our intended customer segments, we shifted our communication efforts towards digital platforms, recognising the declining influence of traditional media. We observed increased engagement and interaction on our social media platforms like Facebook and Instagram. Similarly we continue to invest in Google and YouTube mediums to reach our captive audience. Additionally, we placed a strong emphasis on providing enticing offers on our e-commerce platform, www.odel.lk, to attract higher click-through rates. By opening up more frequent attractive offers in store we have been able to continue aggressive demand generation.

EXPANDING OUR FOOTPRINT

In terms of expansion, we declared open The Odel Mall Kandy at the Mahanuwara Commercial Centre or MCC in Kandy in September 2022 as it was identified as a destination that would attract a fresh audience. The Group has a strong presence within the MCC, with Odel and Glomark as well as Softlogic Max consumer electronics, furniture and an assortment of tenant stores and food outlets from within our portfolio.

Construction work of the Odel Mall in Colombo is ongoing albeit at a much slower pace than anticipated given the severe restrictions faced by the construction industry in general. We are also faced with cost overruns given the volatile economic conditions. The location of the Mall has also meant it has faced closures and interruptions during the civic unrest that defined the year.

UPCOMING PLANS

Going forward into the new financial year, Odel will focus on the strategies which have served us well in 2022/23. We also look forward to adding an exciting new location at Havelock City Mall, which is expected to be opened in the third quarter of 2023/24. Odel will be an anchor tenant at this property, and will open an assortment of brand outlets across fashion and restaurants. The mall is likely to be a huge opportunity as there is a captive audience of residents within the Havelock City Development as well as occupants of the Mireka Office Tower. The very central location allows us to explore the potential of some of our well-loved brands at this new venue.

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 6 & 7.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 four Non-Executive Directors who are reputed leaders in their fields of expertise out of whom three 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
1

Non-Executive Directors
4
(Consist of 3 Independent directors)

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.

GOVERNANCE OF THE BOARD SUB COMMITTEES

Sub-Committee	Composition	Mandate
Audit Committee	• Mr. R. Pathirana- Chairman • Dr. S. Selliah (Resigned w.e.f 29th January 2023) • 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 (Resigned w.e.f. 29th January 2023) • 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	HR & Remuneration Committee	Related Party Transactions Review Committee
Mr. A. K. Pathirage	3/3			
Dr. S. Selliah -(Resigned w.e.f. 29th January 2023)	2/3	3/5	1/1	
Mr. H.K. Kaimal	3/3			2/2
Mr. R. P. Pathirana	3/3	5/5	1/1	2/2
Dr. I. C. R. De Silva	3/3	5/5		2/2
Mr. J. M. J. Perera	3/3	3/5	1/1	1/2

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 27 provides further information. The aggregate remuneration paid to the Directors is disclosed in the Notes to the Financial Statements on page 57 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 a 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 32 to 105.
- Statement of Director's Responsibilities - page 31.
- Annual Report of the Board of Directors on the Affairs of the Company – pages 28 to 30.
- Management Discussion & Analysis – pages 8 to 14.

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 3 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 7. 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 57 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 19 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 32 of the Financial Statements on page 95 to 97 of 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 5 Directors 4 are Non-Executive Directors
7.10.2 (a)	Independent Directors	Compliant	There are 3 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 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 6 and 7
7.10.3 (d)	Appointment of new Directors. A brief resume of any new Director appointed to the Board		Not applicable. This requirement is not applicable as there were no appointments to the Board during the year
7.10.5	Remuneration Committee	Compliant	Comprises 2 Independent Non-Executive Directors. The names of the members of the Committee are stated on page 27 of the Annual Report.
7.10.6	Audit Committee	Compliant	Comprises 3 Independent Non-Executive Directors. The names of the members of the Committee are stated on page 26 of the Annual Report. The report of the Committee is stated on page 26. The Group Finance Director attends 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 prioritise risks, followed by application of coordinated and economical solutions to minimise 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 prioritisation process assists in deciding which risks is to be treated as a priority in formulating the risk strategy. All the prioritised 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 categorised 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 organisation attempts to achieve their strategic objectives, both internal & external events and scenarios can inhibit or prevent an organisation from achieving their strategic objectives. There is a risk associated with organisations' long term place with the initiatives such as future plans for entering new markets, expanding existing services, enhancing infrastructure, etc. Organisation 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 organisation's access to financing. These financial risks are not necessarily independent to each other. For instance, exchange rates and interest rates are often strongly linked, and this interdependence should be recognised 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 organisation's risk management process.

RISK MANAGEMENT

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

Economic stability, consumer purchasing power, and overall economic growth significantly influence the fashion sector. During economic downturns, consumer spending on non-essential items like clothing often decreases, while economic growth tends to stimulate fashion consumption. In Sri Lanka, the fashion sector is currently facing macroeconomic challenges due to declining foreign exchange earnings, a series of sovereign credit rating downgrades, critically low official reserves, and a shortage of foreign exchange affecting the supply of essential goods.

Import restrictions imposed by the regulators, foreign currency liquidity crisis and LKR depreciation have negatively impacted for International Brands imports. ODEL PLC has focused more on the Local Products and taken measures to recognise 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.

Recognising the constant evolution of consumer preferences and trends is crucial for fashion businesses. From fashion styles and color choices to preferences for comfort and functionality, staying attuned to changing consumer tastes is essential.

The Board of ODEL PLC bears the primary responsibility for establishing and maintaining a robust system of internal control and risk management. Acting on behalf of the Board, the Audit Committee oversees the risk management procedures. To ensure effective management of the company's risks, the Audit Committee consistently conducts regular risk reviews as a standard agenda item in its meetings. This proactive approach ensures systematic examination, analysis, and mitigation of potential risks. By adopting this methodical strategy, the company demonstrates its commitment to robust risk management and strong governance practices. This ongoing dedication reflects the company's proactive stance in addressing challenges and enhancing its overall risk management framework.

Risk Category	Risk	Risk Management Strategies
Strategic Risk	Economic downturns in the country can impact consumer spending on fashion items and lifestyle products. A prolonged economic downturn could result in decreased sales and revenue for ODEL.	ODEL PLC Implemented dynamic pricing and promotional strategies to attract customers during economic fluctuations and optimized operational costs and streamline processes to maintain profitability during lean periods. Also, ODEL plc offered loyalty and other discounts to the customers to retain existing customers and encourage repeat business.
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)
	The fashion sector is highly influenced by shifting consumer tastes and trends. A sudden change in preferences can lead to a decline in demand for certain styles	ODEL PLC Regularly conducted thorough market research and trend analysis to stay ahead of changing consumer preferences. Implemented agile design and production processes to quickly adapt to emerging trends.
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. The launch of a new apparel factory by ODEL PLC March 2023 to produce items locally and offer them to customers is a significant strategic move.

RISK MANAGEMENT

Risk Category	Risk	Risk Management Strategies
Strategic Risk	Risks from competitive actions from existing market participants and new entrants. The fashion retail industry is characterised by fierce competition, especially with the rise of fast fashion retailers. ODEL PLC might face challenges in keeping up with competitors' fast production cycles, low prices, and frequent product releases.	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. Company has invested on an upcoming ODEL department store to combat the competition & continue to be the market leader. ODEL PLC enhanced the in-store shopping experience with unique features and emphasised high-quality and sustainable products that offer value and durability to customers. Also, offered branded items with the reasonable prices that distinguishes ODEL from fast fashion competitors
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 formalise future strategies and plans and to revise and update plans, taking in to consideration the changing circumstances of the company. Steering committee has been appointed to enhance productivity, reduce significant overheads and waste and grow sales and profitability.
Strategic Risk	The growth of e-commerce and online retail has transformed the fashion sector. Companies that fail to adapt to digital trends and establish a strong online presence.	ODEL PLC has taken significant steps to adapt to the digital transformation and enhance customer experience. The dedicated IT team's investment in an omnichannel approach, reflects a proactive effort to stay competitive in the evolving business.
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. Conducted regular risk assessments and internal audits to identify potential compliance gaps and areas of vulnerability by the Internal Audit Department. Also, Work with legal experts to draft clear contracts, terms of service, and agreements. Seek legal advice to ensure compliance with laws and regulations.
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. Further, the company is immensely supported by the group's comprehensive IT policy, in ensuring the safety and security of data. Also, provided training to the employees on cybersecurity best practices and create awareness.

Risk Category	Risk	Risk Management Strategies
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. Foster positive relationships with stakeholders, including customers, employees, investors, and communities, to build trust and loyalty. Also, the board Maintain open and transparent communication with stakeholders, especially during challenging situations.
		The company legal division oversee any possible matter that leads to litigation & make sure that the company invariably complies with the laws & 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.
		The Marketing Department actively managed social media platforms to respond to customer inquiries, address concerns, and engage positively with followers
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. 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 Also, the HR Conduct exit interviews to gather insights from departing employees and identify areas for improvement in the employee experience
Operational Risk	Inaccurate demand forecasting, overstocking, or understocking can result in financial losses and missed sales opportunities.	The dedicated buying team analysed historical sales data, seasonal trends, and customer behaviours to identify patterns and adjust forecasts. Maintained buffer stock for fast-moving items or during peak demand periods to prevent stockouts. Also, the buying team established cross-functional teams involving marketing, and operations to align demand forecasting with business goals.

RISK MANAGEMENT

Risk Category	Risk	Risk Management Strategies
Operational Risk	Inconsistent customer experiences, long checkout lines, and poor service can lead to customer dissatisfaction and impact sales.	Company Foster a customer-centric culture within the organisation, emphasising the importance of delivering exceptional service and meeting customer needs. The company has invested in comprehensive training programs for staff to ensure they have the necessary skills and knowledge to provide excellent customer service. Implemented efficient point-of-sale systems and checkout processes to minimise wait times and streamline the purchasing experience. Schedule staff adequately during peak shopping times to ensure sufficient coverage and reduce checkout line congestion Also, developed transparent and customer-friendly return and exchange policies to ease the process for customers and improve satisfaction.
Finance Risk	Exposure to international markets exposes it to risks associated with currency exchange rate fluctuations and macroeconomic conditions in different countries	ODEL PLC focused on pricing strategies in response to currency fluctuations and implemented effective cost management practices to mitigate the impact of fluctuating exchange rates on imported materials and other costs. The buying department and finance team at ODEL are actively involved in monitoring and analysing currency trends and macroeconomic factors to anticipate risks and opportunities related to currency fluctuations. The Finance team Engaging in continuous discussions with banks to resolve issues is a proactive risk management strategy that can help address a range of financial challenges and mitigate potential negative impacts on the company's operations and finance.
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. The Company has negotiated extended payment terms with suppliers when feasible, allowing for better cash flow management while still maintaining positive supplier relationships.
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 favorable terms & conditions for loan facilities obtained. The Finance team Engaging in continuous discussions with banks to resolve issues is a proactive risk management strategy that can help address a range of financial challenges and mitigate potential negative impacts on the company's operations and finance.
Finance Risk	Fashion businesses may require significant investments in design, production, and marketing, which can strain financial resources.	The project team along with the Management developed a detailed business plan that outlines the expected costs, revenue projections, and return on investment for design, production, and marketing initiatives. Created a realistic budget that allocates funds to design, production, and marketing efforts. Regularly review and update the budget based on actual expenditures and performance. Further, Company has implemented cost control measures and streamline processes to optimise spending and reduce unnecessary expenses.

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)

The 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	2/2
Mr. R. P. Pathirana	2/2
Mr. H K Kaimal	2/2
Mr. J. M. J. Perera	1/2

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 favorable 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 32 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

23rd October 2023

REPORT OF THE AUDIT COMMITTEE

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee, appointed by and responsible to the Board of Directors, comprises of three 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 (Resigned w.e.f 29th January 2023)

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

Mr. J M J Perera - Non-Executive Independent Director

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 5 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	3/5
Dr I.C.R De Silva	5/5
Mr. J M J Perera	3/5

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 2024, subject to approval by the Shareholders at the forthcoming Annual General Meeting.

(Sgd.)
Ranil Pathirana
Chairman – Audit Committee

23rd October 2023

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 2023 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 - (Resigned w.e.f. 29th January 2023)	Member	1/1
Mr. J. M. J. Perera Non- Executive Independent Director	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

23rd October 2023

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 2023.

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 4 to 5.

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 32 to 105 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 31.

AUDITOR'S REPORT

The Auditor's Report on the financial statements is given on pages 32 to 35 of the Annual Report.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are given on pages 46 to 55 of the Annual Report. There was no change in the accounting policies adopted from the previous year.

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 62 to 68

CAPITAL EXPENDITURE

The total capital expenditure incurred on the acquisition of property, plant and equipment for the Company and the Group amounted to Rs. 384 Mn (2022 – Rs. 250 Mn) and Rs. 3,184 Mn (2022 – Rs. 2,436 Mn) respectively. Details of capital expenditure and their movements are given in Note 10 & 12 to the Financial Statements on pages 62 to 72 of the Annual Report.

RESERVES

The reserves for the Company and Group amounted to Rs. 501 Mn (2022 – Rs. 2,552 Mn) and Rs. 114 Mn (2022 – Rs. 2,618 Mn) respectively. The movement and composition of the Capital and Revenue reserves is disclosed in the Statement of Changes in Equity.

DONATIONS

During the year, no donations made by the Company and Group. (2022 – 45,000/=).

STATED CAPITAL

The stated capital of the Company as at 31 March 2023 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 35 to the Financial Statements.

TAXATION

The information relating to income tax and deferred taxation is given in Note 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 32 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. For and on behalf of the Board of ODEL PLC.

DIRECTORATE

The following Directors held Office during the year under review. The biographical details of the Board members are set out on pages 6 to 7.

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

Mr. H.K. Kaimal

Dr. I.C.R. De Silva

Dr. S. Selliah - (Resigned w.e.f. 29th January 2023)

Mr. R. P. Pathirana

Mr. J. M. J. Perera

Re appoint in terms of Section 211 of the Companies Act No. 07 of 2007, Mr. J.M.J. Perera who is 70 years of age as a Director of the Company.

DIRECTORS' SHAREHOLDING

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

Name of Director	No. of Shares as at 31/03/2023	No. of Shares as at 31/03/2022
Mr. A K Pathirage	**48,292**	48,292
Dr. S. Selliah (Resigned w.e.f. 29th January 2023)		
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 2023 was Rs. 28,275,000/- (2022 – Rs. 3,375,000/-). 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 32 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 106 of the Annual Report. There were 4,957 registered shareholders as at 31 March 2023 (31 March 2022 – 4,923).

SHARE INFORMATION

Information on share trading is given on page 107 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 19 and 24 of the Annual Report.

CORPORATE GOVERNANCE

The report on Corporate Governance is given on pages 15 to 18 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. 1,955,000/- as audit fees for the financial year ended 31 March 2023 (2022 – Rs. 1,920,000/-) 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 21st November 2023 at 10:00 am. The Notice of the Annual General Meeting is on page 108 of the Annual Report.

