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# Our Vision

To inspire the world.

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# 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.

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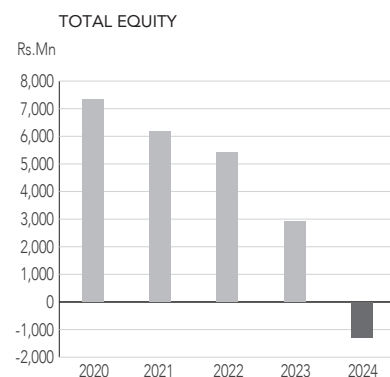
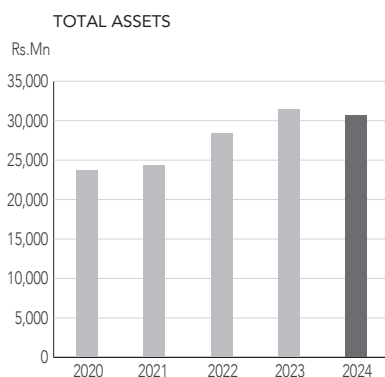
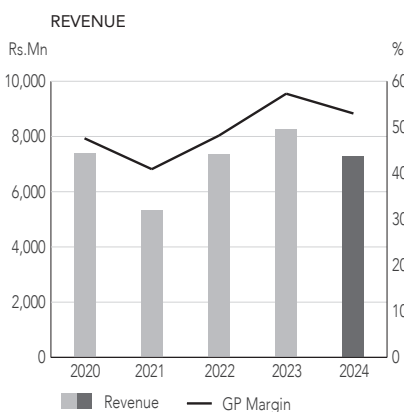


# Our Values

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	2025 LKR	2024 LKR	2023 LKR	2022 LKR	2021 LKR
<b>RESULTS FOR THE YEAR</b>					
Group Revenue	5,906,597,740	7,302,893,017	8,253,285,220	7,361,065,127	5,349,571,979
Results from Operating Activities	(1,502,974,014)	(730,996,543)	718,505,170	117,305,639	(926,961,518)
Finance Cost	(2,995,994,121)	(3,577,247,569)	3,396,319,455	1,546,406,126	1,179,902,051
Finance Income	12,522,145	18,607,451	12,154,271	10,437,743	8,902,575
Profit (loss) before tax	(5,265,245,989)	(4,266,136,660)	(2,665,660,013)	(1,418,662,744)	(2,097,960,994)
Profit (loss) for the year	(4,450,755,595)	(4,207,745,186)	(2,211,747,708)	(1,371,443,118)	(1,685,445,557)
Profit (loss) attributable to equity holders of the parent	(4,450,755,595)	(4,207,745,186)	(2,211,747,708)	(1,371,443,118)	(1,685,445,557)
<b>FINANCIAL POSITION</b>					
Non-Current Assets	27,521,621,592	25,076,555,661	25,211,729,093	22,444,648,776	19,465,658,804
Current Assets	3,907,677,899	5,594,476,991	5,668,616,243	5,918,748,731	4,868,218,734
Total Assets	31,429,299,491	30,671,032,652	30,880,345,336	28,363,397,507	24,333,877,537
Equity attributable to equity holders of the parent	(2,471,875,753)	(1,285,649,785)	2,909,183,022	5,413,286,738	6,169,508,202
Non-Current Liabilities	14,795,951,720	12,197,445,394	10,479,827,775	10,331,267,888	8,484,501,548
Current Liabilities	19,105,223,524	19,759,237,043	17,491,334,539	12,618,842,880	9,679,867,786
Total Equity and Liabilities	31,429,299,491	30,671,032,652	30,880,345,336	28,363,397,507	24,333,877,537
Total Debt	20,774,810,323	22,645,832,452	18,869,566,042	15,787,083,083	13,123,421,569
No. of Ordinary Shares	538,369,934	272,129,431	272,129,431	272,129,431	272,129,431
Gearing (%)	114%	106%	87%	74%	68%



# FINANCIAL HIGHLIGHTS

YEAR ENDED 31 ST MARCH	2025 LKR	2024 LKR	CHANGE %	2023 LKR
<b>RESULTS FOR THE YEAR</b>				
Group Revenue	5,906,597,740	7,302,893,017	(19%)	8,253,285,220
Results from Operating Activities	(1,502,974,014)	(730,996,543)	106%	718,505,170
Finance Cost	(2,995,994,121)	(3,577,247,569)	(16%)	(3,396,319,455)
Finance Income	12,522,145	18,607,451	(33%)	12,154,271
Profit / (loss) before tax	(5,265,245,989)	(4,266,136,660)	23%	(2,665,660,013)
Profit / (loss) for the year	(4,450,755,595)	(4,207,745,186)	6%	(2,211,747,708)
Profit / (loss) attributable to equity holders of the parent	(4,450,755,595)	(4,207,745,186)	6%	(2,211,747,708)
<b>FINANCIAL POSITION HIGHLIGHTS</b>				
Equity attributable to equity holders of the parent	(2,471,875,753)	(1,285,649,785)	92%	2,909,183,022
Total Assets	31,429,299,491	30,671,032,652	2%	30,880,345,336
Total Debt	20,774,810,323	22,645,832,452	(8%)	18,869,566,042
No. of Ordinary Shares	538,369,934	272,129,431	98%	272,129,431
Gearing (%)	113%	106%	7%	87%
<b>SHAREHOLDER INFORMATION</b>				
Earnings / (loss) per share (Rs.)	(10.41)	(15.46)	33%	(8.13)
Return on Equity (%)	-	-	-	-76%
Net Asset per Share (Rs.)	(4.59)	(4.72)	3%	10.69
Interest Cover (Times)	-	-	-	0.21
Market Price as at 31st March (Rs.)	10.70	13.00	(18%)	16.80
Market Capitalization (Rs.)	5,760,558,294	3,537,682,603	63%	4,571,774,441

# CHAIRMAN'S MESSAGE

**“THE CHALLENGES THAT WE FACE ARE SIGNIFICANT, BUT SO IS OUR RESOLVE. WITH THE COMBINED STRENGTH OF OUR TEAM, PARTNERS, AND STAKEHOLDERS, I AM CONFIDENT THAT ODEL WILL CONTINUE TO LEAD, INNOVATE, AND GROW IN THE YEARS AHEAD.**

**”**

## DEAR SHAREHOLDERS,

It is with a deep sense of responsibility and a clear commitment to strategic renewal that I present the annual report and audited financial statements for the year ended 31st March 2025. The year under review was one of recalibration and cautious momentum, as Sri Lanka made visible strides toward economic recovery while consumers and businesses continued to navigate structural headwinds.

The macroeconomic environment during the year offered a measured sense of relief, tempered by persistent structural challenges. Sri Lanka recorded a GDP growth rate of 5.0%, the strongest in nearly a decade, fueled by a rebound in the industrial sector and a recovering tourism industry. A sovereign credit rating upgrade in December 2024 and the IMF's continued endorsement of economic reforms helped stabilize market sentiment and strengthen the external position. Monetary policy remained accommodative throughout the year, with interest rates held below 11% and further eased early in 2025, providing much-needed relief for both consumers and businesses. Inflation stayed subdued, supporting price stability, while the Sri Lankan Rupee remained broadly stable, helping businesses manage import costs and plan inventories more effectively.

Amidst a challenging macroeconomic environment and subdued consumer sentiment, Odel PLC recorded a Revenue of Rs. 5.9 Bn and a Gross Profit of Rs. 3.1 Bn for the financial year. While these results reflect the headwinds faced across the retail sector, ranging from inflationary pressures to shifts in discretionary spending, they also underscore our deliberate strategy to prioritize long-term resilience over short-term growth.

We also continued to contend with the growing presence of grey market imports, which undermine fair competition. These informal channels often bypass official duties and regulatory compliance, enabling the sale of branded goods at significantly lower prices, placing pressure on formal retailers like ODEL that adhere strictly to import regulations.

During the year, we continued the prudent rationalization of our store network, strategically exiting underperforming locations and brands to strengthen our presence in high-performing brands and outlets. This approach allowed us to enhance operational efficiency and redirect resources towards areas with greater potential for sustainable returns.

Our focus remained firmly on our core brands, which consistently contribute the majority of our revenue. By aligning inventory planning, marketing investments, and customer engagement efforts around these key drivers, we ensured relevance and consistency in a rapidly evolving retail landscape. Complementing these efforts, we executed carefully calibrated promotional campaigns designed to increase store traffic while protecting margin integrity.

A defining milestone for the year was the launch of the first-ever ODEL Brands Outlet Store in Kohuwala, marking a new chapter in our retail journey. This Outlet concept store, dedicated to international fashion and lifestyle brands at value-driven price points, reflects our commitment to innovation and accessibility in an evolving consumer landscape.

Building on this success, we expanded our outlet store model to One Galle Face Mall, Colombo and beyond Colombo with the opening of the ODEL Brands Outlet Store at ODEL Mall in Kandy during the year. This regional expansion demonstrates our confidence in the potential of underserved urban markets and aligns with our vision of taking aspirational fashion to more Sri Lankans through curated offerings, immersive environments, and affordable pricing.

In parallel, we continued to elevate our flagship presence at One Galle Face Mall, unveiling Sri Lanka's largest Levi's Exclusive Brand Store, a bold statement of our deepening commitment to global fashion iconic brands. We also proudly introduced Arrow, the internationally acclaimed menswear brand, into the Sri Lankan market with the opening of its debut store within Odel at the One Galle Face Mall and we introduced Odel to be present in the Havelock City Mall as well.

These strategic milestones reinforce ODEL's position as a leading fashion and lifestyle retailer, while reaffirming our focus on innovation, brand excellence, and geographic diversification.

We continued to assess our project initiatives with prudence and a long-term perspective. As part of this approach, timelines for ODEL Mall Colombo and the Colombo 14 lifestyle retail project have been strategically rescheduled, enabling us to align future investments with evolving market conditions and internal capital priorities. These projects remain integral to our long-term vision, and we will revisit their progression as macroeconomic conditions and funding capacity improve.

Looking ahead, our revival strategy focuses on restoring sustainable growth through prudent capital management and strategic investments. We recognize that our current financial performance is impacted by the financial costs associated with significant capital expenditure undertaken to strengthen our long-term position. These investments have encountered delays in expected returns due to unforeseeable systemic challenges, including the pandemic and

economic fallout. In this context, we remain committed to optimizing our core business by refining product assortments and enhancing customer engagement via data-driven insights. Our store expansion strategy will selectively target underserved urban markets with tailored store formats and localized marketing strategies aligned with franchisor standards. Concurrently, we will accelerate digital transformation by enhancing our e-commerce platform and integrating omni-channel capabilities to deliver seamless customer experiences. Operational discipline, including supply chain efficiency and cost control, remains central to protecting margins. Furthermore, tourist shopping continues to be a significant revenue driver for ODEL, and we are confident that as tourism progresses, this segment will sustain and enhance our sales momentum, further supporting our growth objectives. Through these focused initiatives and prudent capital management, we are confident in steering ODEL towards sustainable recovery and renewed growth within a competitive and evolving retail landscape.

Our priorities remain clear: invest in data-driven retailing, enhance merchandising precision, and evolve our digital presence to meet the expectations of connected consumers. Operational discipline will remain a cornerstone of our strategy, balanced with innovation—whether in formats, collaborations, or customer experience.

Maintaining our leadership as Sri Lanka's premier retailer of over 100 international branded fashion labels presents significant challenges. It requires continuous vigilance to stay ahead of rapidly evolving global fashion trends, ongoing renewal of our brand portfolio, and an unwavering

commitment to delivering exceptional and relevant customer experiences. We fully recognize the responsibility this position entails and remain dedicated to upholding the highest standards of quality, innovation, and accessibility that our customers have come to expect from ODEL. Our strategy includes ongoing renewal of our brand portfolio through the introduction of promising fashion labels that resonate with changing consumer trends.

In closing, I would like to express my appreciation to my fellow Directors for their invaluable counsel and to our management and employees for their commitment. I also extend my sincere gratitude to our shareholders for their unwavering support and trust throughout this challenging period. Additionally, I thank our suppliers and banking partners for their ongoing collaboration and confidence, which have been vital to sustaining our operations and enabling strategic initiatives.

The challenges that we face are significant, but so is our resolve. With the combined strength of our team, partners, and stakeholders, I am confident that ODEL will continue to lead, innovate, and grow in the years ahead.

(Sgd.)

**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.

## MR. HARESH KAIMAL

**Non-Independent  
Non-Executive Director**

Mr. Hareesh Kumar Kaimal is a co-founder of Softlogic Group and has served on the Board of Directors since the company's origin in 1991. He Leads the group-wide IT division, overseeing IT initiatives, infrastructure and digital transformation across its diverse businesses. Under his guidance, Softlogic has implemented major systems such as Oracle E-Business Suite and Oracle Retail applications, along with industry-specific front-end tools.

In addition to the Group wide responsibilities he is an Executive Director of Softlogic BPO (Pvt) Ltd, Managing Director of Softlogic Supermarkets (Pvt) Ltd, represents the Board of Directors of Softlogic Life Insurance PLC, Softlogic Capital PLC, Softlogic Finance PLC, ODEL PLC, Asiri Hospitals Group and many other Group companies.

## DR. RUANTHI DE SILVA

**Senior Independent  
Non-Executive 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 reengineering 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. IMRAN FURKAN****Independent Non-Executive Director**

Mr. Imran advises Boards and CEOs on Strategy, Market Expansion as well as Geo Political, Economic, Climate and Technology Risk Management. Currently serving as CEO of Tresync, Australia; Imran is passionate about one thing - fostering collaboration. This is evidenced by his achievements in Senior management and Board Directorship roles in industries such as Finance, Health, Food, Retail, Regulatory and Industry Bodies, IT/ GBS, Education, Commodities, Media, and Professional Services in the Asia-Pacific region. He is an Independent Non-Executive Director of Softlogic Holdings PLC, Odel PLC, Asiri Health, Maharaja Foods PLC and Asiri Surgical Hospital PLC, Board of Management member of the Lakshman Kadirgamar Institute and an Executive Committee member of The Interfaith Network (IFN), City of Greater Dandenong, Australia. He was an Independent Non-Executive Director of Trade Finance and Investments PLC in Sri Lanka. He also served as the CEO of SLASSCOM and the Sri Lanka Press Institute. Imran has also served on the Director Training Committee and Media and Public Relations Committees of the Sri Lanka Institute of Directors.

Mr. Imran is a Fellow of CPA Australia, CIMA UK, has an MBA from Australia, and a BA (Hons) Sustainable Performance Management from the UK.

**MR. DILAN CHRISTOSTOM****Non-Independent  
Non-Executive Director**

Mr. Dilan Christostom is a Director Finance for Retail and Financial Services sectors of Softlogic Group. His career spans over 20 years, of which 5 years was spent overseas. He has extensive knowledge and experience in Strategy, Corporate Finance, Treasury, ERP Implementation, Insurance, Actuarial, Auditing and Accounting.

He is an Executive Director of Softlogic Retail Holdings (Pvt) Ltd, Softlogic Retail (Pvt) Ltd and Director of Cotton Collection (Pvt) Ltd. He is an Associate Member of the Association of Chartered Certified Accountants (ACCA).

# MANAGEMENT DISCUSSION & ANALYSIS

## MACROECONOMIC REVIEW

Sri Lanka entered FY2024/25 still carrying the weight of its post-crisis recovery but with signs of stabilization becoming more visible. The economy recorded a GDP growth rate of approximately 5%, a clear improvement compared to the contractionary period of recent years. Macroeconomic stability was supported by falling interest rates and a relatively stable exchange rate, which reduced volatility and provided greater predictability for both businesses and consumers. Inflation, though not as aggressive as in earlier crisis years, remained a consideration in shaping purchasing power. Political conditions, however, were less predictable. Multiple elections throughout the year led to an atmosphere of moderate uncertainty, with consumers adopting a 'wait-and-watch' stance when it came to discretionary spending. On the positive side, tourism rebounded strongly, feeding optimism in segments tied to hospitality, leisure and luxury retail. However, the benefits were not evenly distributed across the retail landscape, as much of the tourist traffic consisted of budget travelers and backpackers with lower retail spending power, bypassing urban shopping centers in favor of beach and nature destinations.

## RETAIL SECTOR REVIEW

The financial year ending March 2025 was one of transition and cautious optimism for Sri Lanka's retail sector. The period was marked by gradual macroeconomic recovery, shifting consumer sentiment, and strategic adjustments by leading retail players, including ODEL. While growth remained modest, the foundations were laid for a more resilient industry outlook moving into 2025/26. Overall, the retail sector sentiment was moderate during FY2024/25. The industry did not witness sharp declines in consumer activity but also lacked strong upward momentum.

Compared to FY2023/24, conditions were slightly improved, with retailers reporting modest year-on-year growth in the final quarter of the year.

Structural improvements were also observed. With VAT rates and import duties stable, retailers were able to plan operations more effectively. Furthermore, the government's introduction of a VAT refund system for foreign shoppers added a competitive edge to Sri Lanka's retail positioning against regional markets such as Singapore, where branded goods are a key attraction. By enabling refunds on purchases above LKR 50,000, Sri Lankan retailers, especially in categories like luxury watches, footwear and apparel, became more competitive globally, with prices now sometimes lower than regional peers after refunds.

## COMPANY PERFORMANCE

As the country's flagship fashion and lifestyle retailer, ODEL navigated a complex year with a mix of setbacks and strategic wins. The company recorded net sales of LKR 5.9 billion from its core retail operations, with a gross profit of LKR 3.1 billion, representing a gross profit margin of 52%. This performance reflected a 19% year-on-year decline in sales, primarily due to subdued consumer demand and reduced discretionary spending amidst political uncertainty.

One of the key drivers of this decline was the cautious consumer mood, with many customers delaying large purchases. Despite this, ODEL was able to maintain healthy gross margins, in part through careful inventory liquidation and disciplined discounting strategies. The company also exited high-cost, underperforming locations, notably making the strategic decision to close its presence in Colombo City Centre (CCC), where operational costs and footfall did not justify the heavy capital investment.

On the growth side, ODEL successfully launched its flagship department store at Havelock City Mall (HCM), which quickly began contributing positively to revenues and offsetting part of the impact from the CCC exit. The company also expanded its Levi's exclusive brand outlets (EBOs), to One Galler Face Mall (OGF) and HCM reflecting a targeted push on high-performing international brands.