A K Pathirage
Chairman/Managing Director

H K Kaimal
Director

Softlogic Corporate Services (Pvt) Ltd
Secretaries

23rd October 2023
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 32.

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 36 to 105 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 31 to the Financial Statements covering contingent liabilities

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

23rd October 2023
Colombo

INDEPENDENT AUDITOR'S REPORT

Building a better working world

Ernst & Young
Chartered Accountants
201, De Saram Place
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Colombo 10, Sri Lanka

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Fax (Gen): +94 11 269 7369
Fax (Tax): +94 11 557 8180
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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 2023, 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 2023, 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
Assessment of fair value of land and buildings Property, Plant and Equipment and investment Property include land and buildings carried at fair value. The fair values of land and buildings were determined by an external valuer engaged by the Group. This was a key audit matter due to: • Materiality of the reported fair value of land and buildings balances which amounted to Rs.3.2 Bn and represent 10 % of the total assets. • The degree of assumptions, judgements and estimation uncertainties associated with fair valuation of land and buildings such as reliance on comparable market transactions, and current market conditions. Key areas of significant judgments, estimates and assumptions used in the valuation of the land and buildings included the following: • Estimate of per perch value of the land • Estimate of the per square foot value of the buildings	Our audit procedures included the following: • Assessed the competence, capability and objectivity of the external valuer engaged by the Group. • Read the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the valuation of each land and building. • Assessed the reasonableness of the significant judgements made by the valuer and valuation techniques, per perch price and value per square foot used by the valuer in the valuation of each land and building. We assessed the adequacy of the disclosures made in Notes 2.6.7, 2.6.10, 10 and 11 to the financial statements.
Carrying value of ODEL mall project Other non-current assets (Rs. 14,942 Mn) and Other current asset apartments work-in-progress (Rs. 1,979 Mn) relating to the ODEL mall project collectively amounts to Rs. 16,921 Mn as at 31 March 2023 and represents 55% of the total assets of the Group as described in Notes 12 to the financial statements. This was a key audit matter due to: • The materiality of the reported balances and the possible impairment indicators that may exist due to the heightened costs to complete the project and the prevailing economic conditions in the country. • The degree of significant management assumptions, judgements and estimates associated with deriving the estimated future cash flows used to ascertain the recoverable amount and Net Realizable Value (NRV) of the Odel Mall project as disclosed in Notes 2.6.17 and 12.	Our audit procedures, among others, included the following: • Reviewed the project status reports and the certificates issued by the project manager to identify the status of the project and the estimated and actual costs incurred as of reporting date. • Performed appropriate test to establish whether capitalized cost met the recognition criteria forth in the accounting policies and applicable accounting standards. • Read the external valuer's report obtained for Odel Mall project to ascertain Fair Value and understood the key estimates made by the valuer. • Assessed the competence, capability and objectivity of the external valuer engaged by the Group. • Assessed the reasonableness of the significant judgements and estimates made by the valuer such as per perch price and cost per square foot used in the valuation of Odel Mall project. Performed stress testing on such key estimates and compared with the carrying value of the project. • Checked the calculation of the discounted future cash flows and cross checked the data to relevant underlying accounting records and assessed the reasonableness of the significant assumptions and estimates such as cost to complete the project, forecast occupancy levels, expected profitability and margins, cost, discount rate, revised project timeline and the forecast funding of the project in cashflow projections to determine the future recoverable amount of the project. • Tested NRV of the Inventories work –In progress to the selling prices contracted in the project. We also assessed the adequacy of the Group's disclosures of its capitalization policy and other related disclosures in Notes 2.6.17, and 12.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the key audit matter
Existence and carrying value of trading stock As at 31 March 2023, the carrying value of trading stock amounted to Rs. 2,121 Mn net of allowance for slow moving inventory in accordance with its accounting policy, as disclosed Note 17 to the financial statements. Existence and carrying value of inventory was a key audit matter due to; • materiality of the reported amount, which represents 7% 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: • Evaluated management's process for inventory management and internal controls over the existence and measurement of trading stock. • Observed clients inventory verification process and reconciled the count results to the inventory listings compiled by management to support amounts reported as at the period end. • Tested, whether inventory was stated at the lower of cost and net realizable value, by comparing cost with inventories and subsequent selling prices of such items. • Assessed the reasonableness of judgements and estimates applied by management when determining allowance for slow – moving inventory. We also evaluated the adequacy of the disclosures in Notes 2.6.14 and 17 to the financial statements.
Interest bearing loans and borrowings As of the reporting date, the Group reported total interest-bearing borrowings of Rs. 18.9 Bn, of which Rs.11.8 Bn was reported as current liabilities and the balance Rs. 7.1 Bn as non-current liabilities. Interest bearing borrowings was a key audit matter due to: • The magnitude of the interest-bearing borrowings and its significance to the overall financial statements (67% of total liabilities). • Existence of a number of financial and non-financial covenants and disclosures relating to the current and non-current classification of such borrowings in the financial statements.	Our audit procedures included the following. • Assessed the design and effectiveness of controls implemented for recording of the borrowings, monitoring, evaluating and timely reporting on covenant compliances in relation to interest bearing borrowings. • Obtained direct confirmations from Financial Institutions for outstanding amounts as of the reporting date. We assessed the adequacy and appropriateness of the disclosures made in Note 22 relating to interest bearing borrowings.

Other Information included in the 2023 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.

23rd October 2023
Colombo

INCOME STATEMENT

		Company		Group	
		For the year ended 31st March		For the year ended 31st March	
		2023	2022	2023	2022
	Note	LKR	LKR	LKR	LKR
Revenue	3	5,427,166,568	4,150,475,048	8,253,285,220	7,361,065,127
Cost of sales		(2,094,948,901)	(1,879,656,383)	(3,522,783,351)	(3,811,332,284)
Gross profit		3,332,217,667	2,270,818,665	4,730,501,869	3,549,732,843
Other operating income	4	25,689,246	543,772,467	85,698,852	123,558,892
Distribution expenses		(229,749,465)	(179,925,481)	(326,137,791)	(266,764,730)
Administrative expenses		(2,720,425,695)	(2,264,019,270)	(3,771,557,760)	(3,289,221,366)
Operating profit/(loss)		407,731,753	370,646,381	718,505,170	117,305,639
Finance costs	5	(2,671,450,015)	(976,836,729)	(3,396,319,455)	(1,546,406,125)
Finance income	6	83,517,871	34,790,870	12,154,271	10,437,743
Loss before tax	7	(2,180,200,391)	(571,399,478)	(2,665,660,013)	(1,418,662,743)
Income tax expense	8	223,411,987	85,851,069	453,912,305	47,219,625
Loss for the year		(1,956,788,404)	(485,548,409)	(2,211,747,708)	(1,371,443,118)
Attributable to:					
Owners of the parent				(2,211,747,708)	(1,371,443,118)
Non controlling interest				-	-
				(2,211,747,708)	(1,371,443,118)
Earning/(loss) per share					
Basic	29	(7.19)	(1.78)	(8.13)	(5.04)

The accounting policies and notes on page 43 through 105 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	
		2023	2022	2023	2022
	Note	LKR	LKR	LKR	LKR
Loss for the year		(1,956,788,404)	(485,548,409)	(2,211,747,708)	(1,371,443,118)
Other comprehensive income					
Other comprehensive income not to be reclassified to income statement in subsequent periods					
Actuarial loss/(gain) on defined benefit plans	23	(4,881,184)	10,047,155	1,663,117	16,336,474
Income tax effect	8	1,171,484	(2,411,317)	(600,531)	(2,409,918)
		(3,709,700)	7,635,838	1,062,586	13,926,556
Revaluation of land and buildings	10	138,773,208	161,397,420	294,467,608	682,702,237
Income tax effect	8	(212,113,540)	(11,245,138)	(571,229,065)	(81,407,138)
		(73,340,332)	150,152,282	(276,761,456)	601,295,099
Other comprehensive Profit/(loss) for the year, net of tax		(77,050,032)	157,788,120	(273,405,569)	615,221,655
Total comprehensive income for the year, net of tax		(2,033,838,436)	(327,760,289)	(2,487,446,578)	(756,221,463)
Attributable to:					
Equity holders of the parent				(2,487,446,578)	(756,221,463)
Non-controlling interests				-	-
				(2,487,446,578)	(756,221,463)

The accounting policies and notes on page 43 through 105 form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31st March 2023	Note	Company 31-03-2023 LKR	Company 31-03-2022 LKR	Group 31-03-2023 LKR	Group 31-03-2022 LKR
ASSETS					
Non-Current Assets					
Property, plant & equipment	10	**4,232,904,486**	4,100,001,272	**4,290,096,762**	9,648,998,681
Investment property	11	**4,676,760,000**	4,676,760,000	**1,929,000,000**	1,870,100,000
Other non current assets	12	**-**	-	**14,942,241,945**	6,825,995,997
Intangible assets	13	**969,499**	552,564	**162,392,563**	215,409,804
Right of use assets	14	**1,281,303,486**	889,978,208	**2,612,171,354**	2,693,339,001
Investment in subsidiaries	16	**5,556,700,064**	4,718,600,044	**-**	-
Other financial assets	19	**215,848,394**	246,107,396	**447,219,037**	472,705,738
Goodwill	13	**-**	-	**445,565,053**	445,565,053
Deferred tax asset	9	**-**	-	**383,042,379**	272,534,502
		15,964,485,929	14,631,999,484	**25,211,729,093**	22,444,648,776
Current Assets					
Inventories	17	**1,232,015,767**	1,250,369,069	**2,121,464,117**	2,534,174,167
Trade and other receivables	18	**453,397,045**	682,412,727	**876,144,062**	1,175,431,544
Amounts due from related parties	21	**317,399,544**	310,553,149	**218,418,084**	150,531,536
Income Tax Refund Due		**78,925,657**	67,878,931	**100,295,594**	89,231,544
Other current assets	12	**-**	-	**2,100,944,468**	1,780,046,548
Other financial assets	19	**30,601,678**	21,948,077	**30,601,678**	21,948,077
Cash and bank balances	26	**190,417,605**	124,616,560	**220,748,241**	167,385,315
		2,302,757,296	2,457,778,513	**5,668,616,243**	5,918,748,731
Total Assets		**18,267,243,225**	17,089,777,997	**30,880,345,336**	28,363,397,507
EQUITY AND LIABILITIES					
Equity					
Stated capital	27	**2,795,513,620**	2,795,513,620	**2,795,513,620**	2,795,513,620
Revaluation surplus		**2,480,752,430**	2,570,749,900	**4,133,244,604**	4,426,663,198
Retained earnings		**(1,979,551,807)**	(19,053,703)	**(4,019,575,202)**	(1,808,890,080)
Total Equity		**3,296,714,243**	5,347,209,817	**2,909,183,022**	5,413,286,738

As at 31st March 2023	Note	Company 31-03-2023 LKR	Company 31-03-2022 LKR	Group 31-03-2023 LKR	Group 31-03-2022 LKR
Non-Current Liabilities					
Interest bearing borrowings	22	**1,799,007,162**	1,968,723,624	**7,104,819,439**	6,874,337,004
Deferred tax liabilities	9	**132,385,143**	162,421,997	**552,287,392**	351,631,029
Operating lease liability	15	**1,104,385,412**	841,065,635	**1,915,275,217**	2,239,626,404
Other non current liabilities	20	**-**	-	**777,905,817**	738,829,095
Retirement benefit liability	23	**97,480,683**	93,700,952	**129,539,909**	126,844,356
		3,285,919,400	3,065,912,208	**10,632,488,774**	10,331,267,888
Current Liabilities					
Trade and other payables	24	**1,655,880,117**	1,060,295,651	**3,329,772,658**	2,302,962,848
Amounts due to related parties	25	**2,316,549,244**	1,261,507,403	**1,739,863,850**	873,239,624
Income tax payable		**-**	-	**10,043,123**	2,469,270
Interest bearing borrowings	22	**7,508,813,498**	6,141,782,190	**11,764,746,604**	8,912,746,079
Operating lease liability	15	**356,027,723**	213,070,729	**646,908,306**	527,425,059
		11,837,270,582	8,676,655,973	**17,491,334,539**	12,618,842,880
Total Equity and Liabilities		**18,267,243,225**	17,089,777,997	**30,880,345,336**	28,363,397,507
Net asset per share		**12.11**	19.65	**10.69**	19.89

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 43 through 105 form an integral part of the financial statements.

23rd October 2023
Colombo

STATEMENT OF CHANGES IN EQUITY

Company	Revaluation Reserve	Stated Capital	Retained Earnings/(Losses)	Total Equity
	LKR	LKR	LKR	LKR
As at 1st April 2021	**2,420,597,618**	**2,795,513,620**	**458,858,868**	**5,674,970,106**
Loss for the year	-	-	(485,548,409)	(485,548,409)
Other comprehensive income	150,152,282	-	7,635,838	157,788,120
Total comprehensive income	150,152,282	-	(477,912,571)	(327,760,289)
As at 31st March 2022	**2,570,749,900**	**2,795,513,620**	**(19,053,703)**	**5,347,209,817**
Loss for the year	-	-	(1,956,788,404)	(1,956,788,404)
Other comprehensive income	(73,340,332)	-	(3,709,700)	(77,050,032)
Total comprehensive income	(73,340,332)	-	(1,960,498,104)	(2,033,838,436)
Revaluation transfer on disposals	(16,657,138)	-	-	(16,657,138)
As at 31st March 2023	**2,480,752,430**	**2,795,513,620**	**(1,979,551,807)**	**3,296,714,243**

Group	Attributable to equity holders of the parent			
	Revaluation Reserve	Stated Capital	Retained Earnings/(Losses)	Total Equity
	LKR	LKR	LKR	LKR
As at 1st April 2021	**3,825,368,099**	**2,795,513,620**	**(451,373,518)**	**6,169,508,201**
Loss for the year	-	-	(1,371,443,118)	(1,371,443,118)
Other comprehensive income	601,295,099	-	13,926,556	615,221,655
Total comprehensive income	601,295,099	-	(1,357,516,563)	(756,221,463)
As at 31st March 2022	**4,426,663,198**	**2,795,513,620**	**(1,808,890,080)**	**5,413,286,738**
Loss for the year	-	-	(2,211,747,708)	(2,211,747,708)
Other comprehensive income	(276,761,456)	-	1,062,586	(275,698,871)
Total comprehensive income	(276,761,456)	-	(2,210,685,122)	(2,487,446,578)
Revaluation transfer on disposals	(16,657,138)	-	-	(16,657,138)
As at 31st March 2023	**4,133,244,604**	**2,795,513,620**	**(4,019,575,202)**	**2,909,183,022**

The accounting policies and notes on page 43 through 105 form an integral part of the financial statements.