Perhaps the most innovative step was the introduction of the ODEL Brands Outlet Store concept. Recognizing growing price sensitivity among consumers, ODEL converted its Kohuwala department store into an Outlet Store concept, and added two more outlets at OGF and Odel Mall Kandy (OMK). By offering globally reputed brands such as Zara at outlet store prices, ODEL successfully captured a wider customer base while also creating an effective channel for inventory liquidation. Early results suggest the concept has been well received, balancing customer value perceptions with efficient stock management.

In terms of categories, while brands like Luv SL benefited from increased tourist inflows, certain traditional stronghold categories such as sportswear and luxury watches underperformed. Higher import duties and VAT pushed up retail prices in these segments, reducing competitiveness and eroding consumer demand.

## CHALLENGES FACED

**ODEL, like the wider sector, contended with several challenges:**

- **Political Uncertainty:** The election cycle contributed to consumer hesitancy, reducing retail footfall and dampening discretionary purchases.

- **Grey Market Competition:** A persistent issue has been the presence of competitors who evade VAT and import duties, enabling them to undercut formal retailers on price. This eroded market share in several categories.
- **Inventory Management:** With demand weaker than anticipated, ODEL maintained minimal inventory levels and relied heavily on promotions and discounts to generate sales. While this strategy improved inventory health by year-end, it exerted pressure on gross margins.
- **Category Weakness:** Certain categories, particularly sportswear and luxury watches performed poorly due to higher taxes and changing consumer preferences driven by price sensitivity.
- **Tourism-Spending Gap:** Although tourist arrivals grew, a large proportion of these visitors were budget travelers who did not significantly contribute to retail sales.

## MARKETING

ODEL's 2024/25 marketing strategy was anchored in delivering aspirational fashion experiences, supported by a dynamic mix of seasonal storytelling, digital-first engagement and brand portfolio optimization. The Company focused on building emotional and lifestyle connections with its increasingly fashion-savvy consumer base, whose purchase decisions are often pre-determined through online and social media exposure before visiting a store.

A significant portion of marketing investment was channelled into digital and social media platforms, recognizing their central role in shaping modern consumer behaviour and purchase decisions. Over the past

five to six years, ODEL has progressively increased its digital spend, making it a core pillar of the brand's marketing framework. This investment covers a range of activities – from high-quality campaign photography and videography, to paid social advertising, influencer collaborations and real-time engagement through interactive content formats such as Instagram Reels, TikTok-style clips and shoppable posts.

ODEL maintains one of the largest social followings in Sri Lanka's retail sector, with over 900,000 Facebook followers and 208,000 Instagram followers for the ODEL brand alone. These audiences were further complemented by strong engagement across sub-brands such as Cotton Collection, enabling targeted content delivery for different fashion segments. Monthly content calendars were meticulously planned to ensure a balance of brand storytelling, product reveals, seasonal style guides, behind-the-scenes content to deepen customer connection and promotional offer content which plays a big role in triggering purchase.

A dedicated in-house team actively monitored global fashion trends and leading international fashion house strategies, studying how powerful global retail brands utilize social and digital channels to influence purchase intent. Insights from these market leaders were then adapted for ODEL's campaigns – ensuring alignment with the visual sophistication, editorial tone and experiential storytelling expected of premium fashion brands worldwide, while tailoring it to the Sri Lankan consumer psyche.

By integrating global best practices into its local content strategy, ODEL ensured that its digital presence remained on par with international benchmarks. The brand's social channels functioned

not only as marketing platforms but as pre-purchase decision spaces – where consumers often finalized their selections before arriving in-store. Product-specific content was crafted to anticipate customer needs across key categories, from unisex and youth collections to formalwear and international brand drops.

The synergy between digital content and in-store experience was further enhanced by ODEL's robust portfolio of international brands, including Levi's®, Mango, Charles & Keith, Tommy Hilfiger, Armani Exchange and Calvin Klein to name but a few of its franchise brands. Each of these was supported by brand-consistent digital assets and campaigns, in line with their global identity guidelines. This ensured that Sri Lankan consumers experienced these brands with the same visual, styling and storytelling standards as international audiences, reinforcing ODEL's position as the country's definitive gateway to global fashion.

In parallel, the Company's private label collections were positioned with equal creative investment, leveraging digital storytelling to highlight their design relevance, quality, and value proposition. This dual strategy offering both premium international labels and aspirational much-loved local brands allowed ODEL to cater to a broad spectrum of style preferences and price sensitivities, while maintaining a consistent premium retail identity.

In line with changing retail dynamics, ODEL also undertook brand rationalization, refining its mix to focus on high-performing labels with strong revenue and margin potential. This exercise, combined with the Company's strategic presence as an anchor tenant in Colombo's two premier malls, One Galle Face and Havelock City Malls and in ODEL's own flagship mall in Kandy, positioned the brand to capture the benefits of Sri Lanka's growing mall culture.

## MANAGEMENT DISCUSSION & ANALYSIS

### SPECIAL PROMOTIONS

The year under review witnessed a decisive leap forward in our marketing approach, blending creativity, technology and strategic partnerships to position our brand at the forefront of consumer attention. A diverse calendar of high-impact promotional campaigns, from seasonal offers to exclusive product launches was meticulously crafted to deepen engagement and drive conversion.

We significantly expanded our digital and social media footprint, investing in advanced analytics, targeted advertising influencer collaborations and immersive content formats to reach audiences where they live, work and play. These efforts unlocked measurable growth in follower engagement, brand sentiment and direct online sales, cementing our leadership in the digital arena.

Our alignment with top global brands amplified this momentum, as we leveraged co-branding opportunities, joint promotions and internationally acclaimed product lines to elevate our profile and attract aspirational consumers. Through these collaborations, we not only enhanced brand credibility but also tapped into powerful cross-marketing synergies that extended our reach far beyond traditional markets.

This integrated approach: fusing digital innovation with strategic brand partnerships ensured that our marketing initiatives were not just campaigns, but experiences that inspired loyalty, strengthened our market presence and delivered tangible business results.

#### Campaigns

During the year under review, ODEL continued to deliver a curated calendar of high-impact promotional campaigns designed to inspire customers, drive

footfall and boost conversion. Each initiative was carefully selected based on proven consumer response trends, ensuring relevance, desirability, and alignment with the brand's premium fashion positioning.

#### • Xmas

The 2024 Christmas campaign, a long-standing hallmark of the ODEL brand once again set the tone for the festive season in Sri Lanka's fashion retail market. Known for 'breaking' Christmas first, ODEL transformed its stores into immersive, glamorous winter-themed showcases, with the flagship Alexandra Place store receiving an elevated treatment. The campaign featured a curated holiday collection across womenswear, menswear, kidswear and homeware, alongside in-store attractions such as photogenic installations for family visits, Christmas carols and strategic bank card promotions. The chic 'evening glam' styling, coupled with a 'celebrity stepping out' winter aesthetic, created a distinctive festive shopping experience.

#### • Avurudu

In April 2024, the Avurudu campaign brought seasonal vibrancy into stores with culturally resonant collections and themed visual merchandising. Store décor was refreshed to create a festive shopping atmosphere, supported by curated assortments tailored to the season's gifting and celebratory needs.

#### • Other Promotions

Throughout the year, ODEL complemented its seasonal campaigns with a series of tactical retail promotions to sustain shopper engagement. These included high-value bundle offers (e.g. buy-two-get-one-free, buy-three-get-one-free) and exclusive bank-led credit card promotions, leveraging the Company's strong relationships with leading financial banking institutions.

The Softlogic One Loyalty Programme with a base of over one million members across the Softlogic Group remained a powerful driver of repeat visits and cross-vertical spend. Members enjoyed the flexibility of earning and redeeming points across multiple categories including fashion, supermarkets, electronics, and healthcare, with ODEL delivering targeted seasonal offers and reward redemptions to recognize and retain this high-value customer segment.

Cross-promotional activities with Softlogic's quick service restaurant (QSR) brands including Burger King, Popeyes, Crystal Jade, Baskin Robbins and Délifrance added value and convenience for customers, reinforcing the Group's ecosystem advantage.

Notably, the relocation of a new Délifrance outlet within ODEL Alexandra Place, complemented by expanded rear-access parking facilities with 50–60 car parking spaces, created an enhanced customer flow and dwell time, encouraging combined dining and shopping experiences.

#### • New Brand Outlets

The year also saw the successful launch of two Levi's® EVO exclusive brand outlets at Havelock City Mall and One Galle Face Mall. Designed to global Levi's standards, these stores reinforced ODEL's leadership in bringing premium high street international fashion brands to the Sri Lankan market, while delivering consistently high customer acceptance and strong sales performance.

These initiatives collectively delivered increased store traffic, stronger conversion rates, and achievement of revenue targets, underlining the effectiveness of ODEL's selective and data-led promotional strategy.

## **FUTURE PLANS AND STRATEGIC DIRECTION**

Looking ahead, ODEL's strategy is firmly anchored on location and brand rationalization. The focus will remain on its key high-performing locations, including Flagship stores in Colombo, One Galle Face Mall, Havelock City Mall, Kandy, Negombo and KCC, which together account for around 80% of revenue. By consolidating around these flagship destinations, the company intends to maximize efficiency and profitability.

In terms of categories, ODEL will continue to prioritize high-potential global brands like Levi's and Zara, while scaling down underperforming verticals such as sportswear and watches. The outlet concept will be expanded further, serving both as a customer acquisition tool and a strategic mechanism for inventory management.

Tourism-linked strategies will also be strengthened. With the new VAT refund system in place, ODEL is positioning itself to capture a greater share of tourist spending by integrating this mechanism across all stores. This will enhance competitiveness against regional peers and could become a significant growth lever for luxury categories.

Encouragingly, the start of FY2025/26 has already shown signs of recovery. ODEL recorded 30% year-on-year growth in the last quarter of FY2024/25, with some stores reporting growth rates as high as 50-60%. Armed with sharpened focus on core locations, strong brands and price-sensitive strategies, ODEL is poised to benefit from this emerging positive retail rhythm.

# MANAGEMENT DISCUSSION & ANALYSIS

## FINANCIAL CAPITAL

### PERFORMANCE REVIEW

In the fiscal year 2024/25, ODEL PLC demonstrated a creditable growth in terms of financial performance despite of an extremely challenging and volatile environment. The key highlights of the financial performance are given below.

### REVENUE

The company achieved an annualized revenue of LKR 5.9 Bn in the financial year compared to the previous year's revenue of LKR 7.3 Bn reflecting a 19% decline. This reduction is primarily attributed to higher income tax rates, VAT, duty charges and rising electricity costs which collectively affected consumer demand.

### GROSS PROFIT MARGINS

Despite the consistent improvements in gross profit margins over the past five years, the overall gross profit margin for 2024/25 declined to 52%, a slight reduction from 53% in the previous year.

### OPERATING COST

Distribution expenses and administration costs witnessed decreases of 1% and 2% respectively compared to the previous year. The decrease in distribution costs and administration costs is mainly due to the cost control efforts that the company is committed to maintain despite every other challenges.

## TAXATION

The statutory tax rate remained unchanged at 30% during the fiscal year 2024/25. However, the effective tax rate on the loss before tax increased to 15.47%, compared to 1.37% in the previous year. This increase is mainly attributed to the significant amount of differed tax charged in the current year.

### LOSS AFTER TAX

Odel reported a loss after tax of LKR 4.4 billion representing a 4% increase compared to the previous year's loss of LKR 4.2 billion. The increase was primarily attributed to a fair value loss of LKR 778.8 million on the land attached to Odel Lanka (Pvt) Ltd.

### SHARE INFORMATION

During the fiscal year 2024/25, Odel's shares traded within a range of LKR 10.70 to LKR 13.20, closing at LKR 10.70. This marks a decline compared to the closing price of LKR 13.00 in 2023/24.

Despite the challenges faced by the company, the company has taken proactive steps to navigate these difficulties. Moving forward, efforts will continue to focus on strategic analysis and planning aimed at enhancing revenue growth and optimizing profitability.



## HUMAN CAPITAL REPORT

### VISION

In FY2024/25, Odel revisited and refreshed its vision and mission to align more closely with the Group's evolving strategic priorities. Our renewed focus emphasizes customer-centricity, innovation, inclusivity, and sustainable growth — recognizing that our people are the cornerstone of our success.

Our mission is clear: to attract, develop, and retain exceptional talent while cultivating a culture of agility, well-being, and high performance.

This commitment underpins our long-term aspiration to be the most admired fashion and lifestyle retailer in Sri Lanka, delivering extraordinary experiences for both customers and employees.

### OUR APPROACH TO PEOPLE AND PERFORMANCE

#### Recruitment and Talent Development

The year marked a deliberate shift in our recruitment approach, moving decisively toward skill-based hiring supported by structured competency assessments. This ensured that candidates were not only qualified for their roles but also aligned with Odel's values and future growth trajectory.

Our partnerships with the Vocational Training Authority (VTA) and National Apprenticeship and Industrial Training Authority (NAITA) were further strengthened, creating pipelines of skilled young professionals, particularly in specialist areas such as bakery, retail operations, and customer service. Engagement with universities and career fairs also expanded Odel's visibility among new graduates, positioning the brand as a career destination of choice.

Talent development remained a central priority. Training and leadership programs were expanded with emphasis on four key areas:

- Digital retail skills to prepare staff for omnichannel operations.
- Customer experience excellence to differentiate Odel through service.
- Sustainability awareness to integrate responsible practices into everyday work.
- Leadership skills to build the next generation of retail managers.

#### Performance and Engagement Measurement

Performance management and employee engagement were measured through a mix of annual surveys, monthly dashboards, and pulse checks.

- The Employee Engagement Survey provided a comprehensive snapshot of sentiment across areas such as communication, leadership, recognition, and work-life balance.
- Monthly HR dashboards tracked key people metrics, including attrition, absenteeism, training hours, and productivity.
- Pulse surveys following key events and initiatives captured immediate employee reactions, ensuring timely and actionable feedback.

### INVESTING IN OUR PEOPLE

#### Training Achievements

In FY2024/25, Odel delivered a structured training agenda designed to upskill employees across multiple dimensions. Training sessions covered digital merchandising, visual display design, advanced customer engagement, and sustainability in fashion retail.

Workshops were tailored for both front-line associates and head office staff, ensuring relevance across all roles. Brand teams also played an active role in product knowledge training, equipping employees with deep insights into seasonal collections, materials, and brand storytelling.

#### Upskilling and Cross-Functional Roles

Recognizing the changing demands of retail, several employees were reskilled into cross-functional roles. This enhanced workforce flexibility while supporting career development through broader exposure to different business areas.

### REWARDING EXCELLENCE

We reinforced a culture of recognition and celebration through multiple initiatives:

- Quarterly Excellence Awards recognized top performers in sales, service, and innovation — spotlighting employees who consistently exceeded expectations.
- The Spot Recognition Programme – “Way To Go” Cards enabled managers to instantly acknowledge service excellence, reinforcing a culture where great performance is recognized in real time.

These recognition frameworks boosted morale and reinforced the behaviors and values central to Odel's success.

### SUPPORTING WORK-LIFE BALANCE

Odel's people strategy recognizes that employee well-being is inseparable from business performance. During the year, we launched an Employee Assistance Programme (EAP), offering confidential counselling and stress management support.

## MANAGEMENT DISCUSSION & ANALYSIS

Flexible shift scheduling was implemented during off-peak retail seasons, enabling staff to better manage personal and family commitments. At Head Office, a pilot initiative introduced flexible work hours, paving the way for hybrid work arrangements. These measures reflect Odel's commitment to supporting employees as whole individuals and empowering them to bring their best selves to work.

### DRIVING INNOVATION AND IDEA SHARING

Innovation in HR goes beyond processes and technology. It is also about creating forums where employees feel empowered to contribute ideas. Through the HR One-to-One Programme, employees proposed initiatives such as paternity leave, enhanced wellness benefits, and new recognition mechanisms. Several of these ideas were implemented across the wider holding company, reinforcing the principle that innovation is a shared responsibility.

### ENGAGING OUR PEOPLE

#### Signature Events

Employee engagement was brought to life through a vibrant calendar of events, including:

- Annual Sports Day with sector-wise cricket tournaments and athletic competitions.
- Retail Excellence Awards, combining recognition with celebration.
- Festive store events such as Christmas décor launches, Sinhala & Tamil New Year activities, and customer-employee interaction initiatives.

- Informal gatherings such as bowling nights, singing contests, and team outings that fostered cross-departmental bonds.

These events strengthened loyalty, built camaraderie, and reinforced the sense of belonging to the Odel family.

### DIVERSITY AND INCLUSION

#### Workforce Composition

As of 31 March 2025, Odel's workforce reflected a diverse mix of talent. Gender diversity remains a priority, with women representing a significant proportion of the workforce and holding key roles in both retail and corporate functions. Representation of women in management continues to grow, supported by targeted development initiatives.

#### Inclusion Initiatives

- Inclusive leadership training for managers to build awareness of unconscious bias.
- Accessibility upgrades across stores, including ramps, lifts, disability-friendly washrooms, and parent feeding rooms.
- Expanded opportunities for differently abled individuals, particularly those with hearing impairments, who excelled in sales and merchandise tagging roles.
- Mentorship programmes supporting underrepresented groups and fostering career advancement pathways.

### ACQUIRING TOP TALENT

Talent acquisition in FY2024/25 was faster, broader, and more brand-focused. Recruitment channels included career fairs, social media campaigns, university partnerships,

and collaborations with VTA and NAITA. These efforts tapped into a diverse talent pool and strengthened Odel's employer brand.

The "Life at Odel" digital series and employee testimonials highlighted authentic employee journeys and workplace culture, attracting talent aligned with Odel's values.

Process efficiencies also reduced average time-to-hire from 45 days to 28 days, enhancing agility in filling critical roles and supporting business growth.

### EMBEDDING A SUSTAINABILITY MINDSET

Sustainability was closely tied to Odel's HR agenda. Employees were trained in responsible practices across retail operations, including ethical sourcing, energy efficiency, water conservation, and waste management. Awareness-building campaigns also encouraged employees to integrate sustainability into their personal lifestyles, fostering a culture of shared responsibility.