STATEMENT OF CASHFLOWS

		Company		Group	
	Note	2023	2022	2023	2022
		LKR	LKR	LKR	LKR
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES					
Net loss before Income tax expense		(2,180,200,391)	(571,399,478)	(2,665,660,013)	(1,418,662,743)
Adjustments for					
Depreciation	10	373,814,677	410,595,073	705,535,974	743,719,362
Intangible assets amortization	13	407,565	372,879	54,241,741	54,307,799
Amortization of right of use assets	14	242,069,751	240,616,040	731,199,494	566,973,222
Finance costs	5	2,671,450,015	976,836,729	3,396,319,455	1,546,406,125
Finance income	6	(83,517,871)	(34,790,870)	(12,154,271)	(10,437,743)
Fair value (gain)/loss on investment property	4	-	(531,460,000)	(58,900,000)	(140,100,000)
Derecognition of right of use assets	14/15	(5,984,478)	-	(246,750,611)	(49,481,401)
(Profit)/loss on disposal of property, plant & equipment	4	(19,557,866)	(612,749)	(19,557,866)	30,716,940
ESC write-offs and other		(27,053,764)	-	(27,053,764)	-
Provision for define benefit plans	23.1	24,186,066	15,981,383	34,635,542	22,740,197
Operating profit before working capital changes		995,613,704	506,139,007	1,891,855,680	1,346,181,759
Decrease/(Increase) in inventories		18,353,302	148,422,443	412,710,050	(26,973,019)
Decrease/(Increase) in trade and other receivables		229,015,682	(134,579,012)	299,287,482	(367,823,342)
Decrease/(Increase) in dues from related parties		(6,846,394)	52,988,436	(67,886,548)	(21,687,536)
Decrease/(Increase) in other non current/current assets		-	-	(320,897,920)	160,468,510
Decrease/(Increase) in other current financial assets		21,605,401	8,137,685	16,833,100	(54,500,817)
(Decrease)/Increase in dues to related parties		1,055,041,841	501,605,946	866,624,226	119,949,398
(Decrease)/Increase in trade and other payables		825,728,295	489,061,194	2,001,423,085	828,401,247
(Decrease)/Increase in other non current liabilities		-	-	39,076,721	61,331,996
Cash generated from operations		3,138,511,831	1,571,775,699	5,139,025,878	2,045,348,194
Finance costs paid	5	(2,550,011,092)	(861,092,668)	(3,165,814,032)	(1,284,100,079)
Defined benefit plan costs paid	23	(25,287,519)	(7,480,971)	(30,276,873)	(11,752,261)
Income tax paid/Dividend tax paid		(1,559,885)	-	(4,205,237)	(7,867,758)
Net cash from/(used in) operating activities		561,653,335	703,202,060	1,938,729,737	741,628,096

STATEMENT OF CASHFLOWS

	Note	Company 2023 LKR	Company 2022 LKR	Group 2023 LKR	Group 2022 LKR
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES					
Acquisition of property, plant & equipment	10	(383,542,180)	(249,628,890)	(876,809,337)	(274,900,995)
Investment in equity shares of subsidiaries	16	(838,100,020)	(1,110,166,000)	-	-
Acquisition of intangible assets	13	(824,500)	-	(1,224,500)	-
Investment in capital projects	12.1	-	-	(2,307,200,555)	(2,161,312,813)
Finance income	6	83,517,871	34,790,870	12,154,271	10,437,743
Proceed from disposal of fixed assets		18,498,225	1,089,352	18,498,225	5,662,890
Net cash flows from/(used in) investing activities		(1,120,450,604)	(1,323,914,669)	(3,154,581,896)	(2,420,113,175)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES					
Repayment of interest bearing borrowings	22	(12,443,266,771)	(22,458,957,490)	(12,529,694,818)	(22,775,686,494)
Proceeds from interest bearing borrowings	22	13,081,941,408	23,650,055,840	14,134,154,261	25,675,026,774
Operating lease rent paid		(342,572,703)	(330,735,110)	(838,654,598)	(1,050,136,769)
Net cash flows from/(used in) financing activities		296,101,934	860,363,240	765,804,845	1,849,203,511
Net increase/(decrease) in cash and cash equivalents		(262,695,335)	239,650,631	(450,047,314)	170,718,431
Cash and cash equivalents at the beginning of the year		(445,382,616)	(685,033,247)	(727,579,946)	(898,298,377)
Cash and cash equivalents at the end of the year	26	(708,077,951)	(445,382,616)	(1,177,627,260)	(727,579,946)

The accounting policies and notes on page 43 through 105 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Odel PLC is a public 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. 275/72, Govijanapada Road, Malapalla, Pannipitiya.

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.

Odel Apparel Holdings (Pvt) Ltd

Odel Apparel Holdings (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.

Odel Apparel Lanka (Pvt) Ltd

Odel Apparel Lanka (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.

NOTES TO THE FINANCIAL STATEMENTS

Cotton Collections (Pvt) Ltd

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

Odel Apparel Holding (Pvt) Ltd

No activities were carried out during the year.

Odel Apparel Lanka (Pvt) Ltd

No activities were carried out during the year.

1.3 Date of Authorization for issue

The consolidated financial statements of Odel PLC and Its Subsidiaries for the year ended 31st March 2023 were authorized for issue in accordance with a resolution of the directors on 23rd October 2023.

2. STATEMENT OF COMPLIANCE

The financial statements of the group (Statement of Income, 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 2023 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 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.

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

2.2 Going Concern

The Group has incurred a loss of Rs. 2,214.04 Mn (Company - Rs. 1,956.79 Mn) during the year ended 31st March 2023 and recorded accumulated losses of Rs. 4,019.58 Mn (Company - Rs. 1,979.55 Mn) as at 31st March 2023. The Group's current liabilities exceeded its current assets by Rs. 11,822.72 Mn (Company - Rs 9,534.51 Mn) as at the reporting date.

The losses incurred in the current year were mainly due to impact of higher interest rates that prevailed during the current financial year resulting a net finance expense of Rs. 3,384.17 Mn (FY2021/22 - Rs. 1,535.97 Mn). Further the impact of liquidity shortage and foreign exchange volatility, import restrictions, energy crisis, inflation and socio-economic instability in the country and global challenges adversely impacted the performance of the Group's core operational environment.

The Group is actively seeking to execute following measures to mitigate the prevailing position,

- Re negotiating the debt repayment plan with the bank and restructuring the debt
- Evaluating alternative sources of financing including the conversion of shareholders loans into equity.
- Implementing aggressive marketing strategies to attract and enhance both international and domestic customer footfall.
- Evaluated the resilience of its businesses considering a wide range of factors such as current and expected profitability and the ability to defer non-essential capital expenditure

Further, the ultimate parent Company (Softlogic Holdings PLC) confirms their commitment in the present circumstances to continue the financial support in the business operation of Odel PLC Group and to meet its internal and external financial obligations as and when they fall due and payable. As the ultimate parent Company of Odel PLC, Softlogic Holding PLC acknowledges that there are no current plans for the payables to be called for a minimum period of 12 months.

Based on the range of possible outcomes considered and the judgments made, it has been concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern for the foreseeable future. The Board of Directors of the Group is confident that the Group and the Company will continue as a going concern.

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 financial statements comprise the financial statements of the group and its subsidiaries as at 31st March 2023. 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 2023 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 23.

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 15%. 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 09 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 program

The Group estimates the stand-alone selling price of the loyalty points awarded under the loyalty Points program. 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 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 benefit 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 Program.

The Group has loyalty point programs, 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 Group 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 Group 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.

Social security contribution levy (SSCL), a revenue-based tax, of 2.5% was introduced with effect from 01st of October 2022 on companies where annual revenue exceeds Rs.120 million. This tax is also payable on value of imports.

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	Over 10 to 20 Years
• 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 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 Group 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 Group 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 Group 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 Group reclassifies its financial assets when, and only when, the Group changes its business model for managing financial assets. If the Group 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 Group 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 Group 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 Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group 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 Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group 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 Group. 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 Group 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 Group'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 Group.

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 Group 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 Group 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 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 Group 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 Group 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 Group 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 Group 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 Group lease liabilities are included in Note 15 to the Financial Statements.

2.7 Standards Issued but not yet Effective

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

2.7.1. Definition of Accounting Estimates - Amendments to LKAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

2.7.2. Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LKAS 12

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

2.7.3. Disclosure of Accounting Policies - Amendments to LKAS 1 and IFRS Practice Statement 2

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

2.7.4. Classification of Liabilities as Current or Noncurrent - Amendments to LKAS 1

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify –

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

NOTES TO THE FINANCIAL STATEMENTS

3 REVENUE

Disaggregated revenue information set out below is the - Disaggregation of the revenue from contracts with customers

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Type of goods or service				
Sales - Fashionable Retail	**4,593,706,010**	3,392,854,639	**7,785,888,499**	7,014,627,595
Net Income from Restaurant	-	-	**5,500,809**	11,142,157
Commission income	-	-	**159,124,126**	47,637,848
Service income	**97,957,958**	72,828,789	**28,187,847**	24,987,194
Total revenue from contracts with customers	**4,691,663,968**	3,465,683,428	**7,978,701,281**	7,098,394,793
Rental income	**735,502,600**	684,791,620	**274,583,939**	262,670,334
Total revenue	**5,427,166,568**	4,150,475,048	**8,253,285,220**	7,361,065,127
Timing of revenue recognition				
Goods transferred at a point in time	**4,593,706,010**	3,392,854,639	**7,785,888,499**	7,014,627,595
Service transferred over time	**833,460,558**	757,620,409	**467,396,721**	346,437,532
Total revenue	**5,427,166,568**	4,150,475,048	**8,253,285,220**	7,361,065,127

4 OTHER OPERATING INCOME

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Fair value gain/(loss) on investment property	-	531,460,000	**58,900,000**	140,100,000
Profit/(loss) on disposal of PP&E	**19,557,866**	612,749	**19,557,866**	(30,716,940)
Sundry income	**6,131,380**	11,699,718	**7,240,986**	14,175,832
	25,689,246	543,772,467	**85,698,852**	123,558,892

5 FINANCE COSTS

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Interest on overdrafts	**145,177,377**	43,975,365	**186,772,144**	57,252,571
Interest on loans & borrowings	**1,441,917,862**	521,157,681	**1,919,439,689**	699,145,310
Interest on intercompany borrowings	**930,097,192**	186,452,962	**914,132,523**	221,447,603
Interest on operating lease	**121,438,923**	115,744,061	**230,505,423**	262,306,047
Guarantee fees	**21,207,966**	21,658,727	**21,207,966**	21,658,727
Exchange loss/(gain)	**11,610,695**	87,847,933	**124,261,710**	284,595,867
	2,671,450,015	976,836,729	**3,396,319,455**	1,546,406,125

6 FINANCE INCOME

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Interest income	**1,750,887**	1,170,003	**2,126,534**	1,385,630
Fair value adjustment	**9,911,034**	9,052,113	**10,027,737**	9,052,113
Intercompany interest	**71,855,950**	24,568,754	**-**	-
	83,517,871	34,790,870	**12,154,271**	10,437,743

7 PROFIT BEFORE TAX

		Company		Group	
		For the year ended 31st March		For the year ended 31st March	
	Note	2023	2022	2023	2022
		LKR	LKR	LKR	LKR
Administration Expenses					
Directors' emoluments		**28,275,000**	3,375,000	**28,275,000**	3,375,000
Depreciation	10	**373,814,677**	410,595,073	**705,535,974**	743,719,362
Provision for doubtful debt		**24,479**	3,126,185	**-**	3,126,185
Amortisation of intangible assets		**407,565**	372,879	**54,241,741**	54,307,799
Amortisation of ROU assets	14	**242,069,751**	240,616,040	**731,199,494**	566,973,222
Personnel costs includes -					
- Gratuity		**23,790,066**	15,981,383	**34,635,542**	22,740,197
- EPF & ETF		**79,822,759**	71,621,245	**108,108,468**	100,320,527
- Other staff costs		**646,867,561**	548,661,073	**881,729,395**	771,318,484
Donations		**-**	45,000	**-**	45,000
Audit fees		**1,955,000**	1,920,000	**4,697,250**	3,127,181

8 INCOME TAX EXPENSE

		Company		Group	
		For the year ended 31st March		For the year ended 31st March	
	Note	2023	2022	2023	2022
		LKR	LKR	LKR	LKR
Current income tax					
Current tax expense on ordinary activities for the year		17,566,919	27,280,657	28,416,112	47,897,449
Under/(over) provision of current taxes in respect of prior year		-	-	(700,525)	(1,400,734)
Deferred income tax					
Deferred taxation charge /(reversal)	9.2	(240,978,906)	(113,131,726)	(481,627,892)	(93,716,339)
Income tax expense/(income) reported in the income statement		(223,411,987)	(85,851,069)	(453,912,305)	(47,219,625)
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		212,113,540	11,245,138	571,229,065	81,407,138
Actuarial losses on defined benefit plans		(1,171,484)	2,411,317	600,531	2,409,918
Income tax charged/(reversed) directly to OCI	9.2	210,942,056	13,656,455	571,829,595	83,817,056

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	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Accounting profit before tax	(2,180,200,391)	(571,399,478)	(2,665,660,013)	(1,418,662,743)
	(2,180,200,391)	(571,399,478)	(2,665,660,013)	(1,418,662,743)
Income tax rate of 30% (2022 : 24%)	(654,060,117)	(137,135,875)	(799,698,004)	(340,479,059)
Under/(over) provision for previous year	-	-	(700,525)	(1,400,734)
Allowable expenses	(201,799,593)	(120,511,223)	(456,449,073)	(215,537,361)
Income exempt from tax	-	(136,047,269)	-	(136,267,959)
Non deductible expenses	235,096,802	198,580,741	597,845,632	480,289,906
Tax loss claimed	620,762,908	195,113,625	669,150,638	221,940,143
ESC Write-off	17,566,919	27,280,657	17,566,919	37,951,779
Effect on deferred tax	(240,978,906)	(113,131,726)	(481,627,892)	(93,716,339)
	(223,411,987)	(85,851,069)	(453,912,305)	(47,219,625)
The effective income tax rate	10.25%	15.02%	17.03%	3.33%
Income tax expense reported	(223,411,987)	(85,851,069)	(453,912,305)	(47,219,624)

The Company and its subsidiary are liable to pay income tax at the rate of 24% up to 1st October 2022 and 30% thereafter 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.