### DIGITAL TRANSFORMATION

#### During FY2024/25, Odel advanced in embedding technology into HR.

- A monthly HR analytics dashboard strengthened data-driven decision-making by tracking workforce trends.
- Plans were developed to pilot AI-driven recruitment tools to minimize bias and improve accuracy in candidate screening.
- Core HR processes, including leave management, payroll, and performance tracking, were digitized — improving efficiency, transparency, and accessibility.



With the long-term goal of becoming fully paperless, Odel is steadily building a digital-first HR framework to support its evolving business strategy.

### IMPACT SNAPSHOT FY2024/25

- Employee engagement survey score: to be reported
- Average participation in HR-led events: to be reported
- Total training participants: 1,600
- Total training hours delivered: 12,800
- Employees reskilled for cross-functional roles: to be reported
- Women in management positions: 25%

### OVERVIEW

FY2024/25 was a year of transformation for Odel's human capital agenda. Despite external challenges affecting employee sentiment and consumer behavior, the company's sustained focus on skill-based hiring, leadership development, inclusivity, recognition, and digital enablement ensured that the workforce remained resilient and engaged.

Employees are not only the face of Odel to customers but also the drivers of innovation and service excellence. By embedding sustainability, inclusivity, and agility into the HR framework, Odel is preparing its people for the future of retail while reinforcing its position as one of Sri Lanka's most admired employers.

### THE WAY FORWARD

Looking ahead, Odel's HR strategy for FY2025/26 is designed to support the company's transformation into a digitally enabled, customer-centric, and resilient organisation.

#### Priorities include:

- Strengthening e-commerce and expanding omnichannel capabilities, with targeted training in digital retail skills.
- Building talent pipelines to support regional expansion and growth in emerging Sri Lankan markets.
- Enhancing customer experience through data-driven personalization and loyalty-building.
- Driving profitability via operational efficiency and lean inventory management, enabled by workforce optimization.
- Accelerating innovation through AI tools in demand forecasting, recruitment planning, and predictive workforce analytics.
- Continuing to strengthen the Odel employer brand as a leader in sustainability and premium retail employment.

# 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 two 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

Executive Chairman (1)  
Senior Independent Director (1)  
Independent Non-Executive Directors (2)  
Non Independent  
Non Executive Directors (2)  
Non Executive Directors (4)

### 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	<b>Mr. M.I. Furkan</b> (Independent Non-Executive Director) - Chairman <b>Dr. I. C. R. De Silva</b> (Senior Independent Non-Executive Director) <b>Mr. H.K. Kaimal</b> (Non Independent Non-Executive Director)	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.  <b>Frequency of Meetings:</b> Committee meets quarterly
Remuneration Committee	<b>Dr. I.C.R. De Silva</b> (Senior Independent Non-Executive Director) – Chairperson <b>Mr. H.K. Kaimal</b> (Non Independent Non-Executive Director) <b>Mr. M.I. Furkan</b> (Independent Non-Executive Director)	Responsible for determining remuneration policy and the terms of engagement and remuneration of the Chairman, the Board of Directors and the Executive Committees.  <b>Frequency of Meetings:</b> Committee meets annually.
Related Party Transactions Review Committee	<b>Dr. I. C. R. De Silva</b> (Senior Independent Non-Executive Director) – Chairperson <b>Mr. H.K. Kaimal</b> (Non Independent Non Executive Director) <b>Mr. M.I. Furkan</b> (Independent Non-Executive Director)	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.  <b>Frequency of Meetings:</b> Committee meets quarterly
Nominations and Governance Committee  (In terms of Rule 9.11 of CSE Listing Rules, the Nominations and Governance Committee was established w.e.f. 4th July 2024)	<b>Dr. I. C. R. De Silva</b> (Senior Independent Non-Executive Director) – Chairperson <b>Mr. H. K. Kaimal</b> (Non Independent Non Executive Director) <b>Mr. M.I. Furkan</b> (Independent Non-Executive Director)	Responsible for the evaluation of the appointment of Directors to the Board of Directors and Board Committees of the Company.

# CORPORATE GOVERNANCE

## 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	Nominations and Governance Committee
Mr. A.K. Pathirage	3/3	-	-	-	-
Mr. H.K. Kaimal	3/3	1/4	-	4/4	1/1
Dr. I.C.R. De Silva	1/3	2/4	1/1	2/4	1/1
Mr. R. P. Pathirana (Resigned w.e.f. 10th January 2025)	2/3	3/4	1/1	3/4	-
Mr. J. M. J. Perera (Resigned w.e.f. 19th December 2024)	2/3	2/4	1/1	2/4	1/1
Mr. M.I. Furkan (Appointed w.e.f. 06th January 2025)	1/3	1/4	-	1/4	-
Mr. D.Y. Christostom (Appointed w.e.f. 10th January 2025)	1/3	-	-	-	-

## 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 for ensuring that the Board complies with the applicable rules, regulations and procedures and all activities relating to the Board.

- As per the Company's Articles of Association, any person appointed as a Director to fill a casual vacancy as an addition to the existing Directors shall hold office until the next following Annual General Meeting and shall be eligible for election.
- Dr. I.C.R. De Silva who is 70 years of age is recommended to be re-appoint as a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007.

The Group's Remuneration policy is designed to attract and retain talent which comprises fixed income and a variable income which is linked to their performance. Non-Executive Directors' remuneration comprises only a fixed fee and does not have any variable component. No Director is able to determine his/her own remuneration as Directors' Remuneration is a matter reserved for the Board as a whole with due consideration given to the recommendations of the Remuneration Committee of 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.
- As per the Company's Articles of Association, the Directors are not required to retire by rotation.

## 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.

## DIRECTORS' REMUNERATION

The Remuneration Committee makes recommendations to the Board on remuneration policy and remuneration of the Chairman and Managing Director, Executive Directors, Non-Executive Directors and Key Management Personnel in line with the business goals of the Company.

The Report of Board Remuneration Committee is on page 34 provides further information. The aggregate remuneration paid to the Directors is disclosed in the Notes to the Financial Statements on page 69 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 of Directors and External Auditors attend the Annual General Meetings to respond to queries that may be raised by the shareholders. In addition to the AGM, shareholder engagement is also facilitated by the Group's investor relations department which maintains a continuous dialogue with shareholders through dissemination of announcements on material developments and quarterly performance. They are also a point of clarification for shareholders.

## ACCOUNTABILITY AND AUDIT

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

- Audited Financial Statements – pages 41 to 119.
- Statement of Directors' Responsibilities – page 40.
- Annual Report of the Board of Directors on the Affairs of the Company – page 38.
- Management Discussion & Analysis – pages 8 to 15.

The Audit Committee has oversight responsibility for monitoring and supervising financial processes to ensure integrity and 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 two of whom are Independent and one is Non-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 7 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 28 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 pages 107 to 109 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 into 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 9 of the Listing Rules of the Colombo Stock Exchange:

Principle	Compliance and Implementation	Effective Date	Status
<b>9</b>	<b>Corporate Governance</b>		
9.1	Applicability of Corporate Governance Rules		
	The Company has to comply with CSE Listing Rule 9 by verifying its adherence to Corporate Governance Rules.	1st October 2023	Complied
<b>9.2</b>	<b>Policies</b>		
9.2.1	<p>The Company has to implement the policies below, and disclose them on the Company website along with information regarding their existence and implementation details:</p> <ul style="list-style-type: none"> <li>a) Policy on matters relating to the Board of Directors</li> <li>b) Policy on Board Committees</li> <li>c) Policy on Corporate Governance, Nominations and Re-election</li> <li>d) Policy on Remuneration</li> <li>e) Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities</li> <li>f) Policy on Risk Management and Internal Controls</li> <li>g) Policy on Relations with Shareholders and Investors</li> <li>h) Policy on Environmental, Social and Governance Sustainability</li> <li>i) Policy on Control and Management of Company Assets and Shareholder Investments</li> <li>j) Policy on Corporate Disclosures</li> <li>k) Policy on Whistleblowing</li> <li>l) Policy on Anti-Bribery and Corruption</li> </ul>	1st October 2024	Complied
9.2.2	The Company has to comply with the Internal Code of Business Conduct and ethics	1st October 2024	Complied

Principle	Compliance and Implementation	Effective Date	Status
9.2.3 - 9.2.4	The policies have to be disclosed on the company website, and be updated on changes made to them throughout the year. All policies are accessible to shareholders upon a written request.	1st October 2024	Status in progress
<b>9.3</b>	<b>Board Committees</b>		
9.3.1 - 9.3.2	The Company has to maintain 4 mandatory committees required by CSE listing rules. a) Nominations and Governance Committee b) Remuneration Committee c) Audit Committee d) Related Party Transactions Review Committee The composition, responsibilities, and disclosures required in respect of the above Board committees have been disclosed.	1st October 2023	Complied
9.3.3	The Chairperson of the Board of Directors is not the Chairperson of any Board Committees referred to in Rule 9.3.1 above.	1st October 2024	Complied
<b>9.4</b>	<b>Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders</b>		
9.4.1	The Company must maintain information required by 9.4.1 and the required information has been provided to the Exchange and/or the SEC upon request.	1st October 2023	Complied
9.4.2	The company shall have established a policy to effectively communicate with shareholders and investors, which is outlined in both the Annual Report and on the website. Additionally, a designated contact person must be provided for communication purposes. This policy should ensure that all Directors are informed of any significant concerns or issues raised by shareholders. Furthermore, these concerns must be transparently addressed in the annual report and on the website.	1st October 2023	Complied
<b>9.5</b>	<b>Policy on matters relating to the Board of Directors</b>		
9.5.1	The Company has to adopt policies, along with information regarding the Board composition, the roles of the Chairperson and CEO, as well as other requirements as per Rule No 9.5.1	1st October 2023	Complied
9.5.2	The Company has to adopt the Policy on matters relating to the Board of Directors.	1st October 2023	Complied
<b>9.6</b>	<b>Chairperson and CEO</b>		
9.6.1 – 9.6.4	The roles of Chairperson and CEO are occupied by distinct individuals; however as the Chairperson of the Company is not a Non-Executive Director the Company has designated a Senior Independent Director (SID)	1st October 2023	Complied

## CORPORATE GOVERNANCE

Principle	Compliance and Implementation	Effective Date	Status
<b>9.7</b>	<b>Fitness of Directors and CEOs</b>		
9.7.1 – 9.7.2	Every member of the Board should be a fit and proper person to act as Director, CEO/MD as specified in the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3	1st October 2023	Complied
9.7.3 – 9.7.5	The Entity shall ensure that the Board of Directors are fit and proper to act as a Director.	1st April 2024	Complied
<b>9.8</b>	<b>Board Composition</b>		
9.8.1- 9.8.2	The Board of Directors should consist of a minimum of 05 Directors and a 1/3 of the Board should be independent.	1st October 2024	Complied
9.8.3- 9.8.4	The criteria for determining independence should be disclosed.	1st October 2023	Complied
9.8.5	Directors have to submit the formal declaration of independence annually. The Board has to review these annual declarations and other available information to verify adherence to the criteria for assessing independence.	1st October 2023	Complied
<b>9.9</b>	<b>Alternate Director</b>		
	The Company should follow the requirements in appointing an Alternate Director.	1st January 2024	No Alternate Directors appointed during the period.
<b>9.10</b>	<b>Disclosures relating to Directors</b>		
9.10.1	The maximum no. of Directorships should be in line with the policy on matters relating to the Board of Directors as per Rule No 9.5.1	1st October 2023	Complied
9.10.2	The company should set out an immediate Market Announcement when making new appointments to the Board setting out the required information on the new appointment.	1st October 2023	Complied
9.10.3	An immediate Market Announcement should be made with regard to the changes to the composition of the Board and Board Committees referred to in Rule 9.3	1st October 2023	Complied
9.10.4	Director information required to Rule No. 9.10.4 has to be disclosed in the Annual Report.	1st October 2023	Complied
<b>9.11</b>	<b>Nominations and Governance Committee</b>		
9.11.1- 9.11.3	The Company should have a Nominations and Governance Committee and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board. The Committee should operate under a set of written terms of reference that clearly outline its scope, authority, duties.	1st October 2024	Complied



Principle	Compliance and Implementation	Effective Date	Status
9.11.4	<p>Composition of the Committee: The Nominations and Governance Committee comprises Two [2] Independent Non-Executive Directors and One [1] Non-Executive Director. An Independent Director should serve as the Chairperson. The committee composition must be disclosed in the Annual Report.</p>	1st October 2024	Complied
9.11.5	<p>Functions of the Committee: The Committee must fulfil its duties by evaluating and recommending Director appointments, establishing selection criteria, reviewing the Board's structure, and updating governance policies in accordance with the stipulations outlined in Section 9.11.5, thereby ensuring compliance with regulatory requirements. The re-elections and new appointments have to be disclosed.</p>	1st October 2024	Complied
9.11.6	<p>Disclosures: During the year, the Company has demonstrated compliance with the necessary disclosure requirements, as follows.</p> <ul style="list-style-type: none"> <li>a) The names of Chairperson, Committee members and Directors;</li> <li>b) Committee appointment date;</li> <li>c) Nominating Director policy existence;</li> <li>d) Directors' periodic re-election requirement;</li> <li>e) Board diversity disclosure;</li> <li>f) Effective Director appointment policy demonstration;</li> <li>g) Re-elected Directors' details;</li> <li>h) Board and CEO performance evaluations;</li> <li>i) Independent Directors' awareness on major issues relating to the entity;</li> <li>j) New Directors' induction on governance;</li> <li>k) Annual updates on governance for Directors;</li> <li>l) Directors' independence confirmation;</li> <li>m) Listing Rules compliance statement, non-compliance explanation, and remedial actions.</li> </ul>	1st October 2024	Complied
9.12	Remuneration Committee		
9.12.1 – 9.12.5	<p>The Company should have a Remuneration Committee and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her remuneration.</p> <p>The Committee should operate under a set of written terms of reference that clearly outline its scope, authority, duties, and requirements for meeting quorum.</p> <p>Refer Remuneration Committee Report</p>	1st October 2023	Complied

## CORPORATE GOVERNANCE

Principle	Compliance and Implementation	Effective Date	Status
9.12.6	Composition of the Committee: The company operates with a separate Remuneration Committee. The Remuneration Committee comprises Two [2] Independent Non-Executive Directors and One [1] Non-Executive Director. An Independent Director serves as the Chairperson. Refer Remuneration Committee Report	1st October 2024	Complied
9.12.7	Functions of the Committee: The committee should recommend and assess the relevance of the remuneration payable to the Executive Directors of the Company.	1st October 2023	Complied
9.12.8	Disclosures: The Company should disclose that during the year, the Company has demonstrated compliance with the necessary disclosure requirements, as follows. a) Chairperson and members of the Remuneration Committee and their Directorships. b) Statement on remuneration policy. c) Aggregate remuneration of Executive and Non-Executive Directors. For (a) and (b) refer Committee Report For (c) refer Financial Statement disclosure	1st October 2023	Complied
<b>9.13</b>	<b>Audit Committee</b>		
9.13.1	The Audit Committee of the Company shall perform the Audit and Risk Functions set out in Rule 9.13.	1st October 2023	Complied
9.13.2	The Committee has to operate under a set of written terms of reference that clearly outline its scope, authority, duties.	1st October 2023	Complied
9.13.3	Composition of the Committee: The Audit Committee comprises Two [2] Independent Non- Executive Directors and One [1] Non-Executive Director. During the year the Committee should compulsorily meet quarterly. Unless otherwise determined by the Audit Committee, the Chief Executive Officer and the Chief Financial Officer shall attend by invitation. The Chairperson of the Committee shall be a member of a recognized professional accounting body.	1st October 2024	Complied
9.13.4	Functions of the Committee: The committee should oversee the entity's compliance with financial regulations, reviewing financial statements and accounting policies, recommending external auditor appointments, ensuring assurance on financial records and risk management, overseeing compliance with auditing standards and risk management, evaluating risk policies, taking corrective actions on excessive risks, reviewing audit effectiveness, establishing policies for external auditor engagement, justifying auditor changes when necessary, and promptly reporting breaches to the Board and relevant authorities.	1st October 2024	Complied

Principle	Compliance and Implementation	Effective Date	Status
9.13.5	<p>Disclosures:</p> <ol style="list-style-type: none"> <li>1) Audit Committee Report.</li> <li>2) Disclosure requirement: <ol style="list-style-type: none"> <li>a) Chairperson and Audit Committee members' details,</li> <li>b) Risk management status for Listed Entity and Group.</li> <li>c) CEO and CFO assurance statement.</li> <li>d) Compliance opinion on financial reporting requirements.</li> <li>e) Confirmation of Audit Charter existence.</li> <li>f) Summary of internal audit method.</li> <li>g) Details of functions discharged for the financial year.</li> <li>h) Confirmation of external auditors' independence.</li> <li>i) Auditor independence determination and engagement details.</li> </ol> </li> </ol> <p>Refer Audit Committee Report.</p>	1st October 2024	Complied
<b>9.14</b>	<b>Related Party Transactions Review Committee</b>		
9.14.1	<p>The Company possesses a Related Party Transactions Review Committee and conforms to the requirements set out in Rule 9.14 of these Rules.</p> <p>The Committee operates under a set of written terms of reference that clearly outline its scope, authority, duties.</p>	1st October 2023	Complied
9.14.2	<p>Composition of the Committee:</p> <p>The Committee comprises Two [2] Independent Non-Executive Directors and One [1] Non-Executive Director. An Independent Director shall serve as the Chairperson.</p>	1st April 2024	Complied
9.14.3	<p>Functions of the Committee:</p> <p>The Company has to set up a Related Party Transactions Review Committee to oversee such transactions, with the aim of safeguarding shareholders' interests and preventing abuse by Directors, CEOs, or Substantial Shareholders. The rules prioritise the economic and commercial substance of transactions over the legal form or technicalities. The committee is tasked with establishing and maintaining clear policies, procedures, and processes for identifying, clarifying, and reporting related party transactions across the Company's operations.</p> <p>Refer the Related Party Transaction Review Committee Report.</p>	1st October 2023	Complied
9.14.4	<p>General requirements:</p> <p>The Committee shall meet quarterly, ensuring thorough documentation of meeting minutes for the Board of Directors. Committee members shall have access to adequate expertise to evaluate proposed transactions, seeking professional advice when necessary. Approval from the Board of Directors is required for reviewed transactions as mandated by Rule 9.14.4. Directors with personal interests in such matters must abstain from participation and voting during relevant Board Meetings.</p> <p>Refer the Related Party Transaction Review Committee Report</p>	1st October 2023	Complied

## CORPORATE GOVERNANCE

Principle	Compliance and Implementation	Effective Date	Status
9.14.5 – 9.14.6	The Related Party Transactions Review Committee, shall review all related party transactions, while also considering any material changes to previously reviewed transactions under Rule 9.14.5. They may assess transaction details, and Director independence, and may establish guidelines for ongoing deals, conducting annual compliance reviews. The Company shall obtain shareholder approval in the way of a special resolution when related party transactions listed in 9.14.6 occur	1st October 2023	Complied
9.14.7	Disclosures: The non-recurrent related party transactions which exceeded the aggregate value of 10% of the Equity or 5% of the Total Assets, the latest related party transactions which exceeded aggregate value of the 10% of the Equity or 5% of the Total Assets, the subsequent non-recurrent related party transactions which exceeded 5% of the Equity of the entity shall be disclosed by an immediate market announcement in accordance with rule 9.14.7.  Refer the Related Party Transaction Review Committee Report.	1st October 2023	Complied
9.14.8	Disclosures in the Annual Report: The transactions in the aggregate value of the non- recurrent Related Party Transactions exceeding 10% of the Equity or 5% of the Total Assets of the Company, as per the latest Audited Financial Statements shall be disclosed in the Annual Report in the given format in rule 9.14.8.	1st October 2023	Complied
9.14.9	Acquisition and Disposal of Assets from/to related parties except for transactions in 9.14.10 shall follow the requirements as per rule 9.14.9.	1st October 2023	Complied
9.14.10	Exempted Related Party Transactions: The Company shall note the definition given under exempted related party transactions when determining the related party transactions of the Company.	1st October 2023	Complied
<b>9.16</b>	<b>Additional disclosures</b>		
	i) The Board of Directors shall disclose all material interests in Entity contracts and refrain from voting on such matters.  Please refer Annual Report of the Board of Directors	1st October 2023	Complied
	ii) The Board shall review internal controls and obtain reasonable assurance of effectiveness and any inability to declare shall be explained.  Please refer annual report of the Board of Directors	1st October 2023	Complied
	iii) The Board shall stay informed about applicable laws, rules, and regulations.  Refer Annual Report of the Board of Directors	1st October 2023	Complied
	iv) The Board shall disclose instances of non-compliance and material fines in Entity-operated jurisdictions.  Refer Annual Report of the Board of Directors	1st October 2023	Complied

# RISK MANAGEMENT

## 1. INTRODUCTION TO RISK MANAGEMENT

Risk refers to the probability or threat of loss, liability, or other adverse events arising from internal or external vulnerabilities that could hinder the achievement of organizational objectives. In essence, risk represents exposures that, if unmanaged, may negatively impact the company's ability to deliver its strategic goals.