The impact on deferred tax charge/(reversal) on statutory rate change from 24% to 30% for 2022/23 is as follows,

	Company	Group
Charge/(reversal) in the Statement of Income	80,463,700	15,711,379
Charge/(reversal) in the Statement of Comprehensive Income	(42,188,411)	(114,365,919)

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

9.1 Statement of Financial Position

		Company		Group	
		31-03-2023 LKR	31-03-2022 LKR	31-03-2023 LKR	31-03-2022 LKR
	Deferred Tax Liability				
	Capital allowances for tax purposes	41,349,047	48,573,477	140,317,130	59,063,450
	Revaluation of property, plant and equipment	998,378,028	786,264,492	998,378,028	786,264,492
	Fair valuation on investment property	431,028,000	143,676,000	881,825,623	339,020,098
		1,470,755,075	978,513,969	2,020,520,780	1,184,348,040
	Deferred Tax Assets				
	Defined benefit plans	(29,244,205)	(22,488,228)	(38,833,288)	(30,164,309)
	Provision for bad debts	-	-	(772,945)	(618,356)
	Deferred revenue	(374,031)	(1,760,037)	(374,031)	(1,760,037)
	Tax losses	(1,232,135,841)	(736,621,057)	(1,772,753,656)	(1,023,971,637)
	Net impact on ROU asset / Operating lease liability	(53,732,895)	(39,397,957)	10,555,169	(20,362,325)
	Provision for Inventory	(22,882,960)	(15,824,693)	(49,097,017)	(28,374,849)
		(1,338,369,932)	(816,091,972)	(1,851,275,768)	(1,105,251,513)
	Net Deferred Tax Liability / (Assets)	132,385,143	162,421,997	169,245,014	79,096,527
9.1.1	Total net deferred tax liability by entities	132,385,143	162,421,997	552,287,392	351,631,029
9.1.2	Total net deferred tax asset by entities	-	-	(383,042,379)	(272,534,502)
		132,385,143	162,421,997	169,245,014	79,096,527

9.2 Statement of Income /Comprehensive Income

	Company		Group	
	31-03-2023	31-03-2022	31-03-2023	31-03-2022
	LKR	LKR	LKR	LKR
Deferred Tax Liability				
Capital allowances for tax purposes	(7,224,430)	10,135,056	81,253,680	(6,437,692)
Revaluation of property, plant and equipment	212,113,536	11,245,138	212,113,536	(20,590,895)
Fair valuation on investment property	287,352,000	53,146,000	542,805,525	116,008,032
	492,241,106	74,526,194	836,172,740	88,979,445
Deferred tax assets				
Defined benefit plans	(6,755,977)	371,219	(8,668,978)	1,275,239
Provision for Bad Debts	-	-	(154,589)	-
Deferred revenue	1,386,006	(1,050,261)	1,386,006	(1,050,261)
Tax losses	(495,514,780)	(162,767,443)	(748,728,802)	(158,138,343)
Net impact on ROU asset / Operating lease liability	(14,334,938)	(6,149,998)	30,917,495	62,876,630
Provision for Inventory	(7,058,267)	(4,404,980)	(20,722,168)	(3,841,994)
	(522,277,956)	(174,001,463)	(745,971,037)	(98,878,729)
Deferred income tax charge / (reverse)	(30,036,850)	(99,475,271)	90,201,703	(9,899,283)
Reported in the Statement of Income	(240,978,906)	(113,131,726)	(481,627,892)	(93,716,339)
Reported in the Statement of Comprehensive Income	210,942,056	13,656,455	571,829,595	83,817,056
Total	(30,036,850)	(99,475,271)	90,201,703	(9,899,283)

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-22	Incurred during the year / Transfers In	Revaluation	Disposals/ Derecognition	Transfer Out	Balance As at 31-Mar-23
	LKR	LKR	LKR	LKR	LKR	LKR
At cost						
Landscaping	884,560	-	-	-	-	**884,560**
Building - leasehold	1,001,900,879	-	-	(15,410,864)	-	**986,490,015**
Fixtures and fittings	1,745,239,532	20,451,632	-	(15,327,686)	-	**1,750,363,478**
Fixtures - air conditions	92,140,026	-	-	(112,990)	-	**92,027,036**
Furniture	46,364,054	6,669,401	-	(616,496)	-	**52,416,959**
Computer equipments	48,708,633	1,844,014	-	-	-	**50,552,647**
Office equipment	396,091,673	1,140,664	-	(16,075,178)	-	**381,157,159**
Motor vehicles	44,308,928	-	-	-	-	**44,308,928**
	3,375,638,285	30,105,711	-	(47,543,214)	-	**3,358,200,782**

	Balance As at 1-Apr-22	Transfer from Accumulated Depreciation	Revaluation	Disposals/ Derecognition	Transfer Out	Balance As at 31-Mar-23
	LKR	LKR	LKR	LKR	LKR	LKR
At valuation						
Land	2,143,276,000	-	45,944,002	-	-	**2,189,220,002**
Building	174,363,050	(5,692,256)	92,829,206	-	-	**261,500,000**
	2,317,639,050	(5,692,256)	138,773,208	-	-	**2,450,720,002**

10.1.2 In the Course of Constructions

	Balance As at 1-Apr-22	Incurred during the year / Transfers In	Revaluation	Disposals/ Derecognition	Transfer Out	Balance As at 31-Mar-23
	LKR	LKR	LKR	LKR	LKR	LKR
Building work in progress	-					-
Capital work in progress	229,662,622	383,542,180	-		(30,105,711)	583,099,091
	229,662,622	383,542,180	-	-	(30,105,711)	583,099,091
Total gross carrying value	5,922,939,957	407,955,635	328,773,208	(47,543,214)	(30,105,711)	6,582,019,875

10.1.3 Depreciation

	Balance As at 1-Apr-22	Acquisitions/ Transfers	Charge for the year	Disposals/ Derecognition	Revaluation / Transfer Out	Balance as at 31-Mar-23
	LKR	LKR	LKR	LKR	LKR	LKR
At Cost						
Landscaping	884,560	-	-	-	-	884,560
Building - leasehold	287,477,278	-	77,628,213	(8,753,035)	-	356,352,456
Fixtures and fittings	1,111,472,965	-	230,432,553	(8,219,942)	-	1,333,685,576
Fixtures - air conditions	54,065,662	-	16,222,522	(82,854)	-	70,205,330
Furniture	38,959,837	-	2,486,173	(892,011)	-	40,553,999
Computer equipments	30,950,322	-	6,109,298	-	-	37,059,620
Office equipment	264,628,104	-	30,513,924	(13,997,875)	-	281,144,153
Motor vehicles	34,499,957	-	4,729,738	-	-	39,229,695
	1,822,938,685	-	368,122,421	(31,945,717)	-	2,159,115,389

	Balance as at 1-Apr-22	Acquisitions/ Transfers	Charge for the year	Disposals/ Derecognition	Revaluation / Transfer Out	Balance as at 31-Mar-23
	LKR	LKR	LKR	LKR	LKR	LKR
At valuation						
Building	-	-	5,692,256	-	(5,692,256)	-
	-	-	5,692,256	-	(5,692,256)	-
Total depreciation	1,822,938,685	-	373,814,677	(31,945,717)	(5,692,256)	2,159,115,389

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

Company

10.1.4 Net Book Value

	2023 LKR	2022 LKR
At Cost		
Building - lease hold	630,137,559	714,423,601
Fixtures and fittings	416,677,902	633,766,567
Fixtures - air conditions	21,821,706	38,074,364
Furniture	11,862,960	7,404,217
Computer equipment	13,493,027	17,758,311
Office equipment	100,013,006	131,463,569
Motor vehicles	5,079,233	9,808,971
	1,199,085,393	1,552,699,600
At valuation		
Land	2,189,220,002	2,143,276,000
Building	261,500,000	174,363,050
	2,450,720,002	2,317,639,050
10.1.5 In the course of constructions		
Capital work in progress	583,099,091	229,662,622
Total gross carrying amount	583,099,091	229,662,622
Total	4,232,904,486	4,100,001,272

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 2023. The previous revaluation was on 31st March 2022.

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 2023 LKR	Net carrying amount 2022 LKR
Building	312,463,128	217,704,468	94,758,660	99,043,236
Land	680,661,992	-	680,661,992	680,661,992

10.1.7 Land and buildings with a carrying value of LKR 2,366,920,000 (2022 - LKR 2,250,309,800) have been pledged as security for term loans obtained, and details of which are disclosed in Note 30.

10.1.8 Property pant and equipment include fully depreciated assets having a gross carrying amount of LKR 701,003,384 (2022 - LKR 689,605,990).

10.1.9 The amount of borrowing costs capitalised during the year was LKR 75,226,595 (2022-LKR - Nill).

10.1.10 Cash payment of LKR 383,542,180 has been done for the acquisition of property, plant & equipment.

10 PROPERTY, PLANT & EQUIPMENT

10.2 Group

10.2.1 Gross carrying amounts

At cost	Balance As at 1-Apr-22	Incurred during the year / Transfers In	Revaluation	Disposals/ Derecognition	Transfer Out	Balance As at 31-Mar-23
	LKR	LKR	LKR	LKR	LKR	LKR
Landscaping	884,560	-	-	-	-	**884,560**
Building - leasehold	2,124,148,193	293,185,047	-	(15,410,864)	-	**2,401,922,376**
Fixtures and fittings	2,043,238,647	68,611,357	-	(15,327,686)	-	**2,096,522,318**
Fixtures - air conditions	104,211,498	-	-	(112,990)	-	**104,098,508**
Furniture	882,495,034	78,205,384	-	(616,496)	-	**960,083,922**
Computer equipment	196,342,843	10,966,357	-	-	-	**207,309,200**
Office equipment	544,915,678	6,682,699	-	(16,075,178)	-	**535,523,198**
Motor vehicles	56,238,978	-	-	-	-	**56,238,978**
Motor vehicles -lease	2,574,404	-	-	-	-	**2,574,404**
	5,955,049,835	457,650,844	-	(47,543,214)	-	**6,365,157,465**

At valuation	Balance As at 1-Apr-22	Transfer from Accumulated Depreciation	Revaluation	Disposals/ Derecognition	Transfer Out	Balance As at 31-Mar-23
	LKR	LKR	LKR	LKR	LKR	LKR
Land	6,431,621,393	-	105,199,002	-	(5,809,045,393)	**727,775,002**
Building	384,663,050	(15,786,656)	189,268,606	-	-	**558,145,000**
	6,816,284,443	(15,786,656)	294,467,608	-	(5,809,045,393)	**1,285,920,002**

10.2.2 In the course of constructions

	Balance As at 1-Apr-22	Transfer In	Revaluation	Disposals/ Derecognition	Transfer Out	Balance As at 31-Mar-23
	LKR	LKR	LKR	LKR	LKR	LKR
Building work in progress	-	-	-	-	-	-
Capital work in progress	234,767,608	452,449,884	-	-	(30,105,711)	**657,111,782**
Total gross carrying amount	234,767,608	452,449,884	-	-	(30,105,711)	**657,111,782**
Total gross carrying value	13,006,101,886	894,314,072	294,467,608	(47,543,214)	(5,839,151,104)	**8,308,189,248**

10.2.3 Depreciation

	Balance As at 1-Apr-22	Acquisitions/ Transfers	Charge for the year	Disposals/ Derecognition	Revaluation / Transfer Out	Balance As at 31-Mar-23
At Cost	LKR	LKR	LKR	LKR	LKR	LKR
Landscaping	884,560	-	-	-	-	**884,560**
Building - leasehold	983,028,091	-	245,631,581	(8,753,035)	-	**1,219,906,637**
Fixtures and fittings	1,236,557,579	-	265,845,003	(8,219,942)	-	**1,494,182,640**
Fixtures - air conditions	63,566,235	657,164	16,222,522	(82,854)	-	**80,363,068**
Furniture	489,152,884	1,573,165	107,517,881	(892,011)	-	**597,351,919**
Computer equipment	151,849,257	-	11,311,008	-	-	**163,160,264**
Office equipment	383,627,455	955,350	37,924,319	(13,997,875)	-	**408,509,249**
Motor vehicles	46,257,717	-	5,297,005	-	-	**51,554,721**
Motor vehicles -lease	2,179,428	-	-	-	-	**2,179,428**
	3,357,103,206	3,185,679	689,749,319	(31,945,717)	-	**4,018,092,486**

	Balance As at 1-Apr-22	Acquisitions/ Transfers	Charge for the year	Disposals/ Derecognition	Revaluation / Transfer Out	Balance As at 31-Mar-23
	LKR	LKR	LKR	LKR	LKR	LKR
At valuation						
Building	-	-	15,786,656	-	(15,786,656)	-
	-	-	15,786,656	-	(15,786,656)	-
Total depreciation	3,357,103,206	3,185,679	705,535,974	(31,945,717)	(15,786,656)	4,018,092,486

10.2.4 Net book value -Group

	2023 LKR	2022 LKR
At Cost		
Building - leasehold	1,182,015,739	1,141,120,101
Fixtures and fittings	602,339,678	806,681,068
Fixtures - air conditions	23,735,441	40,645,263
Furniture	362,732,003	393,342,151
Computer equipment	44,148,936	44,493,587
Office equipment	127,013,949	161,288,222
Motor vehicles	4,684,257	9,981,261
Motor vehicles -lease	394,976	394,976
	2,347,064,979	2,597,946,629
At valuation		
Land	727,775,002	6,431,621,393
Building	558,145,000	384,663,050
	1,285,920,002	6,816,284,443
10.2.5 In the course of constructions		
Capital work in progress	657,111,782	234,767,608
Total gross carrying amount	657,111,782	234,767,608
Total	4,290,096,762	9,648,998,681

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 2023. The previous revaluation was on 31st March 2022.

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 2023 LKR	Net carrying amount 2022 LKR
Building	433,610,820	264,231,969	169,378,851	222,424,339
Land	106,252,776	-	106,252,776	2,178,317,202

10.2.7 Land and buildings with a carrying value of LKR 7,826,380,000 (2022 - LKR 7,564,169,800) have been pledged as security for term loans obtained, and details of which are disclosed in Note 30 (Land and building classified under other current/non current assets for 2023 LKR 6,624,260,000 and for 2022 LKR 6,624,260,000).

10.2.8 Property pant and equipments included fully depreciated assets having a gross carrying amount of LKR 1,252,032,699 (2022 - LKR 1,183,181,130).

10.2.9 The amount of borrowing costs capitalised during the year was LKR 1,412,417,093 (2022 - LKR 383,172,220).

10.2.10 Land value of LKR 5,809,045,393 at 31st March 2023 has been transferred to Non current assets of which the cost is LKR 2,072,064,426 and the details of which is disclosed in Notes 12 and 10.2.1.