Risk Management is the structured process of identifying, analysing, evaluating, monitoring, and prioritizing these vulnerabilities, followed by the implementation of coordinated strategies to minimize their likelihood or impact. Such strategies may include adopting policies, procedures, and practices that mitigate exposure, transferring risks to external parties, reducing adverse outcomes, or, where possible, avoiding the risk entirely.

The Board of Directors holds ultimate responsibility for ensuring that risk is managed effectively and that business developments remain aligned with the Group's risk appetite and long-term objectives. The Board Audit Committee (BAC) monitors the effectiveness of internal controls in partnership with senior management, the Group Head of Audit & Risk, the Head of Internal Audit - Retail Sector, and the internal audit team.

The company applies a risk ranking methodology to identify and prioritize key risks specific to its operations. This approach helps determine which risks require immediate attention in developing mitigation strategies. Risks are assessed based on both their likelihood of occurrence and potential impact, ensuring that resources are directed toward the most critical exposures.

As one of Sri Lanka's leading lifestyle and fashion retailers, the company benefits from a portfolio of strong internal brands and the broader synergies of Softlogic Holdings' diversified business interests. This leadership position exposes the company to a broad spectrum of risks as well as opportunities. For effective management, these risks are broadly categorized into below key areas,

### TYPES OF CORPORATE RISK

<b>FINANCIAL RISK</b> Fluctuation in currency rates Interest rates Stock prices	<b>STRATEGIC RISK</b> Changing customer preferences Competition Brand reputation	<b>ECONOMIC RISK</b> Fluctuation in import duty Exchange rates Political instability
<b>TECHNOLOGICAL RISK</b> Technology changes Cybersecurity threat System failures	<b>REGULATORY RISK</b> Change in regulations Environmental laws Labor laws	<b>OPERATIONAL RISK</b> Contract non-compliance Supply chain issues Quality problems

# RISK MANAGEMENT

## THE PROCESS OF RISK MANAGEMENT

Defining the risk	Management defines risks as strategic, operational and financial
Risk Assessment	<p>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.</p> <p>The likelihood &amp; impact of risks are assessed, considering controls in place to address them. A scale of 1 to 5 is used, where 1 indicates "Rare" and 5 is "Almost certain", despite the controls in place.</p>
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 establish objectives are also documented & reviewed.
Control activities	Corporate Management/Functional heads implement the identified risk response action plans while the Internal Audit follow up take place to ensure the effectiveness of managing those risks. This is inclusive of process walk throughs, review of internal control gaps, spot check coverages.
Monitoring & Reporting risks	Documentation and reporting are 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 (BAC). This committee comprise of three Non-Executive Directors who will assess the adequacy of the internal control strength and effectiveness of risk management framework & advise senior management for any improvement

## RISK ASSESSMENT MATRIX

The below Risk Matrix is used 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
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

Risk Category	Risk	Risk Grade	Risk Management Strategies
Capital Structure / Going Concern	Sustained losses and negative net assets heighten going-concern risk, limiting financial flexibility.	High	The Group maintains continuous discussions with lenders and Treasury to ensure covenant compliance and refinancing support. Scenario testing and stress models assess viability under different conditions. Cost control is tightened, while equity/capital restructuring and strategic partnerships remain under evaluation to restore solvency and strengthen long-term continuity.
Liquidity & Refinancing Risk	Heavy reliance on overdrafts and short-term loans creates liquidity pressure.	High	Cash flow is monitored daily with 12-month rolling forecasts to plan funding needs. The Group diversifies banking partners to reduce dependency and negotiates longer maturities. Working capital cycles, including inventory and receivables, are actively managed, and minimum liquidity buffers are maintained to safeguard uninterrupted operations.
Profitability / Operating Leverage	High fixed costs against lower revenue drive operating losses.	High	SG&A savings programs, rent renegotiations, and productivity initiatives are underway. Store profitability reviews guide closures or resizing, while product mix is shifted to higher-margin items and private labels. Operating cost structures are reviewed quarterly to manage leverage and improve flexibility.
Inventory Valuation / Obsolescence	Slow-moving stock and trend shifts lead to markdowns and impairments.	High	OTB controls and advanced forecasting limit over-ordering. Aged stock reviews and clearance mechanisms ensure cash recovery. Vendor collaboration allows smaller, more frequent orders, aligning stock with demand and minimizing write-offs.
Working Capital & Payables	High payables and delayed settlements may weaken suppliers.	High	Supplier settlements follow structured plans, with discounting and financing tools explored to balance cash flow. Procurement is consolidated to negotiate better terms, and supplier scorecards are used to prioritize critical relationships.
Related-Party Risk	Large related-party balances create concentration and governance risks.	High	Regular reviews by Internal Audit and Treasury monitor compliance with policy. Settlement schedules and formal agreements enforce discipline, while enhanced disclosures ensure transparency to stakeholders and the Audit Committee.
Operational Risk - Cybersecurity & IT	Cyber threats and IT failures risk sales and data privacy.	High	Investments in cybersecurity tools, audits, and staff training reduce exposure. Recovery plans ensure continuity in case of disruptions.
Equity & Market Risk	Reliance on equity injections creates execution and dilution risk.	High	Investor confidence is preserved through transparent communication and clear capital allocation. Focus is placed on improving cash flow to reduce future equity reliance. Strategic partnerships and alternate financing options are actively assessed.

## RISK MANAGEMENT

Risk Category	Risk	Risk Grade	Risk Management Strategies
Tax & Deferred Tax	Deferred tax volatility affects reported equity.	High	Deferred tax assets are periodically reviewed for recoverability. Tax planning is aligned with projected earnings, and external experts monitor regulatory changes. Deferred tax use is balanced to stabilize earnings.
Strategic Risk – E-Commerce Competition	Online platforms intensify competition with wider choice and sharper pricing.	Medium	E-commerce is strengthened with real-time stock visibility, multiple payment methods, and enhanced logistics. Omnichannel initiatives integrate physical and online experiences, while targeted campaigns improve brand engagement.
Financial Risk - Interest Rates & Borrowings	Elevated borrowing levels keep finance costs high, reducing profitability.	Medium	Debt mix is optimized through repricing and restructuring with banks. Treasury negotiates favorable rates, consolidates facilities, and uses scenario testing to prepare for rate swings. Debt repayment is prioritized via stronger cash generation, reducing reliance on expensive short-term funding.
Lease & Occupancy Risk	Lease liabilities increase fixed costs under weak demand.	Medium	The Group renegotiates rental terms to match store performance and exits underperforming outlets. Energy efficiency measures are implemented to cut operating costs, and flexible lease tenures are pursued to align obligations with revenue.
Strategic Risk - Global Supply Chain	Freight hikes, delays, and geopolitical tensions disrupt imports.	Medium	Sourcing is diversified across multiple countries, with growing focus on local manufacturing. Vendor partnerships ensure proactive shipment planning. Logistics partners are leveraged to improve predictability, and critical stock buffers are maintained to absorb delays.
Strategic Risk - Macroeconomic Conditions	Inflation and weak consumer confidence reduce demand for non-essential fashion.	Medium	Pricing flexibility and promotions (EOSS, bank tie-ups) help sustain demand. Loyalty programs are strengthened to retain customers, while cost optimization protects margins. New brand launches and product lines expand reach to offset pressure from lower spending.
Financial Risk - Currency Depreciation	Currency weakness raises import costs, eroding margins.	Medium	Risk managed via forward contracts, hedging, and diversified sourcing across currencies. Local manufacturing is expanded to reduce import exposure. Pricing adjustments and shipment timing are aligned with FX monitoring to limit margin erosion.



Risk Category	Risk	Risk Grade	Risk Management Strategies
Operational Risk - Inventory Management	Overstocking ties up capital; understocking causes lost sales.	Medium	Forecasting tools and seasonal analysis improve accuracy. Buffer stock supports fast-moving items, while clearance sales reduce aged stock. Reviews ensure alignment with cash flow.
Environmental Risk - Sustainability / ESG	Failing ESG expectations risks reputation and investor confidence.	Medium	Sustainable fabrics and packaging reduction are prioritized. ESG reporting frameworks and certifications are being developed to improve transparency and meet stakeholder expectations.
Macro-economic Risk - Fashion Trend Adaptation	Slow trend response risks markdowns and brand irrelevance.	Medium	Market research, influencer tie-ups, and shorter vendor cycles enable quicker launches. Product lines are adjusted in line with consumer data.
Macro-economic Risk - Tourism Dependency	High tourist arrivals increase premium sales.	Medium	Domestic base expanded through loyalty and affordable ranges. Marketing targets expat communities, while tourist trends are monitored to adjust campaigns.
Operational Risk - Human Capital	High staff turnover disrupts sales and service.	Medium	Training and recognition programs are in place. Career development opportunities and feedback from exit interviews help improve retention.
Operational Risk - Regulatory Compliance	Regulatory changes may disrupt operations.	Low	Compliance is supported by legal advisors and internal audits. Policies are updated promptly when tax, duty, or labor changes occur.
Operational Risk - Customer Experience	Inconsistent service reduces repeat sales.	Low	Standardized service protocols, POS upgrades, and optimized staffing improve consistency. Feedback is reviewed to guide improvements.
Operational Risk - Reputational	Negative publicity or unethical practices damage trust.	Low	Enforcement of Code of Ethics, transparent communication, and quick complaint resolution safeguard reputation.

# 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 Chairperson, and a Non- Executive Non-Independent Director.

- **Dr. I.C.R. De Silva** – Senior Independent Non-Executive Director – Chairperson
- **Mr. H. K. Kaimal** – Non-Independent Non-Executive Director – Member
- **Mr. R. P. Pathirana** – Independent Non-Executive Director – Member (Resigned w.e.f. 10th January 2025)
- **Mr. J. M. J. Perera** – Independent Non-Executive Director – Member (Resigned w.e.f. 19th December 2024)
- **Mr. M.I. Furkan** – Independent Non- Executive Director – Member (Appointed w.e.f. 10th January 2025)

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

## ATTENDANCE AT MEETINGS

Name	Meetings Attended
Dr. I.C.R. De Silva	2/4
Mr. H.K. Kaimal	4/4
Mr. R.P. Pathirana (Resigned w.e.f. 10th January 2025)	3/4
Mr. J.M.J. Perera (Resigned w.e.f. 19th December 2024)	2/4
Mr. M.I. Furkan (Appointed w.e.f. 10th January 2025)	1/4

## ROLES AND RESPONSIBILITIES

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

review and approve 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.

The Committee adopted the policies and procedures and aligned with CSE Listing Rules when reviewing the Related Party Transactions.

The deceleration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to related party transactions is given on page 25 of the Annual Report.

(Sgd.)

**Dr. I.C.R. De Silva**

Chairperson

Related Party Transactions Review Committee

5th December 2025

# REPORT OF THE AUDIT COMMITTEE

## COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee, appointed by and responsible to the Board of Directors, comprises 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. R.P. Pathirana** – Independent Non-Executive Director - Chairman (Resigned w.e.f. 10th January 2025)
- **Dr I.C.R. De Silva** – Senior Independent Non-Executive Director - Member
- **Mr. J.M.J. Perera** – Independent Non-Executive Director -Member (Resigned w.e.f. 19th December 2024)
- **Mr. M.I. Furkan** - Independent Non-Executive Director – Chairman (Appointed w.e.f. 10th January 2025)
- **Mr. H.K. Kaimal** – Non-Independent Non-Executive Director – Member (Appointed w.e.f. 10th January 2025)

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

## OBJECTIVES AND ROLE OF THE AUDIT COMMITTEE

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

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

## MEETINGS

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

## ATTENDANCE AT MEETINGS

Name	Meetings Attended
Mr. R.P. Pathirana (Resigned w.e.f. 10th January 2025)	3/4
Dr. I.C.R. De Silva	2/4
Mr. J.M.J. Perera (Resigned w.e.f. 19th December 2024)	2/4
Mr. M.I. Furkan (Appointed w.e.f. 10th January 2025)	1/4
Mr. H.K. Kaimal (Appointed w.e.f. 10th January 2025)	1/4

## 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

In all instances, the Audit Committee obtained relevant declarations from relevant key officials stating that the respective financial statements are in conformity with the applicable Accounting Standards, Company Law, and other Statutes including Corporate Governance Rules and that the presentation of such Financial Statements are consistent with those of the previous quarter or year as the case may be and listing any departures from financial reporting, statutory requirements, and Group policies, if any.

Messrs. Ernst & Young, has been the appointed External Auditors on the Company for a period of 20 years and Mr. B.E Wijesuriya Partner, the current appointed engagement Partner has been engaged for the independent audit review of the Company for two years. The Audit Committee has obtained a statement from Messrs. Ernst & Young, confirming their independence and objectivity in accordance with Section 163 (3) of the Companies Act No. 07 of 2007 throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. This confirmation pertains to the audit of the Statement of Financial Position, and the related Statements of Income, Changes in Equity, and Cash Flows of the Company and the Group.

## 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 2026, subject to approval by the Shareholders at the forthcoming Annual General Meeting.

(Sgd.)

**Mr. M.I. Furkan**  
Chairman – Audit Committee

5th December 2025

# 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

The Remuneration Committee consists of two Independent Non-Executive Directors and a Non-Independent Non-Executive Director. The members of the Remuneration Committee as at 31st March 2025 and the attendance at the meeting held is as below:

### ATTENDANCE AT MEETINGS

Name	Meetings Attended
Mr. R. P. Pathirana – Chairman Independent Non-Executive Director - (Resigned w.e.f. 10th January 2025)	1/1
Mr. J.M.J. Perera – Member Independent Non-Executive Director - (Resigned w.e.f. 19th December 2024)	1/1
Dr. I.C.R. De Silva – Chairperson Senior Independent Non-Executive Director - (Appointed as chairperson w.e.f. 10th January 2025)	1/1
• Mr. H.K. Kaimal – Member - Non-Independent Non-Executive Director (Appointed w.e.f. 10th January 2025)	
• Mr. M.I. Furkan – Member Independent Non-Executive Director (Appointed w.e.f. 10th January 2025)	

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.

## REMUNERATION PACKAGE OF DIRECTORS

- a) **Remuneration of Directors**  
No remuneration is paid to Non-Executive Directors other than the Directors’ fees paid based on their participation at Board meetings and other Sub-Committee meetings.
- b) **Retirement Benefits**  
Non-Executive Directors are not entitled to retirement benefits.
- c) **Share Option Plans for Directors**  
The Company does not have a share option plan for Directors.
- d) **Personal Loans for Directors**  
No Director is entitled to Company loans.

Total fees and remuneration paid to all Directors including the Managing Director and the Chairman are disclosed in Note 7 on page 69 in this report.

## THE YEAR AHEAD

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.)  
Dr. I.C.R. De Silva  
Chairperson  
Remuneration Committee

5th December 2025

# REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee of ODEL PLC was established by the Board of Directors of the Company and reports directly to the Board.

## SCOPE

The Nominations and Governance Committee was established to ensure the Board’s oversight and control over the selection of Directors. The committee has the authority to discuss the issues under its purview and report back to the Board of Directors with recommendations, enabling the Board to take a decision on the matter. The Committee focuses on the following objectives in discharging its responsibilities;

- To implement a procedure to select Directors to the Board.
- Provide advice and recommendations to the Board or the Chairman on any such appointment.
- To ensure that the Directors are fit and proper persons to hold office.
- To consider and recommend the re-election of current Directors, taking into account the performance and contribution made by them towards the overall discharge of the Board’s responsibilities.
- A member of the Committee opts out in decisions relating to his own appointment.

## COMPOSITION

The Nominations and Governance Committee of ODEL PLC was established on 4th July 2024 and comprises the following Directors.