10.1.11 Cash payment of LKR 876,809,337 has been done for the acquisition of property, plant & equipment.

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		Sensitivity of fair value to unobservable inputs	Fair Value as at	
						2023	2022		31-Mar-2023	31-Mar-2022
No. 10, Ward Place, Colombo 07.	Land - R 2, P 15	-	Comparison Method/ DRC Method	31-Mar-23	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	**Estimated price per perch is LKR 20.5 Mn**	Estimated price per perch is LKR 20.5 Mn	Positively correlated	**Land - 1,947.5 Mn**	Land - 1,947.5 Mn
No 29A, Jayathilaka Mawatha, Panadura	Land - R 1, P 2.16 Building - Sqft 33,272	1	Comparison Method/ DRC Method	31-Mar-23	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	**Estimated price per perch is LKR 4.5 Mn & estimated price per Square foot is LKR 5,500 to LKR 7,650**	Estimated price per perch is LKR 3.6 Mn & estimated price per Square foot is LKR 2,950 to LKR 5,250	Positively correlated	**Land - 189.7 Mn Building - 229.7 Mn**	Land - 151.7 Mn Building - 151.0 Mn
No 18 & 20, Sama Mawatha, Boralesgamuwa	Land - P 20 Building - Sqft 5,155	1	Comparison Method/ DRC Method	31-Mar-23	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	**Estimated price per perch is LKR 2.6 Mn & estimated price per Square foot- LKR 6,000 to LKR 6,500**	Estimated price per perch is LKR 2.2 Mn & estimated price per Square foot - LKR 4,400 to LKR 4,850	Positively correlated	**Land - 52 Mn Building - 31.8 Mn**	Land - 44 Mn Building - 23.3 Mn

10.3.2 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	
						2023	2022		31-Mar-2023	31-Mar-2022
No. 475/32, Kotte Road, Rajagiriya	Land - R 1, P 7.42 Building Sqft- 31,760	1	Comparison Method/ DRC Method	31-Mar-23	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	**Estimated price per perch LKR 10.2 Mn & estimated price per Square foot- LKR 6,500 to LKR 9,500**	Estimated price per perch LKR 9 Mn & estimated price per Square foot- LKR 3,000 to LKR 7,250	Positively correlated	**Land - 486 Mn Building - 296.6 Mn**	Land - 426.78 Mn Building - 210.3 Mn
No 29A, Jayathilaka Mawatha, Panadura	Land - R 1, P 2.16 Building - Sqft 33,272	1	Comparison Method/ DRC Method	31-Mar-23	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	**Estimated price per perch is LKR 4.5 Mn & estimated price per Square foot is LKR 5,500 to LKR 7,650**	Estimated price per perch is LKR 3.6 Mn & estimated price per Square foot is LKR 2,950 to LKR 5,250	Positively correlated	**Land - 189.7 Mn Building - 229.7 Mn**	Land - 151.7 Mn Building - 151.0 Mn
No 18 & 20, Sama Mawatha, Boralesgamuwa	Land - P 20 Building - Sqft 5,155	1	Comparison Method/ DRC Method	31-Mar-23	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	**Estimated price per perch is LKR 2.6 Mn & estimated price per Square foot- LKR 6,000 to LKR 6,500**	Estimated price per perch is LKR 2.2 Mn & estimated price per Square foot - LKR 4,400 to LKR 4,850	Positively correlated	**Land - 52 Mn Building - 31.8 Mn**	Land - 44 Mn Building - 23.3 Mn

11 INVESTMENT PROPERTY

11.1 Company

Gross carrying amount	Balance As at 1-Apr-22	Transfer In	Changes in fair value	Transfers Out	Impairment	Balance As at 31-Mar-23
	LKR	LKR	LKR	LKR	LKR	LKR
Land	4,676,760,000	-	-	-	-	4,676,760,000
Total	4,676,760,000	-	-	-	-	4,676,760,000

11.1.1 Net book value

	2023	2022
	LKR	LKR
At fair value		
Land	4,676,760,000	4,676,760,000
Total at fair value	4,676,760,000	4,676,760,000

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

Gross carrying amount	Balance As at 1-Apr-22	Acquisitions/ Transfers	Changes in fair value	Disposals / Transfers	Write-offs / Impairment	Balance As at 31-Mar-23
	LKR	LKR	LKR	LKR	LKR	LKR
Land	1,870,100,000	-	58,900,000	-	-	1,929,000,000
Total	1,870,100,000	-	58,900,000	-	-	1,929,000,000

11.2.1 Net book value

	2023	2022
	LKR	LKR
At fair value		
Land	1,929,000,000	1,870,100,000
Total at fair value	1,929,000,000	1,870,100,000

11.2.2 Land with a carrying value of LKR 1,929,000,000 (2022 - LKR 1,870,000,000) have been pledged as security for term loans obtained, details of which are disclosed in Note 30.

11.3 Valuation information - Land and building- Classified as Investment Property

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	
						2023	2022		31-Mar-2023	31-Mar-2022
No. 15, C.W.W. Kannangara Mawatha, Colombo 07. 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.	Land - A 1, R 1, P 12.58	0	Comparison Method	31-Mar-23	G W G Abeygunawardene, Chartered Valuation Surveyor	**Estimated price per perch is LKR 19.5 Mn**	Estimated price per perch is LKR 19.5 Mn	Positively correlated	**Land 4,677 Mn**	Land 4,677 Mn

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	
						2023	2022		31-Mar-2023	31-Mar-2022
No 197/C, Kalapaluwawa Road & No 271, Kaduwela Road, Thalangama	A 1-R 1-P 35.24	0	Comparison Method	31-Mar-23	G W G Abeygunawardene, Chartered Valuation Surveyor	**Estimated price per perch LKR 8.2 Mn**	Estimated price per perch LKR 8.2 Mn	Positively correlated	**Land 1,929 Mn**	Land 1,870 Mn

12 OTHER NON CURRENT ASSETS

12.1 Other Non Current Assets

	Company		Group	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Work in progress				
Balance as at 01st April	-	-	6,825,995,997	4,840,703,339
Addition during the period	-	-	2,307,200,555	2,161,312,813
Transfers during the period	-	-	-	(176,020,155)
Land reclassify from property plant & equipment's	-	-	5,809,045,393	-
Balance as at 31st March	-	-	14,942,241,945	6,825,995,997

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 directly attributable cost incurred on the project and borrowing cost capitalized. The amount of borrowing costs capitalized during the year ended 31 March 2023 was LKR 1,317,343,313 (2022– LKR 383,172,217).Land value of LKR 5,809,045,393 at 31st March 2023 has been transferred to Non current assets and the details of which is disclosed in Note 10

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 641,100 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%

NOTES TO THE FINANCIAL STATEMENTS

12.1.2 Current Status

Currently the superstructure of phase 1 of the project is completed up to 6th floor including 5 basements and the rest of the building is to be completed within a period of 24 months.

The construction of the mall has been slow down due to a combination of adverse economic and industry conditions such as;

a) Supply Chain Disruptions: The pandemic disrupted supply chains, making it challenging to source construction materials and equipment. Delays in the delivery of essential items have significantly impeded construction progress.

b) Financing Challenges: Economic downturns have affected the availability of financing for construction projects. Lenders have become more cautious, making it harder for us to secure the necessary funds to continue construction.

c) Project Reassessment: Company has taken this opportunity to reassess the viability of the mall project in light of changing economic conditions and consumer behaviours, potentially leading to project redesigns and delays. The reassessment of the project included revised estimated cost to complete, expected profitability including occupancy level act..

12.2 Other Current Assets

	Company		Group	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Advance paid on constructions 12.2.1	-	-	143,909,053	34,618,874
Less - Work recovered from Advance	-	-	(21,751,533)	(10,639,550)
	-	-	122,157,520	23,979,324
Withholding Tax refund due	-	-	70,842	70,842
Apartments - Work in progress 12.2.2	-	-	1,978,716,105	1,755,996,382
	-	-	2,100,944,468	1,780,046,548

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.

12.2.2 Apartments 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

13 INTANGIBLE ASSETS

13.1 Company

13.1.1 Gross carrying amounts

	Balance As at 1-Apr-22	Incurred during the year / Transfers In	Revaluation	Disposals	Transfer Out	Balance As at 31-Mar-23
	LKR	LKR	LKR	LKR	LKR	LKR
At cost						
Computer software	2,001,615	824,500	-	-	-	**2,826,115**
Total	2,001,615	824,500	-	-	-	**2,826,115**

13.1.2 Amortization

	Balance As at 1-Apr-22	Acquisitions/ Transfers	Charge for the year	Disposals	Revaluation / Transfer Out	Balance As at 31-Mar-23
	LKR	LKR	LKR	LKR	LKR	LKR
At cost						
Computer software	1,449,051	-	407,565	-	-	**1,856,616**
	1,449,051	-	407,565	-	-	**1,856,616**

13.1.3 Net book value

	2023	2022
	LKR	LKR
At cost		
Computer software	**969,499**	552,564
Total	**969,499**	552,564
Total	**969,499**	552,564

13.1.4 Intangible Assets include fully amortised assets having a gross carrying amount of LKR - 137,221/= (2022 - Nill)

13.2 Group

13.2.1 Gross carrying amounts

	As at 1-Apr-22	Incurred Transfers In	Revaluation	Disposals	Transfer Out	As at 31-Mar-23
	LKR	LKR	LKR	LKR	LKR	LKR
At cost						
Computer software	144,237,975	1,224,500	-	-	-	**145,462,475**
Brand names	672,974,584	-	-	-	-	**672,974,584**
Total	817,212,559	1,224,500	-	-	-	**818,437,059**

13.2.2 Amortization

	As at 1-Apr-22	Acquisitions/ Transfers	Charge for the year	Disposals	Revaluation / Transfer Out	As at 31-Mar-23
	LKR	LKR	LKR	LKR	LKR	LKR
At cost						
Computer software	143,628,171	-	541,741	-	-	**144,169,912**
Brand names	458,174,584	-	53,700,000	-	-	**511,874,584**
	601,802,755	-	54,241,741	-	-	**656,044,496**

13.2.3 Net book value

	2023	2022
	LKR	LKR
At cost		
Computer software	**1,292,563**	609,804
Brand names	**161,100,000**	214,800,000
Total	**162,392,563**	215,409,804

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,

	2023 LKR	2022 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 - 15%

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

14 RIGHT OF USE ASSETS

14.1 Company

	1-Apr-22 LKR	Additions / Charge LKR	Transfers In LKR	Transfers Out LKR	31-Mar-23 LKR
Gross carrying amounts	1,645,556,055	648,572,869	-	(32,162,566)	2,261,966,358
Amortisation	(755,577,847)	(242,069,751)	-	16,984,726	(980,662,872)
Net carrying amount	889,978,208			-	1,281,303,486

14.2 Group

	1-Apr-22 LKR	Additions / Charge LKR	Transfers In LKR	Transfers Out LKR	31-Mar-23 LKR
Gross carrying amounts	4,256,320,573	1,377,606,302	-	(744,559,181)	4,889,367,694
Amortisation	(1,562,981,572)	(731,199,494)	-	16,984,726	(2,277,196,340)
Net carrying amount	2,693,339,001			-	2,612,171,354

NOTES TO THE FINANCIAL STATEMENTS

15 LEASE LIABILITY

15.1 Company

	1-Apr-22	Transfers Out	Additions	Interest	Payments	31-Mar-23
	LKR	LKR	LKR	LKR	LKR	LKR
Leasehold properties	1,054,136,364	(21,162,318)	648,572,869	121,438,923	(342,572,703)	1,460,413,135
	1,054,136,364	(21,162,318)	648,572,869	121,438,923	(342,572,703)	1,460,413,135

15.1.1 Following is the maturity lease liability for future periods.

	31-Mar-22			31-Mar-23		
	Gross Liability	Interest	Net Liability	Gross Liability	Interest	Net Liability
	LKR	LKR	LKR	LKR	LKR	LKR
0-3 Months	79,648,129	29,382,171	50,265,959	144,904,507	60,517,299	84,387,207
3-12 Months	242,119,325	79,314,555	162,804,770	431,796,950	160,156,435	271,640,515
Current balance	321,767,454	108,696,726	213,070,729	576,701,457	220,673,734	356,027,723
1 to 5 Years	885,759,873	208,716,619	677,043,254	1,195,294,665	507,697,415	687,597,249
5 Year and above	224,852,280	60,829,899	164,022,381	623,001,947	206,213,784	416,788,163
Non Current balance	1,110,612,153	269,546,518	841,065,635	1,818,296,612	713,911,199	1,104,385,412
Total	1,432,379,607	378,243,244	1,054,136,364	2,394,998,069	934,584,933	1,460,413,135

15.2 Group

	1-Apr-22	Transfer out	Additions	Interest	Payments	31-Mar-23
	LKR	LKR	LKR	LKR	LKR	LKR
Leasehold properties	2,767,051,463	(974,325,066)	1,377,606,302	230,505,423	(838,654,598)	2,562,183,523
	2,767,051,463	(974,325,066)	1,377,606,302	230,505,423	(838,654,598)	2,562,183,523

15.2.2 Following is the maturity lease liability for future periods.

	31-Mar-22			31-Mar-23		
	Gross Liability	Interest	Net Liability	Gross Liability	Interest	Net Liability
	LKR	LKR	LKR	LKR	LKR	LKR
0-3 Months	192,034,242	49,163,171	142,871,071	261,087,749	120,171,250	140,916,499
3-12 Months	596,155,804	211,601,816	384,553,988	834,178,693	328,186,886	505,991,807
Current balance	788,190,046	260,764,987	527,425,059	1,095,266,442	448,358,136	646,908,306
1 to 5 Years	1,798,293,218	733,877,916	1,064,415,302	2,256,351,758	1,342,902,192	913,449,567
5 Year and above	1,977,961,836	802,750,734	1,175,211,102	2,044,799,291	1,042,973,640	1,001,825,651
Non Current balance	3,776,255,055	1,536,628,651	2,239,626,404	4,301,151,050	2,385,875,832	1,915,275,217
Total	4,564,445,101	1,797,393,638	2,767,051,463	5,396,417,491	2,834,233,968	2,562,183,523

16 INVESTMENT IN SUBSIDIARIES

		Company		Group	
		2023	2022	2023	2022
	% 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%	3,113,311,014	2,320,211,014	-	-
Odel Restaurant (Pvt) Ltd	100%	1,000,000	1,000,000	-	-
Cotton Collection (Pvt) Ltd	100%	345,000,000	300,000,000	-	-
Odel Apparel Holding Pvt Ltd	100%	10	-	-	-
Odel Apparel Lanka Pvt Ltd	100%	10	-	-	-
		5,556,700,064	4,718,600,044	-	-

17 INVENTORIES

	Company		Group	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Finished Goods	1,178,814,958	1,258,516,477	2,073,187,910	2,516,092,606
Raw Materials	129,477,342	68,253,634	211,932,930	148,084,174
Provision for obsolete and slow moving items	(76,276,533)	(76,401,042)	(163,656,723)	(130,002,612)
Total inventories at the lower of cost and NRV	1,232,015,767	1,250,369,069	2,121,464,117	2,534,174,167

18 TRADE AND OTHER RECEIVABLES

		Company		Group	
		2023	2022	2023	2022
	Note	LKR	LKR	LKR	LKR
Financial Assets - At Amortized Cost					
Trade Debtors	18.1	52,073,335	40,911,068	65,520,452	58,098,921
Other Debtors		51,941,809	51,183,909	120,246,997	287,171,117
Provision for impairment on trade receivable		(3,126,185)	(3,126,185)	(5,702,668)	(5,702,668)
		100,888,959	88,968,792	180,064,781	339,567,370
Non Financial Assets					
Deposits & Prepayments		352,508,086	593,443,935	696,079,281	835,864,173
		453,397,045	682,412,727	876,144,062	1,175,431,544

18.1 Trade debtors aging analysis

	Company		Group	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Age Category (Days)				
0-30	20,000,903	8,803,335	30,180,317	26,000,187
31-60	13,769,932	9,927,467	16,035,045	9,927,467
61-90	4,644,897	4,976,170	5,647,487	4,967,170
91-120	-	1,930,656	-	1,930,656
> 120	13,657,602	15,273,441	13,657,602	15,273,441
Total	52,073,335	40,911,068	65,520,452	58,098,921

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

19 OTHER FINANCIAL ASSETS

	Company		Group	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Financial assets at fair value through profit and loss				
Investment in unit trust	248,959	248,959	248,959	248,959
Other Receivable				
Staff loan	1,083,333	1,267,470	1,083,333	1,267,470
Refundable deposit	245,117,780	266,539,044	476,488,423	493,137,386
	246,450,072	268,055,473	477,820,715	494,653,815
19.1 Total current	30,601,678	21,948,077	30,601,678	21,948,077
19.2 Total Non current	215,848,394	246,107,396	447,219,037	472,705,738
	246,450,072	268,055,473	477,820,715	494,653,815

20 OTHER NON CURRENT LIABILITIES

	Company		Group	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Retained from payments on constructions (20.1)	-	-	341,488,103	302,411,381
Advances received on apartment sales (20.2)	-	-	431,294,608	431,294,608
Refundable deposit (20.3)	-	-	5,123,106	5,123,106
	-	-	777,905,817	738,829,095

20.1 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.

20.2 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.

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

21 AMOUNTS DUE FROM RELATED PARTIES

		Company		Group	
		2023	2022	2023	2022
	Relationship	LKR	LKR	LKR	LKR
Amount due from subsidiary companies					
Odel Properties One (Pvt) Ltd	Subsidiary	4,261,361	10,265,614	-	-
Odel Apparels (Pvt) Ltd	Subsidiary	37,894,095	25,584,434	-	-
Odel Lanka (Pvt) Ltd	Subsidiary	282,655,179	226,347,262	-	-
Cotton Collection (Pvt) Ltd	Subsidiary	2,194,427	61,836,327	-	-
Odel Apparel Holding (Pvt) Ltd	Subsidiary	6,260,216	-	-	-
Odel Apparel Lanka (Pvt) Ltd	Subsidiary	232,967	-	-	-
		333,498,245	324,033,637	-	-
Less: Provision for doubtful debt - Odel Lanka	Subsidiary	(65,532,013)	(65,532,013)	-	-
		267,966,232	258,501,624	-	-
Amount due from Other companies					
Softlogic Retail (Pvt) Ltd	Other Related	-	15,333,988	94,924,834	96,380,561
Softlogic BPO Services (Pvt) Ltd	Other Related	-	-	3,969,413	3,697,913
Softlogic Holdings PLC	Ultimate Parent	-	-	392,863	258,863
Softlogic Restaurants (Pvt) Ltd	Other Related	39,648,850	36,233,876	56,452,249	36,233,876
Softlogic City Hotels (Pvt) Ltd	Other Related	-	483,661	-	483,661
Ceysand Resorts (Pvt) Ltd	Other Related	246,000	-	246,000	-
Softlogic Retail Holdings (Pvt) Ltd	Immediate Parent	-	-	103,980	103,980
Softlogic Supermarkets (Pvt) Ltd	Other Related	-	-	51,479,283	12,061,682
Softlogic Properties (Pvt) Ltd	Other Related	-	-	1,063,736	1,063,736
Central Hospital (Pvt) Ltd	Other Related	-	-	247,264	247,264
Asiri Surgical Hospital PLC	Other Related	3,538,462	-	3,538,462	-
Asiri Hospital Holdings PLC	Other Related	6,000,000	-	6,000,000	-
		49,433,312	52,051,525	218,418,084	150,531,536
		317,399,544	310,553,149	218,418,084	150,531,536

22 INTEREST BEARING LOANS AND BORROWINGS

22.1 Company

		2023 Repayable within 1 year	2023 Repayable after 1 year	2023 Total	2022 Repayable within 1 year	2022 Repayable after 1 year	2022 Total
		LKR	LKR	LKR	LKR	LKR	LKR
Bank loan	22.1.1	4,063,964,668	1,799,007,162	5,862,971,830	3,806,027,362	1,968,723,624	5,774,750,986
Interest payable		250,312,123	-	250,312,123	20,168,294	-	20,168,294
Bank overdraft	26.2	898,495,556	-	898,495,556	569,999,176	-	569,999,176
Related Party Loans	22.1.2	2,296,041,151	-	2,296,041,151	1,745,587,358	-	1,745,587,358
		7,508,813,498	1,799,007,162	9,307,820,660	6,141,782,190	1,968,723,624	8,110,505,814

22.1.1 Bank Loans

	2022	Obtained	Repayment	2023
	LKR	LKR	LKR	LKR
Short term working capital loans	3,105,688,167	8,290,828,479	(8,075,291,969)	3,321,224,677
Medium term project loans	2,669,062,819	100,000,000	(227,315,666)	2,541,747,153
	5,774,750,986	8,390,828,479	(8,302,607,635)	5,862,971,830

22.1.2 Related Party Loans

	2022	Obtained	Repayment	2023
	LKR	LKR	LKR	LKR
Short term working capital loans				
Softlogic Holdings PLC	1,745,587,358	4,691,112,929	(4,140,659,136)	2,296,041,151
	1,745,587,358	4,691,112,929	(4,140,659,136)	2,296,041,151

22.2 Group

		2023 Repayable within 1 year	2023 Repayable after 1 year	2023 Total	2022 Repayable within 1 year	2022 Repayable after 1 year	2022 Total
		LKR	LKR	LKR	LKR	LKR	LKR
Bank loan	22.2.1	5,874,242,702	7,104,819,439	12,979,062,141	5,354,847,853	6,874,337,004	12,229,184,857
Interest payable		994,781,569	-	994,781,569	20,168,294	-	20,168,294
Bank overdraft	26.2	1,398,375,500	-	1,398,375,500	894,965,260	-	894,965,260
Related Party Loans	22.2.2	3,497,346,832	-	3,497,346,832	2,642,764,672	-	2,642,764,672
		11,764,746,604	7,104,819,439	18,869,566,042	8,912,746,079	6,874,337,004	15,787,083,083

22.2.1 Bank Loans

	2022	Obtained	Repayment	2023
	LKR	LKR	LKR	LKR
Short term working capital loans	4,519,544,968	8,861,278,332	(8,384,284,280)	4,996,539,020
Medium term project loans	7,709,639,889	581,763,000	(308,879,769)	7,982,523,121
	12,229,184,857	9,443,041,332	(8,693,164,048)	12,979,062,141

22.2.2 Related Party Loans

	2022	Obtained	Repayment	2023
	LKR	LKR	LKR	LKR
Short term working capital loans				
Softlogic Holdings PLC	2,642,764,671	4,001,590,892	(3,836,530,769)	2,807,824,794
Asiri Hospital Holdings PLC	-	264,522,037	-	264,522,038
Asiri Surgical Hospital PLC	-	425,000,000	-	425,000,000
	2,642,764,671	4,691,112,929	(3,836,530,769)	3,497,346,832

NOTES TO THE FINANCIAL STATEMENTS

22.3 Terms of the loan

22.3.1 Company

Lending institution	Year Obtained	Loan/Facility value	Nature of facility	Security
Bank of Ceylon	2018/19	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 Jayawardanapura Kotte, in the District of Colombo, Western Province.
Bank of Ceylon	2018/19	100 Mn	Medium term loan	Corporate Guarantee of Softlogic Holdings PLC
Bank of Ceylon	2021/22	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 Jayawardanapura Kotte, in the District of Colombo, Western Province.
Bank of Ceylon	2020/21	19Mn	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 Jayawardanapura Kotte, in the District of Colombo, Western Province.
Bank of Ceylon	2021/22	26.4Mn	Medium term- Moratorium loan	Loan Agreement
Bank of Ceylon	2018/19	200Mn	Short term Loan	Loan Agreement
Cargills Bank	2019/20	250Mn	Short term Loan	Corporate Guarantee for 250Mn to be obtained from Softlogic Holdings PLC together with the supporting board Resolution
Cargills Bank	2022/23		Bank Overdraft	
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	2018/19	856Mn	Short term Loan	Primary Concurrent Mortgage Bond
DFCC Bank	2021/22	500Mn	Medium term loan	Quadripartite agreement to be entered in to between DFCC bank PLC , the company, Softlogic holding PLC and the Aquity 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	2018/19	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	2019/20	1000Mn	Medium term loan	Registered Primary Mortgage Over Credit Card Receivables
HNB	2020/21	250Mn	Short term Loan	Concurrent Mortgage Bond, Stock in Trade & Book debts
HNB	2020/21	57Mn	Short term Loan	Clean
Indian Bank	2020/21	250Mn	Medium term loan	Primary Mortgage of merchant fee receivables and corporate guarantee of Softlogic Holdings PLC

Repayment term	Interest Rate	Loan Balance as at 31 March 2023 LKR	Loan Balance as at 31 March 2022 LKR
66 Months including 6 Months Grace Period	AWPLR+ 2%	227,500,769	265,833,100
30 Months including 6 Months Grace Period	AWPLR+ 2%		-
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)	82,168,942	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
24 Months - 1,101,218.44 Per month	6.11% P.a (364 TB Rate +1%)	1,101,218	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	148,455,087	216,784,243
		3,726,246	
On demand	PLR+2.5% p.a., reviewed Monthly	49,182,678	43,215,520
Maximum of 90 days subject to roll over	Market rate reviewed monthly	855,933,876	827,980,768
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)	313,840,000	213,840,000
Maximum of 90 days	4 week AWPLR+ 2% - review monthly	108,885,944	68,275,593
On demand	Revised every month and will be 2% per annum above the AWPR	155,564,218	153,667,902
On demand	AWPLR (reviewed Annually)	327,876,786	218,383,330.00
To be settled in 48 Months	AWPLR+2.0% (Monthly Review)	801,596,233	801,596,234
Maximum of 90 days subject to roll over	Market rate at the date of Regrant	250,000,000	250,000,000
12 Monthly instalments of Rs3,687,140/ - and 1,077,323.29	AWPLR+2.5%	-	33,351,222
48 Monthly after the grace period - Starting from 16th August 2020	AWPLR+2.25% p.a	128,790,000	186,040,000

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Lending institution	Year Obtained	Loan/Facility value	Nature of facility	Security
Nations Trust Bank	2020/21	90Mn	Short term Loan	Short Term Loan Agreement
Nations Trust Bank	2020/21	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	2020/21	50Mn	Short term Loan	Loan Agreement
Sampath Bank	2018/19	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	2019/20	1000Mn	Short term Loan	Corporate Guarantee of Softlogic Holdings PLC, Loan Agreement Form, Series of Loans, Accepted Facility Committed Letter
Softlogic Holding PLC	2016/17		Short term Loan	None
State Bank of India	2020/21	350Mn	Medium term loan	Primary Mortgage of merchant fee receivables and corporate guarantee of Softlogic Holdings PLC
Union Bank	2019/20	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	2021/22	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	2018/19	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
NDB	2022/23	165Mn	Short term Loan	Corporate Guarantee from Softlogic Retail Holdings (Pvt) Ltd (PV 130551) for LKR 200,000,000/-

22.3.2 Group (together with No 22.3.1)

22.3.2.1 Odel Properties One (Pvt) Ltd

Lending institution	Year Obtained	Loan/Facility value	Nature of facility	Security
HNB/Sampath/ BOC	2018/19	5,400 Mn	Syndicated 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 2023 LKR	Loan Balance as at 31 March 2022 LKR
Maximum of 90 days subject to roll over	AWPLR+ 1.25%	**87,759,316**	25,033,280
Maximum of 90 days	AWPLR+ 1%	**-**	-
On demand	Weekly AWPLR+1.5% p.a	**19,062,199**	1,311,227
Maximum of 90 days	Market rate reviewed monthly	**49,725,232**	50,000,000
Maximum of 90 days	AWPLR+ 1.25%	**21,595,395**	-
On demand	AWPLR+1.25%	**227,629,618**	64,336,198
Bullet Payment within 90days from the date of disbursement	Market rate reviewed monthly	**1,000,000,000**	1,000,000,000
On demand (Related party)	15.49% reviewed monthly		1,745,587,358
48 Monthly after the grace period - Starting from 16th August 2020	AWPLR+2.25% p.a	**180,306,000**	260,456,000
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.	**842,610,152**	892,251,319
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**	47,100,000
Monthly	AWPLR+ 2%	**350,000,000**	300,000,001
On demand	AWPLR +2%P.A.	**115,453,811**	89,088,599
Maximum of 120 days	AWPLR + 1.75%	**165,640,087**	-

Repayment term	Interest Rate	Loan Balance as at 31 March 2023 LKR	Loan Balance as at 31 March 2022 LKR
84 Monthly after the grace period. Repayment after December 2025	AWPLR + 2%	**5,259,185,585**	4,777,422,585

22.3.2.2 Softlogic Brands (Pvt) Ltd

Lending institution	Year Obtained	Loan/Facility value	Nature of facility	Security
BOC	2018/19	450 Mn	Medium term loan	Corporate Guarantee from Softlogic Holdings PLC & a mortgage over the property called "Madanagahawatta"
Commercial Bank	2017/18	200 MN	Letter of Credit/ Short term Loan	Corporate guarantee of Rs 100 Mn executed by ODEL
DFCC	2015/16	150 MN	Overdraft /Letter of Credit/ Short term Loan/ Import Loan	A Corporate Guarantee from Odel PLC for 150 Million
Union Bank	2017/18	300 Mn	Letter of Credit/ Import Loan	A Corporate Guarantee from Odel PLC for 200 Million & a negative pledge over stock & Book Debts
NDB	2020/21	200 Mn	Overdraft / Letter of credit / Short term Loan	A Corporate guarantee from Softlogic Retail Holdings (Pvt) Ltd for 200 million
NTB	2017/18	50 Mn	Overdraft/ Letter of Credit/ Short term Loan	A negative pledge over stocks & book debt.
HNB	2022/23	247Mn	Overdraft / Short term Loan	Primary Mortgage Bond for Rs.440Mn over Shares of Asiri Hospital Holdings Plc. Owned by Softlogic Holdings Plc.
Seylan Bank PLC	2018/19	300 Mn	LC/ Import Loan/ OD	A Corporate Guarantee from ODEL PLC for Rs.300 Mn & a negative pledge for LKR 300 Mn.
Cargills Bank PLC	2022/23	40Mn	Temporary Short Term Loan	A Corporate Guarantee for Rs.40Mn From Softlogic Holdings PLC
Softlogic Holding PLC	2017/18	-	Short term Loan	None
Asiri Surgical			Short term Loan	None
Asiri Hospital Holdings Plc		-	Short term Loan	None