**Dr. I.C.R. De Silva** – Senior Independent Non-Executive Director – Chairperson

**Mr. H.K. Kaimal** – Non-Independent Non-Executive Director – Member

**Mr. J.M.J. Perera** – Independent Non-Executive Director – Member

The Composition of the Nominations and Governance Committee was re-constituted on 10th January 2025 as follows;

**Dr. I.C.R. De Silva** – Senior Independent Non-Executive Director – Chairperson

**Mr. H.K. Kaimal** – Non-Independent Non-Executive Director – Member

**Mr. M.I. Furkan** – Independent Non-Executive Director – Member

## MEETINGS

The Nominations and Governance Committee shall meet once each year or as and when required. The Committee’s attendance at meetings are provided below:

Name	Meetings Attended
Dr. I.C.R. De Silva - Chairperson	1/1
Mr. H.K. Kaimal	1/1
Mr. J.M.J. Perera (Resigned w.e.f. 19th December 2024)	1/1

## CONCLUSION

The Committee continues to work closely with the Board of Directors in relation to the structure, size and composition of the Board ensuring the diversity and balance of skills, knowledge and experience. The Committee is satisfied that the representation of skills, knowledge and experience on the Board is appropriate for the Company’s current needs at Board level.

(Sgd.)

**Dr. I.C.R. De Silva**

Chairperson  
Nominations and Governance Committee

5th December 2025

# 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, their report together with the Audited Financial Statements of the Company and the Audited Consolidated Financial Statements of the Group for the year ended 31st March 2025.

## 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 reflecting its listed status.

The Company was initially registered in the Diri Savi Board of the Colombo Stock Exchange and transferred to the Second Board due to non-compliance with the minimum public holding requirement. The Company is currently on the Watch list of the Colombo Stock Exchange due to emphasis of matter on Going Concern contained in the Annual Report 2023/24.

## 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 requires 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 41 to 119 of the Annual Report.

## DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards. A statement in this regard is given on page 40.

## AUDITOR'S REPORT

The Auditor's Report on the financial statements is given on pages 41 to 45 of the Annual Report.

## SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are given on pages 57 to 67 of the Annual Report. There was no change in the accounting policies adopted from the previous year except for the standards listed in Note 37.

## PROPERTY, PLANT & EQUIPMENT

The details and movement of property, plant and equipment during the year under review is set out in Note 10 to the Financial Statements on pages 76 to 80.

## CAPITAL EXPENDITURE

The total capital expenditure incurred on the acquisition of property, plant

and equipment for the Company and the Group amounted to Rs. 222 Mn (2024 – Rs. 272 Mn) and Rs. 1,296 Mn (2024 – Rs. 1,686 Mn) respectively. Details of capital expenditure and their movements are given in Notes 10 & 12 to the Financial Statements on pages 76 to 84 of the Annual Report.

## RESERVES

The reserves for the Company and Group amounted to Rs. (408) Mn (2024 – 96 Mn) and Rs. (8,502) Mn (2024 – Rs. (4,081) 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, there are donations made by the Company and Group amounting to Rs. 1.3 Mn. and it is disclosed in the note 7 in page 69 (2024 – 0).

## STATED CAPITAL

The stated capital of the Company as at 31st March 2025 was Rs. 6,030,335,731 represented by 538,369,934 shares. The stated capital of the Company increased from Rs. 2,795,513,620 to Rs. 6,030,335,731 subsequent to the Rights Issue which was concluded in August 2024.

## 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 disclosure 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 Notes 8 & 9 to the Financial Statements.



## DIVIDENDS

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

## STATUTORY PAYMENTS

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

## RELATED PARTY TRANSACTIONS

Transactions of related parties (as defined in LKAS 24 – Related Parties Disclose) with the Company are set out in Note 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 is in compliance with the requirements of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions.

## DIRECTORATE

The following Directors held Office during the year under review. The biographical details of the Board members are set out on pages 6 to 3

**Mr. A.K. Pathiraga**  
(Chairman/ Managing Director)

**Mr. H.K. Kaimal**

**Dr. I.C.R. De Silva**

**Mr. R. P. Pathirana** (Resigned w.e.f. 10th January 2025)

**Mr. J. M. J. Perera**  
Resigned w.e.f. 19th December 2024)

**Mr. M.I. Furkan**  
(Appointed w.e.f. 06th January 2025)

**Mr. D.Y. Christostom**  
(Appointed w.e.f. 10th January 2025)

## FIT AND PROPER ASSESSMENT CRITERIA OF THE BOARD OF DIRECTORS

The Directors hereby confirm that the Directors of the Company satisfy the Fit and Proper Assessment Criteria stipulated in Section 9.7 of the Listing Rules of the Colombo Stock Exchange for the year.

## DIRECTORS' SHAREHOLDING

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

Name of Director	No of Shares as at 31/03/2025	No of Shares as at 31/03/2024
Mr. A.K. Pathiraga	96,584	48,292
Mr. H.K. Kaimal	-	-
Dr. I.C.R. De Silva	-	-
Mr. M.I. Furkan	-	-
Mr. D.Y. Christostom	-	-

## DIRECTORS' REMUNERATION

Directors' remuneration in respect of the Company for the financial year ended 31 March 2025 was Rs. 26,206,000 (2024 – Rs. 27,600,000).

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 which will be notified in due course.

## SHAREHOLDERS' INFORMATION

The distribution of shareholders is indicated on page 120 of the Annual Report. There were 4,968 registered shareholders as at 31 March 2025 (31 March 2024 – 4,990).

## SHARE INFORMATION

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

## INTERNAL CONTROL

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

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

## RISK MANAGEMENT

The Group's risk management objectives and policies and the exposure to risks, are set out in pages 27 and 31 of the Annual Report.

## CORPORATE GOVERNANCE

The report on Corporate Governance is given on pages 16 to 26 of the Annual Report.

The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested.

The Company complied with all applicable laws and regulations in conducting its business and has not engaged in any activity contravening the relevant laws and regulations. Officers responsible for ensuring compliance with the provisions in various laws and regulations, confirm compliance in each quarter to the Board Audit Committee.

All endeavours have been made to ensure that shareholders in each category have been treated equitably in accordance with the original Terms of Issue.

The business is a Going Concern with supporting assumptions or qualifications as necessary, and the Board of Directors has reviewed the Company's Corporate/Business plans and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements of the Company are prepared based on the Going Concern assumption.

The Board of Directors has conducted a review of internal controls covering financial, operational and compliance controls, risk management and has obtained a reasonable assurance of their effectiveness and proper adherence.

The Company has complied with the Listing Rules issued by CSE. Refer Pages 20 to 26 for measures taken and compliance status.

## 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. 2,121,370 as audit fees for the financial year ended 31 March 2025 (2024 – Rs. 2,112,000) 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.

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. Refer Note 2.2 in page 54 in the financial statements.

## ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Monday, 12th January 2026 at 10:00 am. The Notice of the Annual General Meeting is on page 122 of the Annual Report.

(Sgd.)

**A.K. Pathirage**

Chairman/Managing Director

(Sgd.)

**H.K. Kaimal**

Director

(Sgd.)

**Softlogic Corporate Services (Pvt) Ltd**  
Secretaries

5th December 2025  
Colombo



# REPORT OF SENIOR INDEPENDENT DIRECTOR

This report is presented in compliance with the requirement set out in Section 9.6.3 (e) of the revised Listing Rules on Corporate Governance of the Colombo Stock Exchange which came into effect on 01st October 2023. The requirement of appointing a “Senior Independent Director” (SID) to Odel PLC is in accordance with Section 9.6.3 (a) ii of the revised Listing Rules on Corporate Governance of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

## ROLE AND RESPONSIBILITIES OF SENIOR INDEPENDENT DIRECTOR

In terms of the role and responsibilities of the SID, the principal role of the SID is to support the Chairman in his role and duties, acting as an intermediary for the Non-Executive Directors and to facilitate the due exercise of the functions of the Chairman with the Non-Executive Directors as and when necessary.

The role and the responsibilities vested on the SID of the Board is relevant in the current context of Corporate Governance regulations, standards, and best practices which are frequently reviewed and revised by regulators.

My role is to ensure requisite governance standards are complied with while providing necessary assistance to the Chairman of the Board through discussion and communication between Non-executive and Independent Directors of the Company in addressing matters relevant to the Board as a whole to enhance the overall effectiveness of the Board.

(Sgd.)

**Dr. I.C.R. De Silva**

Senior Independent Director

5th December 2025

# 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 41.

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 41 to 119 of the Annual Report, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed. The Directors confirm that they have justified 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.)  
**A.K. Pathirage**  
Chairman / Managing Director

(Sgd.)  
**H.K. Kaimal**  
Director

5th December 2025  
Colombo

# INDEPENDENT AUDITORS' REPORT



Ernst & Young  
Chartered Accountants  
Rotunda Towers  
No. 109, Galle Road  
P.O. Box 101  
Colombo 03, Sri Lanka

Tel: +94 11 246 3500  
Fax: +94 11 768 7869  
Email: [eysl@lk.ey.com](mailto:eysl@lk.ey.com)  
[ey.com](http://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 2025, 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 material accounting policy information.

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 2025, 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 for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 to the financial statements, which indicate that the Group and Company incurred a loss after tax of Rs. 4,450.76 Mn (2024: Rs. 4,207.75 Mn) and Rs. 1,846.48 Mn (2024: Rs. 2,435.35 Mn, respectively, for the year ended 31 March 2025. As at that date, the accumulated losses of the Group and Company were Rs. 12,695.47 Mn (2024: Rs. 8,237.61 Mn) and Rs. 6,274.03 (2024: Rs. 4,420.14 Mn), respectively. Furthermore, the Group’s and Company’s current liabilities exceeded its current assets by Rs. 15,197.55 Mn (2024: 14,164.76) and Rs. 10,323.26 Mn (2024: 12,230.76), respectively. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s and Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### 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. In addition to the matter described in the Material Uncertainty Related to Going Concern section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report. 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.

# INDEPENDENT AUDITORS' REPORT

## Key Audit Matter

### Carrying value of ODEL mall project

As at 31 March 2025, the Group's statement of financial position includes Other Non- Current Assets amounting to Rs. 17,787 Mn relating to the ODEL mall project, as disclosed in Notes 12 to the financial statements.

This was a key audit matter due to:

- The materiality of the reported balances amounting to Rs. 17,787 Mn, which represent 57% of the total assets of the Group, and the possible impairment indicators that may exist due to the heightened costs to complete the project.
- The degree of significant management assumptions, judgements and estimates associated with deriving with
  - The estimated future cash flows in value-in-use (VIU) calculations used to ascertain the recoverable amount of Other Non-Current assets such as cost to complete the project, forecast occupancy levels, expected profitability and margins, cost, discount rate, terminal growth rate, revised project timeline and the forecast funding; and
  - Net Realizable Value (NRV) of Apartments – Work in progress included in Other Current Assets;

as disclosed in Notes 2.6.17 and 12 to the financial statements.

## How our audit addressed the key audit matter

### Our audit procedures included the following:

- Reviewed Inspected 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 testing to establish assessed whether the capitalized cost met the recognition criteria set forth in the accounting policies and applicable accounting standards
- Gained an understanding of how management has forecast its discounted future cash flows. Obtained the VIU computation from management and tested calculation of the discounted future cash flows and the completeness and accuracy of the underlying data used.
- Based on the best available information up to the date of the audit report, we assessed the reasonableness of the significant assumptions, judgements and estimates such as forecast occupancy levels, expected profitability and margins, cost, discount rate, terminal growth rate, Operating lease revised project timeline and the forecast funding of the project in cashflow projections to determine the recoverable amount of the project. We also performed a sensitivity analysis of significant assumptions used to evaluate the effect on the value in-use calculations

We also assessed the adequacy of the Group's disclosures in Notes 2.6.17, and 12 to the financial statements.

### Existence and carrying value of inventory

As at 31 March 2025, the carrying value of inventory amounted to Rs. 1,716 Mn net of provision of Rs.151 Mn for slow moving and obsolete inventory as disclosed in Note 16 to the financial statements. Existence and carrying value of inventory was a key audit matter due to:

- materiality of the reported inventory balance which represented 5% of the Group's total assets as of the reporting date; and
- judgements applied by the management in determining the provision for slow-moving and obsolete inventory, as disclosed in Note 16 to the financial statements.

### Our audit procedures included the following key procedures:

- Observed physical inventory counts and reconciled the count results to the inventory listings compiled by management to support amounts reported.
- Tested whether inventory was stated at the lower of cost and net realizable value, by comparing cost with subsequent selling prices of such items.
- Understood the process followed by the management for valuation of inventory and assessed the reasonableness of judgements applied by the management in determining provision for slow-moving and obsolete inventory.

We also assessed the adequacy of the disclosures made in Notes 2.6.14 and Note 16 to the financial statement.

**Key Audit Matter****How our audit addressed the key audit matter****Interest Bearing Loans and Borrowings**

As of the reporting date, the Group reported total interest-bearing loans and borrowings of Rs. 20.77 Bn, of which Rs. 9.8 Bn is reported as current liabilities and the balance Rs. 10.97 Bn as non-current liabilities.

Interest bearing loans and borrowings was a key audit matter due to:

- The materiality of the reported interest-bearing loans and borrowings balance which represents 61% of the Group's total liabilities as of the reporting date; and
- The existence of several financial and non-financial covenants, the breach of which could impact the classification of the interest-bearing loans and borrowings in the financial statements.

**Our audit procedures included the following:**

- Obtained an understanding of the terms and conditions attached to loans and borrowings, by perusing the agreements.
- Reviewed Inspected the Management's statements of compliance with loan covenants and timely reporting and monitoring of covenant compliances in relation to interest bearing loans and borrowings and payment of the loan installments.
- Obtained confirmations from financial institutions on outstanding loans and borrowings as at 31 March 2025.

We assessed the adequacy and appropriateness of the disclosures made in Note 22 relating to interest bearing loans and borrowings.

**Other Information included in the 2025 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 for the financial statements**

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

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

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

# INDEPENDENT AUDITORS' REPORT

## 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.

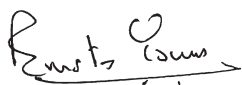
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken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

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

### Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2440.



05 December 2025  
Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp), M U M Mansoor ACA

A member firm of Ernst & Young Global Limited



# INCOME STATEMENT

	Note	Company		Group	
		For the year ended 31st March		For the year ended 31st March	
		2025 LKR	2024 LKR Restated	2025 LKR	2024 LKR Restated
<b>Revenue</b>	3	<b>3,904,246,714</b>	4,710,341,422	<b>5,906,597,740</b>	7,302,893,017
Cost of sales		<b>(1,639,713,147)</b>	(1,989,413,978)	<b>(2,837,504,349)</b>	(3,466,645,048)
<b>Gross profit</b>		<b>2,264,533,567</b>	2,720,927,444	<b>3,069,093,391</b>	3,836,247,968
Other operating income	4	<b>3,393,288</b>	6,091,526	<b>9,552,408</b>	7,833,500
Distribution expenses		<b>(210,881,418)</b>	(206,041,989)	<b>(321,232,428)</b>	(323,073,602)
Administrative expenses		<b>(2,933,715,602)</b>	(2,955,897,997)	<b>(4,260,387,385)</b>	(4,252,004,410)
<b>Operating loss</b>		<b>(876,670,165)</b>	(434,921,016)	<b>(1,502,974,014)</b>	(730,996,543)
Finance costs	5	<b>(1,476,644,934)</b>	(2,132,445,605)	<b>(2,995,994,121)</b>	(3,577,247,569)
Finance income	6	<b>69,541,214</b>	85,429,544	<b>12,522,145</b>	18,607,451
Fair value gain/(loss) on investment property	11	<b>-</b>	-	<b>(778,800,000)</b>	23,500,000
Loss before tax		<b>(2,283,773,885)</b>	(2,481,937,077)	<b>(5,265,245,989)</b>	(4,266,136,661)
Income tax expense	8	<b>437,293,816</b>	46,583,368	<b>814,490,394</b>	58,391,474
<b>Loss for the year</b>		<b>(1,846,480,069)</b>	(2,435,353,709)	<b>(4,450,755,595)</b>	(4,207,745,187)
<b>Attributable to:</b>					
Owners of the parent				<b>(4,450,755,595)</b>	(4,207,745,187)
Non controlling interest				<b>-</b>	-
				<b>(4,450,755,595)</b>	(4,207,745,187)
<b>Earning per share</b>					
Basic	29	<b>(4.32)</b>	(8.95)	<b>(10.41)</b>	(15.46)

The accounting policies and notes on pages 53 through 119 form an integral part of the financial statements.

# STATEMENT OF COMPREHENSIVE INCOME

	Note	Company		Group	
		For the year ended 31st March		For the year ended 31st March	
		2025 LKR	2024 LKR Restated	2025 LKR	2024 LKR Restated
Loss for the year		(1,846,480,069)	(2,435,353,709)	(4,450,755,595)	(4,207,745,187)
<b>Other comprehensive income</b>					
<b>Other comprehensive income not to be reclassified to income statement in subsequent periods</b>					
Actuarial gain/(loss) on defined benefit plans	23	(10,586,634)	(7,478,857)	(10,165,464)	(14,589,904)
Income tax effect		3,175,990	2,243,657	3,060,833	4,303,935
		(7,410,644)	(5,235,200)	(7,104,632)	(10,285,968)
Revaluation of land and buildings	10	14,167,365	34,797,565	41,463,825	85,554,456
Income tax effect		(1,381,677)	(51,616,106)	(4,651,677)	(62,356,106)
		12,785,688	(16,818,541)	36,812,148	23,198,350
Net gain/ (loss) on subsidiary valuation		1,909,030,065	1,241,138,589	-	-
Income tax effect		(572,709,020)	(372,341,577)	-	-
		1,336,321,046	868,797,012	-	-
<b>Other comprehensive Profit/(loss) for the year, net of tax</b>		<b>1,341,696,089</b>	<b>846,743,271</b>	<b>29,707,516</b>	<b>12,912,381</b>
<b>Total comprehensive loss for the year, net of tax</b>		<b>(504,783,979)</b>	<b>(1,588,610,438)</b>	<b>(4,421,048,079)</b>	<b>(4,194,832,805)</b>
<b>Attributable to:</b>					
Equity holders of the parent				(4,421,048,079)	(4,194,832,805)
Non-controlling interests				-	-
				(4,421,048,079)	(4,194,832,805)

The accounting policies and notes on page 53 through 119 form an integral part of the financial statements.

# STATEMENT OF FINANCIAL POSITION

		Company			Group		
As at		31-03-2025	31-03-2024	01-04-2023	31-03-2025	31-03-2024	01-04-2023
	Note	LKR	LKR	LKR	LKR	LKR	LKR
			Restated	Restated		Restated	Restated
ASSETS							
Non-Current Assets							
Property, plant & equipment	10	4,124,823,107	4,206,821,641	4,232,904,486	3,752,854,803	4,025,403,093	4,290,096,762
Investment property	11	4,676,760,000	4,676,760,000	4,676,760,000	1,173,700,000	1,952,500,000	1,929,000,000
Other non current assets	12	-	-	-	17,786,835,684	15,501,899,404	14,942,241,945
Intangible assets	13	451,454	647,300	969,499	54,151,454	108,287,300	162,392,563
Right of use assets	14	885,851,943	1,038,591,595	1,281,303,486	2,007,458,045	2,248,368,473	2,612,171,354
Investment in subsidiaries	20	10,397,921,126	8,488,891,061	7,247,752,472	-	-	-
Other financial assets	18	182,536,361	163,076,169	215,848,394	416,411,828	388,007,060	447,219,037
Goodwill	13	-	-	-	269,805,580	445,565,053	445,565,053
Deferred tax asset	9	-	-	-	2,060,404,198	406,525,277	383,042,379
		20,268,343,991	18,574,787,766	17,655,538,337	27,521,621,592	25,076,555,661	25,211,729,093
Current Assets							
Inventories	16	991,618,022	920,948,667	1,232,015,767	1,716,418,858	1,713,829,183	2,121,464,116
Trade and other receivables	17	715,168,720	499,789,575	453,397,045	1,284,560,187	749,470,583	876,144,062
Amounts due from related parties	21	721,781,139	510,694,551	317,399,544	79,427,805	247,930,587	218,418,084
Income tax refund due		102,431,592	93,472,649	78,925,657	123,787,743	114,877,517	100,295,594
Other current assets	12	-	-	-	435,874,538	2,588,705,503	2,100,944,468
Other financial assets	18	84,606,072	84,606,072	30,601,678	84,606,072	84,606,072	30,601,678
Cash and bank balances	26	124,921,910	31,111,476	190,417,605	183,002,696	95,057,546	220,748,241
		2,740,527,455	2,140,622,990	2,302,757,296	3,907,677,899	5,594,476,990	5,668,616,243
Total Assets		23,008,871,446	20,715,410,756	19,958,295,633	31,429,299,491	30,671,032,652	30,880,345,336
EQUITY AND LIABILITIES							
Equity							
Stated capital	27	6,030,335,731	2,795,513,620	2,795,513,620	6,030,335,731	2,795,513,620	2,795,513,620
Other components of equity		5,865,574,320	4,516,467,587	3,664,489,116	4,193,255,101	4,156,442,953	4,133,244,603
Accumulated loss		(6,274,031,429)	(4,420,140,716)	(1,979,551,807)	(12,695,466,585)	(8,237,606,358)	(4,019,575,203)
Total Equity		5,621,878,622	2,891,840,491	4,480,450,929	(2,471,875,753)	(1,285,649,785)	2,909,183,020

		Company			Group		
As at		31-03-2025	31-03-2024	01-04-2023	31-03-2025	31-03-2024	01-04-2023
	Note	LKR	LKR Restated	LKR Restated	LKR	LKR Restated	LKR Restated
Non-Current Liabilities							
Interest bearing borrowings	22	2,255,029,389	1,419,623,299	1,799,007,162	10,971,883,322	8,867,165,768	7,104,819,439
Deferred tax liabilities	9	1,148,452,414	1,014,831,523	639,700,865	1,386,398,071	561,988,834	552,287,392
Operating lease liability	15	798,181,137	909,269,363	1,104,385,412	1,646,326,351	1,863,102,300	1,915,275,217
Other non current liabilities	19	-	-	-	623,876,922	752,885,610	777,905,817
Retirement benefit liability	23	121,539,641	108,467,951	97,480,683	167,467,054	152,302,881	129,539,909
		4,323,202,581	3,452,192,137	3,640,574,123	14,795,951,720	12,197,445,393	10,479,827,774
Current Liabilities							
Trade and other payables	24	2,597,810,589	2,273,610,371	1,655,880,117	5,265,141,285	4,165,674,390	3,329,772,658
Amounts due to related parties	25	4,216,780,004	2,146,920,826	2,316,549,244	3,478,904,638	1,300,601,875	1,739,863,850
Income tax payable		-	-	-	34,695,162	20,236,271	10,043,124
Interest bearing borrowings	22	5,943,787,666	9,586,403,614	7,508,813,498	9,802,927,001	13,778,666,685	11,764,746,603
Operating lease liability	15	305,411,984	364,443,318	356,027,723	523,555,438	494,057,823	646,908,306
		13,063,790,243	14,371,378,129	11,837,270,581	19,105,223,524	19,759,237,043	17,491,334,542
Total Equity and Liabilities		23,008,871,446	20,715,410,756	19,958,295,633	31,429,299,491	30,671,032,652	30,880,345,336
Net asset/(liability) per share		10.44	10.63	16.46	(4.59)	(4.72)	10.69

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

(Sgd.)

INDIKA GAMAGE

Chief Financial Officer

The Board of Directors is responsible for these financial statements.

Signed for and on behalf of the board by

(Sgd.)

A.K. PATHIRAGE

Chairman/Managing Director

(Sgd.)

H.K. KAIMAL

Director

The accounting policies and notes on pages 53 through 119 form an integral part of the financial statements.

05th December 2025

Colombo

# STATEMENT OF CHANGES IN EQUITY

Company	Stated Capital	Revaluation Reserve	Fair Value Reserve of Financial Assets at FVOCI	Retained Earnings / (Accumulated Loss)	Total Equity
	LKR	LKR	LKR	LKR	LKR
<b>As at 31st March 2023 (Previously Recorded)</b>	<b>2,795,513,620</b>	<b>2,480,752,430</b>	<b>-</b>	<b>(1,979,551,807)</b>	<b>3,296,714,243</b>
Other comprehensive income			1,183,736,686		1,183,736,686
<b>As at 01st April 2023 (Restated)</b>	<b>2,795,513,620</b>	<b>2,480,752,430</b>	<b>1,183,736,686</b>	<b>(1,979,551,807)</b>	<b>4,480,450,929</b>
Net profit/ (loss) for the year	-	-	-	(2,435,353,709)	(2,435,353,709)
Other comprehensive income / (loss)	-	(16,818,541)	868,797,012	(5,235,200)	846,743,271
Total comprehensive income / (loss)	2,795,513,620	2,463,933,889	2,052,533,698	(4,420,140,716)	2,891,840,491
<b>As at 31st March 2024 (Restated)</b>	<b>2,795,513,620</b>	<b>2,463,933,889</b>	<b>2,052,533,698</b>	<b>(4,420,140,716)</b>	<b>2,891,840,491</b>
Net profit/ (loss) for the year	-	-	-	(1,846,480,069)	(1,846,480,069)
Other comprehensive income / (loss)	-	12,785,688	1,336,321,046	(7,410,644)	1,341,696,089
Total comprehensive income / (loss)	2,795,513,620	2,476,719,577	3,388,854,743	(6,274,031,429)	2,387,056,511
Issue of rights - Note 34	3,234,822,111	-	-	-	3,234,822,111
<b>As at 31st March 2025</b>	<b>6,030,335,731</b>	<b>2,476,719,577</b>	<b>3,388,854,743</b>	<b>(6,274,031,429)</b>	<b>5,621,878,623</b>

## Attributable to equity holders of the parent

Group	Stated Capital	Revaluation Reserve	Retained Earnings / (Accumulated Loss)	Total Equity
	LKR	LKR	LKR	LKR
<b>As at 31st March 2023 (Previously Recorded)</b>	<b>2,795,513,620</b>	<b>4,133,244,603</b>	<b>(4,019,575,203)</b>	<b>2,909,183,020</b>
Net profit / (loss) for the year	-	-	(4,207,745,187)	(4,207,745,187)
Other comprehensive income / (loss)	-	23,198,350	(10,285,968)	12,912,381
Total comprehensive income / (loss)	2,795,513,620	4,156,442,953	(8,237,606,358)	(1,285,649,785)
<b>As at 31st March 2024 (Restated)</b>	<b>2,795,513,620</b>	<b>4,156,442,953</b>	<b>(8,237,606,358)</b>	<b>(1,285,649,785)</b>
Net profit / (loss) for the year	-	-	(4,450,755,595)	(4,450,755,595)
Other comprehensive income/ (loss)	-	36,812,148	(7,104,632)	29,707,516
Total comprehensive income/ (loss)	2,795,513,620	4,193,255,101	(12,695,466,585)	(5,706,697,864)
Issue of rights - Note 34	3,234,822,111	-	-	3,234,822,111
<b>As at 31st March 2025</b>	<b>6,030,335,731</b>	<b>4,193,255,101</b>	<b>(12,695,466,585)</b>	<b>(2,471,875,753)</b>

The accounting policies and notes on pages 53 through 119 form an integral part of the financial statements.

# STATEMENT OF CASH FLOWS

	Note	Company		Group	
		2025	2024	2025	2024
		LKR	LKR Restated	LKR	LKR Restated
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>					
Net loss before Income tax expense		(2,283,773,885)	(2,481,937,077)	(5,265,245,989)	(4,266,136,661)
<b>Adjustments for</b>					
Depreciation	10	238,990,129	329,640,371	504,168,289	671,251,856
Intangible assets amortization	13	195,846	322,199	53,895,846	54,105,264
Amortization of right of use assets	14	413,733,657	421,378,403	516,422,998	714,829,879
Finance costs	5	1,476,644,934	2,132,445,605	2,995,994,121	2,809,814,107
Finance income	6	(69,541,214)	(85,429,544)	(12,522,145)	(18,607,451)
Fair value (gain)/loss on investment property	4	-	-	778,800,000	(23,500,000)
Derecognition of right of use assets	14/15	(48,584,718)	-	(148,894,350)	15,717,322
Provision for impairment	12	-	-	1,069,588,441	767,433,462
Provision for doubtful debt	21	41,238,291	-	93,943,225	29,551,249
(Profit)/loss on disposal of property, plant & equipment	4	69,384,212	(5,104,650)	63,783,886	1,976,706
Provision for define benefit plans	23.1	24,523,472	31,922,924	34,331,574	44,516,223
<b>Operating profit/ (loss) before working capital changes</b>		<b>(137,189,275)</b>	343,238,231	<b>684,265,896</b>	800,951,956
Decrease/(Increase) in inventories		(70,669,355)	311,067,100	(2,589,675)	407,634,933
Decrease/(Increase) in trade and other receivables		(215,379,145)	(46,392,530)	(535,089,604)	126,673,478
Decrease/(Increase) in dues from related parties		(252,324,879)	(193,295,007)	74,559,557	(59,063,752)
Decrease/(Increase) in other non current/ current assets		-	-	-	(487,761,035)
Decrease/(Increase) in other current financial assets		(19,460,192)	(1,232,169)	(28,404,768)	5,207,582
(Decrease)/Increase in dues to related parties		2,069,859,178	(169,628,418)	2,178,302,763	(439,261,976)
(Decrease)/Increase in trade and other payables		842,336,383	889,279,553	1,147,421,549	833,163,097
(Decrease)/Increase in other non current liabilities		-	-	(129,008,688)	(25,020,206)
<b>Cash generated from operations</b>		<b>2,217,172,715</b>	1,133,036,760	<b>3,389,457,030</b>	1,162,524,079
Finance costs paid	5	(1,284,502,297)	(1,909,985,205)	(2,573,085,271)	(2,335,073,901)
Defined benefit plan costs paid	23	(22,038,417)	(28,414,513)	(29,332,864)	(36,343,155)
Income tax paid/Dividend tax paid		(8,958,942)	(14,546,992)	(11,021,468)	(17,830,930)
<b>Net cash from/(used in) operating activities</b>		<b>901,673,059</b>	(819,909,950)	<b>776,017,427</b>	(1,226,723,908)

## STATEMENT OF CASH FLOWS

		Company		Group	
	Note	2025 LKR	2024 LKR Restated	2025 LKR	2024 LKR Restated
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>					
Acquisition of property, plant & equipment	10	(221,567,480)	(271,927,631)	(269,656,877)	(358,935,942)
Investment in capital projects	12.1	-	-	(1,025,934,288)	(1,327,090,921)
Finance income	6	69,541,214	85,429,544	12,522,145	18,607,451
Proceed from disposal of fixed assets	10	9,359,037	8,272,320	15,716,817	35,955,504
Proceed from disposal of Intangible assets	13	-	-	240,000	-
<b>Net cash flows from/(used in) investing activities</b>		<b>(142,667,229)</b>	<b>(178,225,767)</b>	<b>(1,267,112,203)</b>	<b>(1,631,463,908)</b>
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>					
Repayment of interest bearing borrowings	22	(6,136,127,726)	(9,692,667,179)	(6,192,302,036)	(9,827,593,163)
Proceeds from interest bearing borrowings	22	6,141,029,199	10,947,855,979	7,739,824,138	13,276,314,759
Issue of rights	34	3,883,565	-	3,883,565	-
Operating lease rent paid	15	(574,671,484)	(587,827,366)	(736,805,402)	(1,046,507,926)
<b>Net cash flows from/(used in) financing activities</b>		<b>(565,886,446)</b>	<b>667,361,434</b>	<b>814,600,264</b>	<b>2,402,213,670</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>193,119,384</b>	<b>(330,774,283)</b>	<b>323,505,488</b>	<b>(455,974,146)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(1,038,852,234)</b>	<b>(708,077,951)</b>	<b>(1,633,601,406)</b>	<b>(1,177,627,260)</b>
<b>Cash and cash equivalents at the end of the year</b>	26	<b>(845,732,850)</b>	<b>(1,038,852,234)</b>	<b>(1,310,095,917)</b>	<b>(1,633,601,406)</b>

The accounting policies and notes on pages 53 through 119 form an integral part of the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

### 1.1 General

Odel PLC is a 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, Thalagama, 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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 principal activity of the Company were to manage restaurants.

## Cotton Collections (Pvt) Ltd

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

## 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 2025 were authorized for issue in accordance with a resolution of the directors on 5th December 2025.

## 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 2025 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. 4,450.76 Mn (Company - Rs. 1,846.48 Mn) during the year ended 31st March 2025 and recorded accumulated losses of Rs. 12,695.47 Mn (Company - Rs. 6,274.03 Mn) as at 31st March 2025. The Group's current liabilities exceeded its current assets by Rs. 15,197.55 Mn (Company - Rs. 10,323.26 Mn) as at the reporting date.

Further, as detailed in Note 12, capital work in progress of Rs. 17,786.84 Mn relating to the ODEL mall requires additional funding of Rs 6.3 Bn to complete.

Due to the material uncertainty relating to going concern arising from the matters stated above, the Board of Directors has made an assessment of the Group and the Company's ability to continue as a going concern, based on available information of the forecast future cashflows and conditions of business and the effect of measures described below:

#### Increasing Operating Cash Flows by Implementing enhanced marketing strategies to attract and increase sales

The Company has implemented several initiatives to strengthen revenue generation over the next 12 months. These include expanding tourist-focused product offerings, increasing souvenir imports, reviving key in-store concepts, and opening pop-up stores in high-traffic tourist areas, supported by the expected increase in tourist arrivals. The consignment portfolio has been broadened with new partners, providing a stable contribution to sales. The Company has also added new distribution arrangements and introduced several new product lines to enhance market reach. Improved stock inflows and consistent inventory management have contributed to strong performance across major categories, positioning the business for continued revenue growth.

#### Long term financing for Odel Mall

Management revised the long-term financing strategy for the Odel Mall project following the reduction in construction scope. With the removal of the apartment component and the conversion of this area into rentable office space, the overall funding requirement has significantly reduced.

The revised funding plan is expected to be supported through advances from the sale of office space, supplemented by external equity. The Company has also sought a restructuring of the existing syndicated loan and accrued interest, and the consortium of banks led by Hatton National Bank PLC has responded positively and is evaluating restructuring options. This restructuring is expected to ease near-term cash flow pressures and align debt service commitments with the updated project timeline.

- **Other Operational Strategies executed**

- We have closed 17 underperforming outlets, as increased utility and rental costs have significantly impacted operational expenses. The closure of these outlets was necessary to mitigate these challenges.

This action enables the Group to consolidate resources and focus on key outlets that demonstrate stronger performance, thereby improving overall operational efficiency.

- The Group has taken proactive measures to rationalize and dispose of underutilized assets. The land owned by Odel Lanka (Pvt) Ltd has already been disposed of, and the proceeds have been utilized to reduce Group borrowings, thereby strengthening the overall financial position.
- During the year, the Company converted short-term interCompany borrowings amounting to Rs. 3.2 billion into equity, thereby strengthening its net current asset position.

Accordingly, taking the above into consideration, the Board of Directors has concluded that the Group and the Company have adequate resources to continue its operations in the foreseeable future. Therefore, the financial statements for the year ended 31 March 2025 have been prepared on a going concern basis.

## 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 2025.

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.

## NOTES TO THE FINANCIAL STATEMENTS

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 2025 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 12.05% for Softlogic Brands (Pvt) Ltd and 11.75% for Cotton Collections (Pvt) Ltd. 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.

## **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.

## NOTES TO THE FINANCIAL STATEMENTS

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 effect 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.



## NOTES TO THE FINANCIAL STATEMENTS

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 conditioner	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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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

# NOTES TO THE FINANCIAL STATEMENTS

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



# NOTES TO THE FINANCIAL STATEMENTS

## 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 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.

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.

#### **2.6.20 Fair value measurement of Investment in subsidiaries**

When the fair values of financial assets recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs into these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

#### **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 intends to adopt these amended standards if applicable, when they become effective.

##### **2.7.1. Lack of Exchangeability – Amendments to LKAS 21**

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's financial statement.