22.3.2.3 Cotton Collections (Pvt) Ltd

Lending institution	Year Obtained	Loan/Facility value	Nature of facility	Security
NTB	2017/18	50 Mn	Import Loan	Primary Mortgage bond over Stocks
NTB	2020/21	25 Mn	Short Term Loan	Primary mortgage over stocks for Rs 80 Mn
NTB	2017/18	3 Mn	Over Draft	Primary mortgage over stocks for Rs 80 Mn
NDB		150 Mn	Over Draft	Primary mortgage bond over shares of Asiri Hospital Holding PLC for 150 Mn
Sampath Bank		18 Mn	Over Draft	Primary mortgage over stocks for Rs 50 Mn
Union Bank		5 Mn	Over Draft	Primary mortgage over stocks for Rs 5 Mn

Repayment term	Interest Rate	Loan Balance as at 31 March 2023 LKR	Loan Balance as at 31 March 2022 LKR
66 months including 6 months grace period	AWPLR + 2%	**181,590,383**	263,154,486
90 Days	AWPLR +1.5%	**200,025,009**	74,875,049
180 Days	AWPLR + 2%	**773,927,159**	686,639,956
120 Days	AWPLR +1.5%	**238,239,298**	265,024,864
120 Days	AWPLR +1.5%	**33,519,387**	198,061,796
90 Days	AWPLR + 1%	**9,781,736**	3,125,982
90 Days	AWPLR+4%	**197,753,895**	10,086,166.79
90 Days	AWPLR + 2%	**299,152,885**	216,874,021
120 Days	33% p.a	**15,000,000**	30,284,452
On demand (Related party)	AWPLR + 2%	**511,783,643**	897,177,313
On demand (Related party)	AWPLR + 2%	**425,000,000**	-
On demand (Related party)	AWPLR + 2%	**264,522,038**	-

Repayment term	Interest Rate	Loan Balance as at 31 March 2023 LKR	Loan Balance as at 31 March 2022 LKR
Within 120 Days of granting each loan	AWPLR + 2.75%	**-**	794,836
Within 120 Days of granting each loan	AWPLR + 2.75%	**18,236,840.26**	22,305,948
On Demand	AWPLR + 2.51%	**1,406,760.01**	3,882,209
On Demand	AWPLR + 0.5%	**152,924,244.04**	149,990,891
On Demand	AWPLR + 2% (Floor rate of 10%)	**35,813,158.08**	20,627,601
On Demand	AWPLR + 3%	**25,570,339**	11,270,826

NOTES TO THE FINANCIAL STATEMENTS

23 RETIREMENT BENEFIT LIABILITY

		Company		Group	
	Note	2023	2022	2023	2022
		LKR	LKR	LKR	LKR
Defined Benefit Plan Costs - Gratuity					
As at the beginning of the year		93,700,952	95,247,695	126,844,356	132,192,893
Charge for the year	23.1	24,186,066	15,981,383	34,635,542	22,740,197
Payment made during the year		(25,287,519)	(7,480,971)	(30,276,873)	(11,752,261)
Actuarial loss/ (Gain) on obligation		4,881,184	(10,047,155)	(1,663,117)	(16,336,474)
Defined Benefit Obligation as at the end of the year		97,480,683	93,700,952	129,539,909	126,844,356

23.1 Charge for the year

		Company 2023 LKR	Company 2022 LKR	Group 2023 LKR	Group 2022 LKR
Current service cost		11,067,933	9,590,263	16,619,657	13,693,824
Interest cost		13,118,133	6,391,120	18,015,884	9,046,373
Gratuity		24,186,066	15,981,383	34,635,542	22,740,197

23.2 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 2023 and the principal actuarial assumptions used are as follows.

Principal actuarial assumptions

	Company		Group	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Discount rate	23.00%	14.00%	22%, 23%	14%, 15%, & 11.50%
Salary increases	2023 - 6%, thereafter 15%	10.0%	2023 - 6%, thereafter 15%	10.0%
Staff turnover	29%	24%	29%,33%, 34%, 18%	24% & 12%
Retirement Age	60 Years	60 Years	60 Years	60 Years
Weighted average duration of define benefit obligation	2.6 Years	3.36 Years	7.5 , 11.8 & 12.5 Years	3.36 , 3.41 & 5.68 Years

23.3 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	2,011,185	(2,113,194)	(2,745,528)	2,647,743
Impact on defined benefit obligation - Group	2,883,145	(3,041,392)	(3,890,884)	3,737,654

23.4 Maturity Analysis

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

	2023	2022
	LKR	LKR
within the next 12 months	30,186,579	21,330,277
between 1 to 2 years	38,132,938	34,535,595
between 3 to 5 years	19,881,997	23,284,707
between 6 to 10 years	7,895,454	10,934,594
beyond 10 years	1,383,715	3,615,779
	97,480,683	93,700,952

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.

24 TRADE AND OTHER PAYABLES

	Company		Group	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Financial Liabilities				
Trade payables	411,270,779	323,160,076	810,561,051	1,266,281,038
Sundry creditors	800,875,663	393,288,604	1,133,967,166	490,957,381
Accrued expenses	152,488,912	72,795,235	449,653,675	197,515,672
Unredeemed vouchers	76,750,097	54,688,387	76,750,097	54,688,387
Work certified on constructions	-	-	842,519,406	279,614,207
Deposits & Advances	214,494,666	216,363,349	16,321,263	13,906,163
	1,655,880,117	1,060,295,651	3,329,772,658	2,302,962,848

25 AMOUNTS DUE TO RELATED PARTIES

		Company		Group	
		2023	2022	2023	2022
	Relationship	LKR	LKR	LKR	LKR
Amount due to subsidiary companies					
Odel Properties (Pvt) Ltd	Subsidiary	25,149,474	1,208,898	-	-
Odel Information Technology Services (Pvt) Ltd	Subsidiary	7,225,044	7,482,645	-	-
Odel Restaurant (Pvt) Ltd	Subsidiary	5,632,752	5,859,672	-	-
Softlogic Brands (Pvt) Ltd	Subsidiary	1,237,395,836	763,149,938	-	-
		1,275,403,106	777,701,153	-	-
Amount due to other companies					
Softlogic Retail (Pvt) Ltd	Other related	83,182,233	-	296,044,555	156,256,474
Softlogic BPO Services (Pvt) Ltd	Other related	175,095,011	111,059,403	228,729,832	144,231,501
Softlogic Corporate Services (Pvt) Ltd	Other related	10,077,045	6,501,158	20,295,755	17,471,549
Softlogic Destination Management Ltd	Other related	-	-	250,700	-
Softlogic Holdings PLC	Ultimate parent	697,075,102	312,065,959	1,024,985,852	491,900,100
Softlogic Information Technologies (Pvt) Ltd	Other related	3,459,220	1,385,796	4,501,788	2,693,796
Softlogic Restaurants (Pvt) Ltd	Other related	-	-	531,523	1,082,989
Softlogic Communications (Pvt) Ltd	Other related	10	10	8,660	8,660
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	47,125	-	298,545	347,145
Softlogic Properties (Pvt) Ltd	Other related	450,000	150,000	450,000	150,000
Softlogic Life Insurance Plc	Other related	6,164,279	-	13,668,204	3,617,203
Softlogic Mobile Distribution (Pvt) Ltd	Other related	24,081,849	81,849	24,081,849	81,849
Softlogic Retail Holdings (Pvt) Ltd	Other related	12,971,275	2,890,714	12,971,275	2,890,714
Softlogic Supermarkets (Pvt) Ltd	Other related	18,566,402	46,114,399	23,066,787	46,676,116
Softlogic Automobiles (Pvt) Ltd	Other related	-	40,605	-	40,605
Central Hospital Limited	Other related	148,340	48,400	148,340	48,400
Softlogic Finance PLC	Other related	-	-	1,782	1,782
Softlogic Rewards (Pvt) Ltd	Other related	9,828,247	3,164,284	12,339,962	5,261,193
Softlogic Computers (Pvt) Ltd	Other related	-	-	-	105,080
Asiri Hospital Holdings PLC	Other related	-	-	31,641,605	-
Asiri Surgical Hospital PLC	Other related	-	-	45,776,044	-
		1,041,146,138	483,806,250	1,739,863,850	873,239,624
		2,316,549,244	1,261,507,403	1,739,863,850	873,239,624

26 CASH AND CASH EQUIVALENTS

26.1 Favourable cash & cash equivalents balance

	Note	Company 2023 LKR	Company 2022 LKR	Group 2023 LKR	Group 2022 LKR
Components of Cash and Cash Equivalents					
Cash & bank balances		190,417,605	124,616,560	220,748,241	167,385,315

26.2 Unfavourable cash & cash equivalents balance

	Note	Company 2023 LKR	Company 2022 LKR	Group 2023 LKR	Group 2022 LKR
Bank overdraft	22	(898,495,556)	(569,999,176)	(1,398,375,500)	(894,965,260)
		(708,077,951)	(445,382,616)	(1,177,627,260)	(727,579,946)

27 STATED CAPITAL

	Company 2023 LKR	Company 2022 LKR	Group 2023 LKR	Group 2022 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

28 FINANCIAL ASSETS & LIABILITIES - FAIR VALUES

28.1 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.

28.2 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	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Interest bearing loans and Borrowings				
Floating Rate Borrowings	5,862,971,830	5,774,750,986	5,862,971,830	5,774,750,986
	5,862,971,830	5,774,750,986	5,862,971,830	5,774,750,986

Group	Carrying Amount		Fair value	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Interest bearing loans and Borrowings				
Floating Rate Borrowings	12,979,062,141	12,229,184,857	12,979,062,141	12,229,184,857
	12,979,062,141	12,229,184,857	12,979,062,141	12,229,184,857

Company	Carrying Amount		Fair value	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Loans and receivables				
Staff loan	1,083,333	1,267,470	1,083,333	1,267,470
Refundable deposit	245,117,780	266,539,044	245,117,780	266,539,044
	246,201,113	267,806,514	246,201,113	267,806,514

Group	Carrying Amount		Fair value	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Loans and receivables				
Staff loan	1,083,333	1,267,470	1,083,333	1,267,470
Refundable deposit	476,488,423	493,137,386	476,488,423	493,137,386
	477,571,756	494,404,856	477,571,756	494,404,856

As at 31 March 2023, the Group held the following assets carried at fair value in the statement of financial position:

Assets measured at fair value - 2023	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				
Freehold lands	727,775,002	-	-	727,775,002
Freehold buildings	558,145,000	-	-	558,145,000
Investment Property	1,929,000,000	-	-	1,929,000,000

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				
Freehold lands	6,431,621,393	-	-	6,431,621,393
Freehold buildings	384,663,050	-	-	384,663,050
Investment Property	1,870,100,000	-	-	1,870,100,000

28.3 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 2023 in measuring non-financial assets categorised as level 3 in the fair value hierarchy

29 EARNINGS/(LOSSES) PER SHARE

Basic earnings 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 per share computations

	Company		Group	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Amounts used as the numerators:				
Net profit	(1,956,788,404)	(485,548,409)	(2,211,747,708)	(1,371,443,118)
Net profit attributable to ordinary shareholders for basic earnings per share	(1,956,788,404)	(485,548,409)	(2,211,747,708)	(1,371,443,118)
Number of ordinary shares used as denominators:				
Weighted average number of ordinary shares in issue applicable to basic earnings per share	272,129,431	272,129,431	272,129,431	272,129,431
Adjusted weighted average number of ordinary shares applicable to basic earnings per share	272,129,431	272,129,431	272,129,431	272,129,431
Basic loss per share	(7.19)	1.78)	(8.13)	(5.04)

30 ASSETS PLEDGED (COMPANY/GROUP)

The following assets have been pledged as security for liabilities.

Nature of asset	Mortgage type	Bank	2023	2022	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, Kaduwala 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

31 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,

31.1 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 2023, estimated value of the work done is Rs 450Mn.

b) China State Construction Engineering Corporation Ltd, for 8,526 Mn on commercial development at Ward Place. As at 31st March 2023, the estimated value of the work done is Rs 5,603 Mn

c) Non contracted capital commitments

Estimated non contracted commitment for the above project will be Rs 14,401 Mn.

31.2 Contingent Liabilities

a) Softlogic Brands (Pvt) Ltd has executed letter of credits for LKR 18,245,483 (SGD 324,634)

32 RELATED PARTY DISCLOSURES

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

Name	% of equity interest 2023	2022
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%
Odel Apparel Holding (Pvt) Ltd	100%	-
Odel Apparel Lanka (Pvt) Ltd	100%	-

32.1 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

Transactions between the Company and subsidiaries	% of equity interest 2023 LKR	2022 LKR
Nature of Transaction		
Balance as at 1 April (Before Provision)	(453,667,516)	(65,979,632)
Loan Granted	-	-
Purchase of Goods/Services	(444,606,918)	(132,682,408)
Sale of goods/services	607,041,569	512,372,223
Investment in equity shares	-	-
Sister Store Sales	(1,075,258,886)	(1,091,489,270)
Settlements/Receipts	(11,090,000)	(145,962,316)
Balance Transfer	-	-
Settlement of liabilities on behalf of the Company	435,676,889	470,073,887
Balance as at 31 March (Before Provision)	(941,904,861)	(453,667,516)

NOTES TO THE FINANCIAL STATEMENTS

32.2 Transactions between the Company and other related entities

	2023 LKR	2022 LKR
Nature of Transaction		
Balance as at 1 April (Before Provision)	(431,754,725)	(264,848,227)
Loan Granted/Advance Paid	-	-
Purchase of goods/services	(398,726,391)	(359,008,504)
Sale of goods/services	149,663,288	95,786,984
Sister Store Sales	196,894	346,620
Settlements/Receipts	(55,551,266)	270,766,052
Balance Transfer	-	-
Settlement of liabilities on behalf of the Company	(255,540,626)	(174,797,651)
Balance as at 31 March (Before Provision)	(991,712,826)	(431,754,725)

Other related party transactions include,

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

	2023 LKR	2022 LKR
Purchase of goods/services	(11,011,499)	(8,498,262)
Sale of goods/services	991,559	1,256,465
Settlements/Receipts	(60,621)	(165,126)

32.2.2 Transactions with ultimate parent company - Softlogic Holding PLC

	2023 LKR	2022 LKR
Purchase of goods/services	(658,329,000)	(200,132,965)
Sale of goods/services	70,000	146,800
Settlements/Receipts	(277,203,937)	123,570,416

In addition to above transactions, working capital loans of LKR 4,691,112,929/- (86% of the revenue) were obtained and the settlements of 4,140,659,136/- (76% 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

32.3 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 .

	2023 LKR	2022 LKR
a) Key Management Personnel Compensation		
Short-term employee benefits	28,275,000	3,375,000
Post-employment benefits	-	-
Other long term benefits	-	-
Termination benefit	-	-
Share based payments	-	-
	28,275,000	3,375,000
b) Advances received for purchase of goods/services	31,442,015	31,442,015
	59,717,015	34,817,015

33 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.

NOTES TO THE FINANCIAL STATEMENTS

33.1 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	
		Company	Group
2023			
Loan interest	**+100**	**(87,091,632)**	**(173,283,246)**
Loan interest	**-100**	**87,091,632**	**(173,283,246)**
2022			
Loan interest	+100	(76,149,460)	(144,552,523)
Loan interest	-100	76,149,460	144,552,523

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.

33.2 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.

33.2.1 Company

As at 31 March 2023	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	-	-	-	-	33,658,505	18,414,830	52,073,335
Other debtors	-	-	-	-	51,941,809	-	51,941,809
Deposits & prepayments	-	-	-	-	352,508,086	-	352,508,086
Staff loan	-	-	-	-	1,083,333	-	1,083,333
Refundable deposit	-	-	-	-	245,117,780	-	245,117,780
Investment in unit trust	-	-	-	-	248,959	-	248,959
Amounts due from related parties	-	-	-	-	317,399,544	-	317,399,544
Total	-	-	-	-	1,001,958,016	18,414,830	1,020,372,846

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	-	-	-	-	23,260,704	17,650,364	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	-	-	-	-	1,246,497,170	17,650,364	1,264,147,534

33.2.2 Group

As at 31 March 2023	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	-	-	-	-	43,837,919	21,682,533	65,520,452
Other debtors	-	-	-	-	120,246,997	-	120,246,997
Deposits & prepayments	-	-	-	-	696,079,281		696,079,281
Staff loan	-	-	-	-	1,083,333		1,083,333
Refundable deposit	-	-	-	-	476,488,423		476,488,423
Investment in unit trust	-	-	-	-	248,959		248,959
Amounts due from related parties	-	-	-	-	218,418,084		218,418,084
Total	-	-	-	-	1,556,402,996	21,682,533	1,578,085,529

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	-	-	-	-	40,448,557	17,650,364	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	-	-	-	-	1,808,669,199	17,650,364	1,826,319,563

33.3 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.

33.3.1 Company

Year ended 31 March 2023	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	-	6,030,270,892	971,171,260	2,379,954,809	-	9,381,396,961
Bank Overdrafts	898,495,556	-	-	-	-	898,495,556
Trade and other payables	76,750,097	1,579,130,020	-	-	-	1,655,880,117
Corporate Guarantee	1,789,090,000	-	-	-	-	1,789,090,000
	2,764,335,653	7,609,400,911	971,171,260	2,379,954,809	-	13,724,862,634

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

33.3.2 Group

Year ended 31 March 2023	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	-	6,837,977,178	3,966,144,826	5,561,717,809	2,077,422,585	18,443,262,398
Bank Overdrafts	1,398,375,500	-	-	-	-	1,398,375,500
Trade and other payables	76,750,097	3,253,022,561	-	-	-	3,329,772,658
Other non current liabilities	-	-	-	777,905,817	-	777,905,817
Corporate Guarantee	7,519,080,000					7,519,080,000
	8,994,205,597	10,090,999,738	3,966,144,826	6,339,623,626	2,077,422,585	31,468,396,373

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
	949,653,647	7,615,489,987	2,949,671,783	7,721,710,741	-	25,940,386,158

33.4 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	
	2023	2022	2023	2022
	LKR	LKR	LKR	LKR
Interest bearing borrowings - Current	**7,318,395,893**	6,017,165,630	**11,543,998,363**	8,745,360,764
Interest bearing borrowings - Non Current	**1,799,007,162**	1,968,723,624	**7,104,819,439**	6,874,337,004
Total Borrowings	**9,117,403,055**	7,985,889,254	**18,648,817,802**	15,619,697,768
Total Equity	**3,296,714,243**	5,347,209,817	**2,909,183,022**	5,413,286,738
Total Equity and Debt	**12,414,117,298**	13,333,099,071	**21,558,000,824**	21,032,984,506
Gearing Ratio (Total Debt/ Total Capital)	**73%**	60%	**87%**	74%

34 SIGNIFICANT TRANSACTIONS AND EVENTS

34.1 Odel PLC invested Rs 838,100,020/= 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.

35 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

36 RECLASSIFICATION OF COMPARATIVE FIGURES

Certain of the comparative figures pertaining to 31 March 2022 for the group, have been reclassified in order to improve the quality of the information presented and conform to the presentation of the current period. Such reclassifications do not affect the previously reported profit. The details of which are as follows.

	As Previously Reported	Effect of reclassification	As Reported Currently
	31.03.2022		**31.03.2022**
	LKR	LKR	**LKR**
Inventories	4,290,170,550	(1,755,996,382)	**2,534,174,167**
Other Current Assets	24,050,165	1,755,996,382	**1,780,046,548**

During the year apartments- Work in progress included under inventories were reclassified as Other current assets for better presentation.

37 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 2023	Fashion Retail	Investment Property	Other	Total Segments	Adjustments and Elimination	Consolidated Financial Statements
	LKR	LKR	LKR	LKR	LKR	LKR
Revenue	7,886,497,668		1,072,307,221	8,958,804,889	(705,519,670)	8,253,285,220
Revenue						
External Customers	7,785,888,499		467,396,721	8,253,285,220	-	8,253,285,220
Inter Company	100,609,169		604,910,500	705,519,670	(705,519,670)	-
Total Revenue	7,886,497,668		1,072,307,221	8,958,804,889	(705,519,670)	8,253,285,220
Other Operating Income	26,798,852	58,900,000		85,698,852		85,698,852
EBIT	659,605,170	58,900,000		718,505,170		718,505,170
Amortisation and depreciation	1,522,384,531			1,522,384,531	(31,407,322)	1,490,977,209
Segment Profit	(2,255,271,009)	41,230,000		(2,214,041,009)		(2,214,041,009)
Non-Current Assets (excluding financial assets, goodwill and deferred tax assets)	22,006,902,624	1,929,000,000		23,935,902,624		23,935,902,624
Total Liabilities	27,089,336,692	881,825,623		27,971,162,314		27,971,162,314

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

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 2023 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 2023.

» The number of public shareholders as at 31 March 2023 was 4,954

» Float adjusted market capitalisation as at 31 March 2023 was Rs. 103,492,553

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

DISTRIBUTION OF SHAREHOLDING AS AT 31 ST MARCH 2023

There were 4,957 registered shareholders as at 31st March 2023

NO. OF SHARES HELD	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	TOTAL HOLDING	% OF TOTAL0 HOLDING
1-1000	4,461	89.99	1,065,698	0.39
1001-10,000	429	8.65	1,433,112	0.53
10001-100,000	57	1.15	1,926,416	0.71
100001-1,000,000	7	0.14	1,783,337	0.66
Over- 1,000,000	3	0.06	265,920,868	97.72
Total	4,957	100.00	272,129,431	100

ANALYSIS REPORT OF SHAREHOLDERS AS AT 31 ST MARCH 2023

Analysis of Share Holders According to the No of Shares [Company/Member]

CATEGORY	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	TOTAL HOLDING	% OF TOTAL0 HOLDING
Individual	4,857	97.98	4,537,005	1.67
Institutional	100	2.02	267,592,426	98.33
Total	4,957	100	272,129,431	100

Analysis of Share Holders According to the No of Shares [Local/Foreign]

CATEGORY	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	TOTAL HOLDING	% OF TOTAL0 HOLDING
Resident	4,929	99.44	271,963,681	99.94
Non-resident	28	0.56	165,750	0.06
Total	4,957	100	272,129,431	100

TWENTY LARGEST SHAREHOLDERS OF THE COMPANY AS AT 31 MARCH 2023 ARE AS FOLLOWS.

No.	Name	Shares	%
1	SOFTLOGIC RETAIL HOLDINGS (PRIVATE) LIMITED	265,920,868	97.72
2	MRS. ELAINE BRYNHILDE HELGA ANIL PERERA / Mr. D.C.D.L.S.D. 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	Mr. CALISTUS NIMALANATHAN PAKIANATHAN	202,649	0.07
7	PEOPLE'S LEASING & FINANCE PLC/MR.D.M.P.DISANAYAKE	160,943	0.06
8	FORBES & WALKER LIMITED A/C NO 1	144,850	0.05
9	MISS NEESHA HARNAM / Mrs. J.K.P. SINGH	99,800	0.04
10	MR. NAYANAKA ARJUNA SAMARAKOON	96,845	0.04
11	MR. RYAN KRISHANTHA RAMBUKWELLA	90,350	0.03
12	MR. INDIKA PRASAD GALHENAGE	90,333	0.03
13	PEOPLE'S LEASING & FINANCE PLC/DR.H.S.D.SOYSA & MRS.G.SOYSA	90,000	0.03
14	COMMERCIAL BANK OF CEYLON PLC/ANDARADENIYA ESTATE (PVT) LTD	79,501	0.03
15	MR. MADHURA SUPUN HIRIPITIYA	70,000	0.03
16	MBSL/A G C SUGATH	66,580	0.02
17	MR. AMARAKOON MUDIYANSELAGE WEERASINGHE	66,200	0.02
18	MR. MODARAGE HASALA SANJAKA RUMESH	65,985	0.02
19	MR. PITIGALAGE BUDDHIKA CHANDRADEEPA KURERA	63,850	0.02
20	MR. GONNAGE LUCIAN SENARATH LIVERA	62,300	0.02

SHARE TRADING INFORMATION

	2022/23	2021/22
Highest	22.00	34.50
Lowest	15.00	16.00
Closing / Value as at the end of financial year	16.80	19.10

EQUITY INFORMATION

	2022/23	2021/22
Loss per share (Rs.)	8.14	5.04
Dividend per share (Rs.)	-	-
Net Asset Value per share (Rs.)	12.00	19.89

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of ODEL PLC will be held on Tuesday The 21st Day of November 2023 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. Ordinary Business

(1.1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company for the year ended 31st March 2023 together with the Report of the Auditors thereon.

(1.2) To pass the ordinary resolution set out below to re appoint Mr. J.M.J. Perera who is 70 years of age, as a Director of the Company.

"IT IS HERERBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. J.M.J. Perera who is 70 years of age and that he be and is hereby reappointed as a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007".

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

(1.4) To authorise the Directors to determine and make donations for the year ending 31st March 2024 and up to the date of the next Annual General Meeting.

2. Special Business

To consider and if thought it, to pass the following resolution as a Special Resolution:

(2.1) "IT IS HEREBY RESOLVED THAT to amend the Articles of Association of the Company by the deletion of the existing Article 11 in its entirety and substitution of the following Article:

11. Methods of Holdings Meetings

11(1) A meeting of shareholders may be held either—

(i) by a number of shareholders who constitute a quorum, being assembled together at the place,date, and time appointed for the meeting; (hereinafter sometimes referred to as the physical General meeting); or

(ii) by means of audio, or audio and visual communication by which all shareholders participating and constituting a quorum, can simultaneously hear each other throughout the meeting, (hereinafter sometimes referred to as Electronic General Meeting); or

(iii) by a General Meeting held both physically and electronically (called Hybrid General Meetings);or

(iv) by means of a resolution in writing signed by not less than Eighty-Five percentum (85%) of the Shareholders who would be entitled to vote on a resolution at a meeting of Shareholders, who together hold not less than Eighty-Five percentum (85%) of the votes entitled to be cast on that resolution, shall be valid as if it had been passed at a General Meeting of those Shareholders.

11(2) The Board shall determine the date, time and place and whether a General Meeting is to be held as a physical General Meeting or held as an electronic General Meeting or held as a Hybrid General Meetings, both physically and electronically or by a Resolution in writing as referred to in Article 11(1) or

(2.2) "IT IS HEREBY RESOLVED THAT to amend the Articles of Association of the Company by the deletion of the existing Article 43(1) in its entirety and substitution of the following Article:

43. Notices

43(1) Where the Company is required to send any document or to give notice of any matter to a Shareholder, it shall be sufficient for the Company to send the document or notice to the last known email address or the registered address of such Shareholder by ordinary post. Notice is also deemed as served where the document or notice is posted on the Company's website or on any other virtual portal as may be informed by the Company through public notice via Sinhala, Tamil and English daily newspapers or otherwise. Any document or notice sent by ordinary post is deemed to have been received by the Shareholder within three (03) working days of the posting of a properly addressed and prepaid letter containing the document or notice, and anything dispatched via email or other online communication is deemed as received by the Shareholder upon the sending of the same to the last known email address or at the time of posting of same on the webpage/portal as the case may be.

By Order of the Board,
ODEL PLC

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

23rd October 2023
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.
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.

NOTES

NOTES

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
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	

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 on Tuesday the 21st day of November 2023 at 10:00 a.m. and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	For	Against
1 Ordinary Business		
(1.1) 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, 2023 together with the Report of the Auditors thereon.		
(1.2) To pass the ordinary resolution set out below to re appoint Mr. J.M.J. Perera who is 70 years of age, as a Director of the Company "IT IS HERERBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. J.M.J. Perera who is 70 years of age and that he be and is hereby reappointed a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007"		
(1.3) To re-appoint Messrs. Ernst & Young, as Auditors and to authorise the Directors to determine their remuneration		
(1.4) To authorise the Directors to determine and make Donations for the year ending 31st March 2024 and up to the date of the next Annual General Meeting		
2. Special Business		
(2.1) To consider and if thought it to pass the Special Resolution set out under item 2.1 of the Notice of Meeting for the amendments to the Articles of Association.		
(2.2) To consider and if thought it to pass the Special Resolution set out under item 2.2 of the Notice of Meeting for the amendments to the Articles of Association.		

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

CONTACT DETAILS

14, De Fonseka Place,
Colombo 05
Sri Lanka
Tel : +94 11 5575 000
Fax : +94 11 2508 291
E-mail : info@softlogic.lk
Web : www.softlogic.lk

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 (Resigned w.e.f. 29th January 2023)
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 - -(Resigned w.e.f. 29th January 2023)
Dr. I C R DE Silva
Mr. J. M. J. Perera

REMUNERATION COMMITTEE

Mr. R P Pathirana
Dr. S Selliah -(Resigned w.e.f. 29th January 2023)
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

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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

WWW.ODEL.LK