## 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	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
<b>Type of goods or service</b>				
Sales - Fashionable Retail	3,240,996,160	3,871,471,418	5,407,612,374	6,783,976,147
Net Income from Restaurant	-	-	4,922,132	591,740
Service income	87,710,019	95,024,136	36,015,462	60,318,149
<b>Total revenue from contracts with customers</b>	<b>3,328,706,179</b>	<b>3,966,495,554</b>	<b>5,448,549,967</b>	<b>6,844,886,036</b>
Rental income	575,540,535	743,845,868	458,047,773	458,006,981
<b>Total revenue</b>	<b>3,904,246,714</b>	<b>4,710,341,422</b>	<b>5,906,597,740</b>	<b>7,302,893,017</b>
<b>Timing of revenue recognition</b>				
Revenue transferred at a point in time	3,240,996,160	3,871,471,418	5,412,534,505	6,784,567,887
Revenue transferred over time	663,250,554	838,870,004	494,063,235	518,325,130
<b>Total revenue</b>	<b>3,904,246,714</b>	<b>4,710,341,422</b>	<b>5,906,597,740</b>	<b>7,302,893,017</b>

### 4 OTHER OPERATING INCOME

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Sundry income	3,393,288	6,091,526	9,552,408	7,833,500
	3,393,288	6,091,526	9,552,408	7,833,500

## 5 FINANCE COSTS

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Interest on overdrafts	120,716,266	108,372,481	138,512,549	136,786,636
Interest on loans & borrowings	757,874,889	1,090,471,722	1,099,973,637	1,495,980,441
Interest on intercompany borrowings	386,783,880	683,248,629	389,769,741	668,295,314
Interest capitalized - Impaired	-	-	893,828,972	767,433,462
Interest on operating lease	192,142,637	222,460,400	422,908,850	474,740,206
Guarantee fees	24,939,731	19,910,214	24,939,731	19,910,214
Exchange loss/(gain)	(5,812,469)	7,982,159	26,060,640	14,101,296
	1,476,644,934	2,132,445,605	2,995,994,121	3,577,247,569

## 6 FINANCE INCOME

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Interest income	813,284	574,871	1,408,427	1,289,044
Fair value adjustment	9,732,390	15,798,304	11,113,718	17,318,406
Intercompany interest	58,995,540	69,056,369	-	-
	69,541,214	85,429,544	12,522,145	18,607,451

## 7 PROFIT / (LOSS) BEFORE TAX

	Note	Company		Group	
		For the year ended 31st March		For the year ended 31st March	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
<b>Administration Expenses</b>					
Directors' emoluments		26,206,000	27,600,000	26,206,000	27,600,000
Depreciation	10	238,990,129	329,640,371	504,168,289	671,251,856
Provision for doubtful debt		41,238,291	-	93,943,225	29,617,925
Amortisation of intangible assets	13	195,846	322,199	53,895,846	54,105,264
Amortisation of ROU assets	14	413,733,657	421,378,403	516,422,998	714,829,879
Impairment Charge	12	-	-	1,069,588,441	767,433,462
Penalty & Surcharge		52,106,344	51,222,302	82,093,985	62,051,591
<b>Personnel costs includes -</b>					
- Gratuity	23	25,308,350	31,922,924	34,331,574	44,516,223
- EPF & ETF		78,323,749	76,464,523	103,865,477	103,432,647
- Other staff costs		594,679,190	605,563,218	797,192,479	856,083,074
Donations		1,286,700	-	1,286,700	-
Audit fees		2,121,370	2,112,000	5,083,394	5,527,129

# NOTES TO THE FINANCIAL STATEMENTS

## 8 INCOME TAX EXPENSE

	Note	Company		Group	
		For the year ended 31st March		For the year ended 31st March	
		2025	2024	2025	2024
		LKR	LKR	LKR	LKR
<b>Current income tax</b>					
Current tax expense on ordinary activities for the year		-	-	16,570,133	14,999,144
Under/(over) provision of current taxes in respect of prior year		-	-	-	(1,556,988)
<b>Deferred income tax</b>					
Deferred taxation charge /(reversal)	9.2	(437,293,816)	(46,583,368)	(831,060,527)	(71,833,630)
Income tax expense/(income) reported in the income statement		(437,293,816)	(46,583,368)	(814,490,394)	(58,391,474)
<b>Statement of Other Comprehensive Income</b>					
Deferred income tax related to items charged or credited directly to equity during the year					
Net gain on revaluation of building		1,381,677	51,616,106	4,651,677	62,356,106
Actuarial losses on defined benefit plans		(3,175,990)	(2,243,657)	(3,060,833)	(4,303,935)
Net gain / (loss) on subsidiary valuation		572,709,020	372,341,577	-	-
Income tax charged/(reversed) directly to OCI		570,914,707	421,714,026	1,590,844	58,052,171

**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	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Accounting loss before tax	(2,283,773,885)	(2,481,937,077)	(5,265,245,989)	(4,266,136,661)
	(2,283,773,885)	(2,481,937,077)	(5,265,245,989)	(4,266,136,661)
Income tax rate of 30%	(685,132,165)	(744,581,123)	(1,579,573,797)	(1,279,840,998)
Under/(over) provision for previous year	-	-	-	(1,556,988)
Allowable expenses	(206,520,631)	(255,148,426)	(338,231,066)	(460,436,744)
Non deductible expenses	308,376,972	330,387,804	1,050,799,695	901,333,103
Tax loss claimed	583,275,825	669,341,745	883,575,301	853,943,782
Effect on deferred tax	(437,293,816)	(46,583,368)	(831,060,527)	(71,833,630)
	(437,293,816)	(46,583,368)	(814,490,394)	(58,391,475)
The effective income tax rate	19.15%	1.88%	15.47%	1.37%
Income tax expense reported	(437,293,816)	(46,583,368)	(814,490,394)	(58,391,474)

The Company and its subsidiary are liable to pay income tax at the rate of 30% 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.

**8.2 Reconciliation of tax losses**

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Tax Loss brought forward	7,202,031,666	5,213,575,022	9,722,024,171	7,100,983,770
Loss incurred during the year	2,579,970,094	2,801,799,879	4,691,967,827	3,908,542,506
Loss claimed	(635,349,362)	(813,343,235)	(1,017,839,406)	(1,287,502,105)
Loss expired	-	-	(58,646,034)	-
Tax loss carried forward	9,146,652,399	7,202,031,666	13,337,506,557	9,722,024,171

# NOTES TO THE FINANCIAL STATEMENTS

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

### 9.1 Statement of Financial Position

	Company		Group	
	31-03-2025	31-03-2024	31-03-2025	31-03-2024
	LKR	LKR	LKR	LKR
<b>Deferred Tax Liability</b>				
Capital allowances for tax purposes	27,364,296	652,419	105,114,190	93,570,867
Revaluation of property, plant and equipment	1,051,704,135	1,049,994,134	1,051,704,135	1,049,994,134
Fair valuation on investment property	431,028,000	431,028,000	669,245,623	899,615,623
FV gain of financial assets at FVOCI	1,452,366,319	879,657,299		
	2,962,462,750	2,361,331,852	1,826,063,947	2,043,180,623
<b>Deferred Tax Assets</b>				
Defined benefit plans	(36,461,892)	(32,540,385)	(50,240,115)	(45,690,864)
Provision for bad debts	-	-	(772,945)	(772,945)
Deferred revenue	(1,889,992)	(669,965)	(1,889,992)	(4,395,891)
Tax losses	(1,686,102,655)	(1,218,520,209)	(2,348,945,704)	(1,754,948,883)
Net impact on ROU asset / Operating lease liability	(65,322,353)	(70,536,326)	(53,061,158)	(36,748,326)
Provision for Inventory	(24,233,444)	(24,233,444)	(45,160,158)	(45,160,159)
	(1,814,010,336)	(1,346,500,329)	(2,500,070,074)	(1,887,717,067)
<b>Net Deferred Tax Liability / (Assets)</b>	1,148,452,414	1,014,831,523	(674,006,127)	155,463,557
<b>9.1.1 Total net deferred tax liability by entities</b>	1,148,452,414	1,014,831,523	1,386,398,071	561,988,834
<b>9.1.2 Total net deferred tax asset by entities</b>	-	-	(2,060,404,198)	(406,525,277)
	1,148,452,414	1,014,831,523	(674,006,127)	155,463,557

## 9.2 Statement of Income /Comprehensive Income

	Company		Group	
	31-03-2025	31-03-2024	31-03-2025	31-03-2024
	LKR	LKR	LKR	LKR
<b>Deferred Tax Liability</b>				
Capital allowances for tax purposes	26,711,877	(40,696,628)	11,543,323	(46,746,263)
Revaluation of property, plant and equipment	1,710,001	51,616,106	1,710,001	51,616,106
Fair valuation on investment property	-	-	(230,370,000)	17,790,000
FV gain of financial assets at FVOCI	572,709,020	372,341,577	-	-
	601,130,898	383,261,055	(217,116,676)	22,659,843
<b>Deferred tax assets</b>				
Defined benefit plans	(3,921,507)	(3,296,180)	(4,549,252)	(6,857,576)
Deferred revenue	(1,220,027)	(295,934)	2,505,899	(4,021,860)
Tax losses	(467,582,446)	13,615,632	(593,996,822)	17,804,773
Net impact on ROU asset / Operating lease liability	5,213,973	(16,803,431)	(16,312,832)	(47,303,495)
Provision for Inventory	-	(1,350,484)	-	3,936,858
	(467,510,007)	(8,130,397)	(612,353,007)	(36,441,300)
Deferred income tax charge / (reverse)	133,620,891	375,130,658	(829,469,683)	(13,781,457)
Reported in the Statement of Income	(437,293,816)	(46,583,368)	(831,060,528)	(71,833,630)
Reported in the Statement of Comprehensive Income	570,914,707	421,714,026	1,590,844	58,052,171

- 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.



## NOTES TO THE FINANCIAL STATEMENTS

### 10 PROPERTY, PLANT & EQUIPMENT

#### 10.1 Company

##### 10.1.1 Gross carrying amounts

	Balance As at 1-Apr-24 LKR	Acquired during the year / Transfers In LKR	Revaluation LKR	Disposals/ Derecognition LKR	Transfer Out LKR	Balance As at 31-Mar-25 LKR
<b>At cost</b>						
Landscaping	884,560	-	-	-	-	884,560
Building - leasehold	1,035,806,602	102,972,546	-	(179,271,734)	-	959,507,414
Fixtures - other	1,732,121,716	61,176,627	-	(14,449,661)	-	1,778,848,682
Fixtures - air conditioners	93,127,036	-	-	-	-	93,127,036
Furniture	52,366,364	67,500	-	(199,890)	-	52,233,974
Computer equipments	60,406,268	1,114,650	-	-	-	61,520,918
Office equipment	379,037,895	8,519,828	-	(15,497,885)	-	372,059,837
Motor vehicles	38,308,928	-	-	-	-	38,308,928
	3,392,059,369	173,851,150	-	(209,419,170)	-	3,356,491,349

	Balance As at 1-Apr-24 LKR	Transfer from Accumulated Depreciation LKR	Revaluation LKR	Disposals/ Derecognition LKR	Transfer Out LKR	Balance As at 31-Mar-25 LKR
<b>At valuation</b>						
Land	2,202,600,002	-	8,900,000	-	-	2,211,500,002
Building	274,100,000	(9,567,365)	5,267,365	-	-	269,800,000
	2,476,700,002	(9,567,365)	14,167,365	-	-	2,481,300,002

### 10.1.2 In the Course of Constructions

	Balance As at 1-Apr-24	Transfer In	Revaluation	Disposals/ Derecognition	Transfer Out	Balance As at 31-Mar-25
	LKR	LKR	LKR	LKR	LKR	LKR
Capital work in progress	783,628,535	221,567,480	-	-	(173,851,150)	831,344,865
Total gross carrying amount	783,628,535	221,567,480	-	-	(173,851,150)	831,344,865
Total gross carrying value	6,652,387,906	385,851,265	14,167,365	(209,419,170)	(173,851,150)	6,669,136,216

### 10.1.3 Depreciation

	Balance As at 1-Apr-24	Acquisitions/ Transfers	Charge for the year	Disposals/ Derecognition	Revaluation / Transfer Out	Balance as at 31-Mar-25
	LKR	LKR	LKR	LKR	LKR	LKR
<b>At Cost</b>						
Landscaping	884,560	-	-	-	-	884,560
Building - leasehold	426,548,978	-	67,658,166	(103,044,410)	-	391,162,734
Fixtures - Other	1,508,009,589	-	125,383,044	(14,443,003)	-	1,618,949,630
Fixtures - air conditioners	85,550,578	-	6,527,358	-	-	92,077,936
Furniture	42,205,888	-	1,620,580	(188,835)	-	43,637,634
Computer equipment	43,938,197	-	6,203,541	-	-	50,141,738
Office equipment	302,724,040	-	20,670,075	(12,999,673)	-	310,394,442
Motor vehicles	35,704,435	-	1,360,000	-	-	37,064,435
	2,445,566,265	-	229,422,764	(130,675,921)	-	2,544,313,109

	Balance as at 1-Apr-24	Acquisitions/ Transfers	Charge for the year	Disposals/ Derecognition	Revaluation / Transfer Out	Balance as at 31-Mar-25
	LKR	LKR	LKR	LKR	LKR	LKR
<b>At valuation</b>						
Building	-	-	9,567,365	-	(9,567,365)	-
	-	-	9,567,365	-	(9,567,365)	-
Total depreciation	2,445,566,265	-	238,990,129	(130,675,921)	(9,567,365)	2,544,313,109

## NOTES TO THE FINANCIAL STATEMENTS

### 10 PROPERTY, PLANT & EQUIPMENT ( CONTD.)

#### Company

#### 10.1.4 Net Book Value

	2025 LKR	2024 LKR
<b>At Cost</b>		
Landscaping	-	-
Building - lease hold	568,344,680	609,257,624
Fixtures and fittings	159,899,052	224,112,127
Fixtures - air Conditioners	1,049,100	7,576,458
Furniture	8,596,340	10,160,476
Computer equipment	11,379,180	16,468,071
Office equipment	61,665,395	76,313,855
Motor vehicles	1,244,493	2,604,493
	812,178,240	946,493,104
<b>At valuation</b>		
Land	2,211,500,002	2,202,600,002
Building	269,800,000	274,100,000
	2,481,300,002	2,476,700,002
<b>10.1.5 In the course of constructions</b>		
Capital work in progress	831,344,865	783,628,535
Total gross carrying amount	831,344,865	783,628,535
<b>Total</b>	<b>4,124,823,107</b>	<b>4,206,821,641</b>

**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. The date of the most recent revaluation was on 31st March 2025. The previous revaluation was on 31st March 2024.

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 2025 LKR	Net carrying amount 2024 LKR
Building	312,463,128	225,439,332	87,023,796	90,891,228
Land	680,661,992	-	680,661,992	680,661,992

**10.1.7** Land and buildings with a carrying value of LKR 2,388,700,000 (2024 - LKR 2,385,500,000 ) have been pledged as security for term loans obtained, and details of which are disclosed in Note 30.

**10.1.8** Property plant and equipment include fully depreciated assets having a gross carrying amount of LKR 1,855,305,388 (2024 - LKR 1,216,050,460).

**10.1.9** The amount of borrowing costs capitalised during the year was LKR 62,768,000 at 20% (2024 - LKR 62,939,967).

**10.1.10** Cash payment of LKR 221,567,480 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-24	Acquired during the year / Transfers In	Revaluation	Disposals/ Derecognition	Transfer Out	Balance As at 31-Mar-25
	LKR	LKR	LKR	LKR	LKR	LKR
Landscaping	884,560	-	-	-	-	884,560
Building - leasehold	2,364,445,023	103,947,439	-	(229,607,922)	-	2,238,784,541
Fixtures and fittings	2,061,359,413	61,482,233	-	(14,567,467)	-	2,108,274,179
Fixtures - air conditioners	105,198,508	-	-	-	-	105,198,508
Furniture	920,876,906	350,900	-	(27,162,098)	-	894,065,708
Computer equipment	257,211,757	3,494,807	-	(124,290)	-	260,582,274
Office equipment	531,196,546	8,886,922	-	(15,534,785)	-	524,548,682
Motor vehicles	50,238,978	-	-	-	-	50,238,978
Motor vehicles - lease	2,574,404	-	-	-	-	2,574,404
	6,293,986,095	178,162,301	-	(286,996,561)	-	6,185,151,834

At valuation	Balance As at 1-Apr-24	Transfer from Accumulated Depreciation	Revaluation	Disposals/ Derecognition	Transfer Out	Balance As at 31-Mar-25
	LKR	LKR	LKR	LKR	LKR	LKR
Land	764,800,002	-	32,700,000	-	-	797,500,002
Building	582,900,000	(25,963,825)	8,763,825	-	-	565,700,000
	1,347,700,002	(25,963,825)	41,463,825	-	-	1,363,200,002

## NOTES TO THE FINANCIAL STATEMENTS

### 10.2.2 In the course of constructions

	Balance As at 1-Apr-24 LKR	Transfer In LKR	Revaluation LKR	Disposals/ Derecognition LKR	Transfer Out LKR	Balance As at 31-Mar-25 LKR
Capital work in progress	812,624,499	265,689,821	-	-	(174,195,245)	904,119,075
<b>Total gross carrying amount</b>	812,624,499	265,689,821	-	-	(174,195,245)	904,119,075
<b>Total gross carrying value</b>	8,454,310,596	417,888,297	41,463,825	(286,996,561)	(174,195,245)	8,452,470,911

### 10.2.3 Depreciation

	Balance As at 1-Apr-24 LKR	Acquisitions/ Transfers LKR	Charge for the year LKR	Disposals/ Derecognition LKR	Revaluation / Transfer Out LKR	Balance As at 31-Mar-25 LKR
<b>At Cost</b>						
Landscaping	884,560	-	-	-	-	884,560
Building - leasehold	1,315,578,242	-	191,288,367	(153,124,058)	-	1,353,742,551
Fixtures and fittings	1,693,436,316	-	153,510,670	(14,483,089)	-	1,832,463,896
Fixtures - air conditioners	96,423,820	-	7,184,522	-	-	103,608,342
Furniture	656,097,271	-	82,805,282	(26,849,385)	-	712,053,168
Computer equipment	177,899,652	-	14,780,840	(21,200)	-	192,659,292
Office equipment	438,378,753	-	27,274,783	(13,018,127)	-	452,635,409
Motor vehicles	48,029,461	-	1,360,000	-	-	49,389,461
Motor vehicles - lease	2,179,428	-	-	-	-	2,179,428
	4,428,907,503	-	478,204,464	(207,495,859)	-	4,699,616,108

	Balance As at 1-Apr-24 LKR	Acquisitions/ Transfers LKR	Charge for the year LKR	Disposals/ Derecognition LKR	Revaluation / Transfer Out LKR	Balance As at 31-Mar-25 LKR
<b>At valuation</b>						
Building	-	-	25,963,825	-	(25,963,825)	-
	-	-	25,963,825	-	(25,963,825)	-
<b>Total depreciation</b>	4,428,907,503	-	504,168,289	(207,495,859)	(25,963,825)	4,699,616,108

#### 10.2.4 Net book value -Group

	2025 LKR	2024 LKR
<b>At Cost</b>		
Landscaping	-	-
Building - leasehold	885,041,990	1,048,866,781
Fixtures and fittings	275,810,283	367,923,097
Fixtures - air conditioners	1,590,166	8,774,689
Furniture	182,012,540	264,779,635
Computer equipment	67,922,982	79,312,105
Office equipment	71,913,273	92,817,793
Motor vehicles	849,517	2,209,517
Motor vehicles -lease	394,976	394,976
	<b>1,485,535,726</b>	<b>1,865,078,592</b>
<b>At valuation</b>		
Land	797,500,002	764,800,002
Building	565,700,000	582,900,000
	<b>1,363,200,002</b>	<b>1,347,700,002</b>
<b>10.2.5 In the course of constructions</b>		
Capital work in progress	904,119,075	812,624,499
Total gross carrying amount	<b>904,119,075</b>	<b>812,624,499</b>
<b>Total</b>	<b>3,752,854,803</b>	<b>4,025,403,093</b>

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. The date of the most recent revaluation was on 31st March 2025. The previous revaluation was on 31st March 2024.

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

	Cost	Cumulative depreciation If assets were carried at cost	Net carrying amount 2025	Net carrying amount 2024
Class of asset	LKR	LKR	LKR	LKR
Building	433,610,820	279,442,274	154,168,546	169,378,851
Land	106,252,776	-	106,252,776	106,252,776

10.2.7 Land and buildings with a carrying value of LKR 7,894,860,000 (2024 - LKR 7,880,760,000 ) have been pledged as security for term loans obtained, and details of which are disclosed in Note 30

10.2.8 Property plant and equipments included fully depreciated assets having a gross carrying amount of LKR 2,589,896,842 (2024 - LKR 1,923,928,860)

10.2.9 The amount of borrowing costs capitalised during the year was LKR 62,768,000 at 20% (2024 - LKR 62,939,970)

10.2.10 Land value of LKR 5,809,045,392 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 Note 12

10.2.11 Cash payment of LKR 269,656,877 has been done for the acquisition of property, plant & equipment

## NOTES TO THE FINANCIAL STATEMENTS

### 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	
								2025	2024		31-Mar-2025	31-Mar-2024
		No. 10, Ward Place, Colombo 07.	Land - R 2, P 15	0	Comparison Method / DRC Method	31-Mar-25	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-25	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	Estimated price per perch is LKR 4,850 Mn & estimated price per Square foot is LKR 5,550 to LKR 8,000	Estimated price per perch is LKR 4.7 Mn & estimated price per Square foot is LKR 5,750 to LKR 8,250	Positively correlated	Land - 204.5 Mn Building - 236.7 Mn	Land - 198.1 Mn Building - 239.9 Mn
		No 18 & 20, Sama Mawatha, Boralesgamuwa	Land -P 20 Building - Sqft 5,155	1	Comparison Method / DRC Method	31-Mar-25	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	Estimated price per perch is LKR 2.975 Mn & estimated price per Square foot- LKR 6,250 to LKR 6,800	Estimated price per perch is LKR 2.85 Mn & estimated price per Square foot- LKR 6,500 to LKR 6,900	Positively correlated	Land - 59.5 Mn Building -33.1 Mn	Land - 57 Mn Building -34.1 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	
								2025	2024		31-Mar-2025	31-Mar-2024
		No. 475/32, Kotte Road, Rajagiriya	Land - R 1, P 742 Building - Sqft- 31,760	1	Income Approach	31-Mar-25	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	Estimated price per perch LKR 11.25 Mn & estimated price per Square foot- LKR 9,316	Estimated price per perch LKR 10.75 Mn & estimated price per Square foot- LKR 6,750 to LKR 9,750	Positively correlated	Land - 533.5 Mn Building - 295.9 Mn	Land - 509.7 Mn Building - 308.8 Mn
		No 29A, Jayathilaka Mawatha, Panadura	Land- R 1, P 2.16 Building - Sqft 33,272	1	Comparison Method / DRC Method	31-Mar-25	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	Estimated price per perch is LKR 4,850 Mn & estimated price per Square foot is LKR 5,500 to LKR 8,000	Estimated price per perch is LKR 4.7 Mn & estimated price per Square foot is LKR 5,750 to LKR 7,750	Positively correlated	Land - 204.5 Mn Building - 236.7 Mn	Land - 198.1 Mn Building - 239.9 Mn
		No 18 & 20, Sama Mawatha, Boralesgamuwa	Land -P 20 Building - Sqft 5,155	1	Comparison Method / DRC Method	31-Mar-25	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	Estimated price per perch is LKR 2.975 Mn & estimated price per Square foot- LKR 6,250 to LKR 6,800	Estimated price per perch is LKR 2.85 Mn & estimated price per Square foot- LKR 6,500 to LKR 6,900	Positively correlated	Land - 59.5 Mn Building -33.1 Mn	Land - 57 Mn Building -34.1 Mn



**11 INVESTMENT PROPERTY**

**11.1 Company**

Gross carrying amount	Balance As at 1-Apr-24 LKR	Transfer In LKR	Changes in fair value LKR	Transfers Out LKR	Impairment LKR	Balance As at 31-Mar-25 LKR
Land	4,676,760,000	-	-	-	-	4,676,760,000
<b>Total</b>	4,676,760,000	-	-	-	-	4,676,760,000

**11.1.1 Net book value**

	2025 LKR	2024 LKR
<b>At fair value</b>		
Land	4,676,760,000	4,676,760,000
<b>Total at fair value</b>	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-24 LKR	Acquisitions/ Transfers LKR	Adjustment for fair value LKR	Disposals / Transfers LKR	Write-offs / Impairment LKR	Balance As at 31-Mar-25 LKR
Land	1,952,500,000	-	(778,800,000)	-	-	1,173,700,000
<b>Total</b>	1,952,500,000	-	(778,800,000)	-	-	1,173,700,000

**11.2.1 Net book value**

	2025 LKR	2024 LKR
<b>At fair value</b>		
Land	1,173,700,000	1,952,500,000
<b>Total at fair value</b>	1,173,700,000	1,952,500,000

**11.2.2** Land with a carrying value of LKR 1,173,700,000 (2024 - LKR 1,952,500,000) have been pledged as security for term loans obtained, details of which are disclosed in Note 30.

## NOTES TO THE FINANCIAL STATEMENTS

### 11.3 Valuation information - land and building

11.3.1 Property	Company	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
							2025	2024	31-Mar-2025 31-Mar-2024
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		Land - A 1, R 1, P 12.58	0	Comparison Method	31-Mar-25	G W G Abeygunawardene, Chartered Valuation Surveyor	Estimated price per perch is LKR 22 Mn	Estimated price per perch is LKR 22 Mn	Land 4,677 Mn Land 4,677 Mn
No.17/17/1,17/1A,19 & 19A, C.W.W. Kannangara Mawatha,Colombo7.									
No. 25, C.W.W. Kannangara Mawatha, Colombo 07.									
11.3.2 Property	Group	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
							2025	2024	31-Mar-2025 31-Mar-2024
No 197/C, Kalapaluwawa Road & No 271, Kaduwela Road, Thalangama		A 1-R 1-P 35.24	0	Open Market Value	31-Mar-25	G W G Abeygunawardene, Chartered Valuation Surveyor	Estimated price per perch LKR 5 Mn	Estimated price per perch LKR 8.3 Mn	Land 1,173.7 Mn Land 1,952.5 Mn

## 12 OTHER NON CURRENT ASSETS

### 12.1 Other Non Current Assets

	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
<b>Work in progress</b>				
Balance as at 01 st April	-	-	15,501,899,404	14,942,241,945
Addition during the period	-	-	1,025,934,288	1,327,090,921
Transfer from other current assets - Note 12.2.2	-	-	2,152,830,964	-
Impairment during the period	-	-	(893,828,972)	(767,433,462)
Balance as at 31 st March	-	-	17,786,835,684	15,501,899,404

Odel Properties one (Pvt) Ltd, fully owned subsidiary of Odel PLC commenced the construction of a shopping mall as a BOI project. Other Non-Current Assets represents the construction work in progress, which mainly consists of advances paid to contractors, directly attributable cost incurred on the project and borrowing cost capitalized. The amount of borrowing costs capitalized during the year ended 31 March 2025 was LKR 893,828,972 (2024– LKR 1,039,760,742)

#### 12.1.1 Details of the Odel Mall project

The Group is engaged in the development and construction of an integrated complex with an approximate area of 595,000 square feet, comprising of offices, 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

#### 12.1.2 Current Status

Following a comprehensive evaluation of the project's financial and operational feasibility, management has decided to rationalize and reduce the scope of the Odel Mall development. The originally planned apartment component will no longer proceed. Instead, the space allocated for apartments will be repurposed and developed as rentable office space.

This strategic revision reflects management's assessment of prevailing market conditions, projected returns, and long-term sustainability of the project. Converting the area into office space is considered the most viable option, offering a more predictable revenue stream, lower development risk, and enhanced alignment with the current commercial property demand profile. The refined scope also allows the project to be completed more efficiently while optimizing capital deployment and improving the Group's future cash flow position.

## NOTES TO THE FINANCIAL STATEMENTS

### 12.2 Other Current Assets

	Company		Group	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Advance paid on constructions 12.2.1	-	-	457,555,229	457,555,229
Less - Work recovered from Advance	-	-	(21,751,533)	(21,751,533)
Apartments - Work in progress 12.2.2	-	-	435,803,696	435,803,696
Transfer to other Non current assets - 12.1	-	-	(2,152,830,964)	-
Withholding tax refund due	-	-	70,842	70,842
	-	-	435,874,538	2,588,705,503

**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.

**12.2.2** Inventory work in progress included transfer of ODEL mall project's construction cost and the deemed cost of the land on proportionate basis applicable to apartments has now been transferred to other non current assets due to the reduction in construction scope to remove the apartment component and the conversion of this area into rentable office space (Ref 12.1).

13 INTANGIBLE ASSETS

13.1 Company

13.1.1 Gross carrying amounts

	Balance As at 1-Apr-24 LKR	Incurred during the year / Transfers In LKR	Revaluation LKR	Disposals LKR	Transfer Out LKR	Balance As at 31-Mar-25 LKR
<b>At cost</b>						
Computer software	2,826,115	-	-	-	-	2,826,115
<b>Total</b>	2,826,115	-	-	-	-	2,826,115

13.1.2 Amortization

	Balance As at 1-Apr-24 LKR	Acquisitions/ Transfers LKR	Charge for the year LKR	Disposals LKR	Revaluation / Transfer Out LKR	Balance As at 31-Mar-25 LKR
<b>At cost</b>						
Computer software	2,178,815	-	195,846	-	-	2,374,661
	2,178,815	-	195,846	-	-	2,374,661

13.1.3 Net book value

	2025 LKR	2024 LKR
<b>At cost</b>		
Computer software	451,454	647,300
<b>Total</b>	451,454	647,300
<b>Total</b>	451,454	647,300

13.1.4 Intangible Assets include fully amortised assets having a gross carrying amount of LKR - 1,601,615/= (2024 - 1,601,615/=)

## NOTES TO THE FINANCIAL STATEMENTS

### 13.2 Group 13.2.1 Gross carrying amounts

	As at 1-Apr-24 LKR	Incurred Transfers In LKR	Revaluation LKR	Disposals LKR	Transfer Out LKR	As at 31-Mar-25 LKR
<b>At cost</b>						
Computer software	145,462,475	-	-	(400,000)	-	145,062,475
Brand names	672,974,584	-	-	-	-	672,974,584
<b>Total</b>	818,437,059	-	-	(400,000)	-	818,037,059

### 13.2.2 Amortization

	As at 1-Apr-24 LKR	Acquisitions/ Transfers LKR	Charge for the year LKR	Disposals LKR	Revaluation / Transfer Out LKR	As at 31-Mar-25 LKR
<b>At cost</b>						
Computer software	144,575,175	-	195,846	(160,000)	-	144,611,021
Brand names	565,574,584	-	53,700,000	-	-	619,274,584
<b>Net book value</b>	710,149,759	-	53,895,846	(160,000)	-	763,885,605

### 13.2.3

	2025 LKR	2024 LKR
<b>At cost</b>		
Computer software	451,454	887,300
Brand names	53,700,000	107,400,000
<b>Total</b>	54,151,454	108,287,300

**13.2.4** Intangible Assets include fully amortised assets having a gross carrying amount of LKR 309,108,262 (2024 - LKR 308,571,041)

### 13.3 Goodwill

The balance represents the Goodwill computed on the acquisition of,

	2025 LKR	2024 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
Impairment of good will-Cotton Collection (Pvt) Ltd	(175,759,473)	-
	269,805,580	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

<b>Discount Rate</b> -	Softlogic Brands (Pvt) Ltd	12.05%
	Cotton Collection (Pvt) Ltd	11.75%

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

## 14 RIGHT OF USE ASSETS

### 14.1 Company

	1-Apr-24 LKR	SLFRS 16 Initial Recognition LKR	Additions / Charge LKR	Transfers In LKR	Transfers Out LKR	31-Mar-25 LKR
Gross carrying amounts	2,440,632,870	-	369,769,573	-	(252,386,900)	2,558,015,543
Amortisation	(1,402,041,275)	-	(413,733,657)	-	143,611,332	(1,672,163,600)
Net carrying amount	1,038,591,595				(108,775,568)	885,851,943

### 14.2 Group

	1-Apr-24 LKR	SLFRS 16 Initial Recognition LKR	Additions / Charge LKR	Transfers In LKR	Transfers Out LKR	31-Mar-25 LKR
Gross carrying amounts	4,838,521,247	-	522,185,476	-	(421,379,705)	4,939,327,018
Amortisation	(2,590,152,774)	-	(516,422,998)	-	174,706,799	(2,931,868,973)
Net carrying amount	2,248,368,473				(246,672,906)	2,007,458,045



## NOTES TO THE FINANCIAL STATEMENTS

### 15 LEASE LIABILITY

#### 15.1 Company

	1-Apr-24	Transfers Out	Additions	Interest	Payments	31-Mar-25
	LKR	LKR	LKR	LKR	LKR	LKR
Leasehold properties	1,273,712,681	(157,360,286)	369,769,573	192,142,637	(574,671,484)	<b>1,103,593,121</b>
	1,273,712,681	(157,360,286)	369,769,573	192,142,637	(574,671,484)	<b>1,103,593,121</b>

#### 15.2 Group

	1-Apr-24	Transfer out	Additions	Interest	Payments	31-Mar-25
	LKR	LKR	LKR	LKR	LKR	LKR
Leasehold properties	2,357,160,123	(422,389,805)	549,008,022	422,908,851	(736,805,402)	<b>2,169,881,788</b>
	2,357,160,123	(422,389,805)	549,008,022	422,908,851	(736,805,402)	<b>2,169,881,788</b>

### 16 INVENTORIES

	Company		Group	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Finished Goods	<b>955,373,602</b>	877,096,747	<b>1,599,936,702</b>	1,634,314,036
Raw Materials	<b>117,022,567</b>	124,630,067	<b>267,016,018</b>	230,049,010
Provision for obsolete and slow moving items	<b>(80,778,147)</b>	(80,778,147)	<b>(150,533,862)</b>	(150,533,862)
Total inventories at the lower of cost and NRV	<b>991,618,022</b>	920,948,667	<b>1,716,418,858</b>	1,713,829,183

### 17 TRADE AND OTHER RECEIVABLES

		Company		Group	
		2025	2024	2025	2024
	Note	LKR	LKR	LKR	LKR
<b>Financial Assets - At Amortized Cost</b>					
Trade Debtors	17.1	<b>105,350,592</b>	102,899,380	<b>163,012,034</b>	111,937,731
Other Debtors		<b>105,279,590</b>	37,061,887	<b>199,623,902</b>	115,675,524
Provision for impairment on trade receivable		<b>(3,126,185)</b>	(3,126,185)	<b>(5,769,344)</b>	(5,769,344)
		<b>207,503,997</b>	136,835,082	<b>356,866,592</b>	221,843,911
<b>Non Financial Assets</b>					
Deposits & Prepayments		<b>507,664,723</b>	362,954,493	<b>927,693,595</b>	527,626,673
		<b>715,168,720</b>	499,789,575	<b>1,284,560,187</b>	749,470,583

### 17.1 Trade debtors aging analysis

	Company		Group	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
<b>Age Category (Days)</b>				
0-30	30,116,793	43,282,070	83,425,889	52,320,421
31-60	18,100,693	20,468,322	21,572,476	20,468,322
61-90	7,625,262	2,976,949	8,474,888	2,976,949
91-120	-	4,287,060	30,937	4,287,060
120 <	49,507,844	31,884,979	49,507,844	31,884,979
<b>Total</b>	<b>105,350,592</b>	<b>102,899,380</b>	<b>163,012,034</b>	<b>111,937,731</b>

The balances consist of credit card, rent and advertising debtor

### 18 OTHER FINANCIAL ASSETS

	Company		Group	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
<b>Financial assets at fair value through profit and loss</b>				
Investment in unit trust	248,959	248,959	248,959	248,959
<b>Other Receivables</b>				
Staff loan	1,141,737	1,133,333	1,141,737	1,133,333
Refundable deposit	265,751,737	246,299,949	499,627,204	471,230,840
	<b>267,142,433</b>	<b>247,682,241</b>	<b>501,017,900</b>	<b>472,613,132</b>
<b>18.1 Total current</b>	<b>84,606,072</b>	<b>84,606,072</b>	<b>84,606,072</b>	<b>84,606,072</b>
<b>18.2 Total Non current</b>	<b>182,536,361</b>	<b>163,076,169</b>	<b>416,411,828</b>	<b>388,007,060</b>
	<b>267,142,433</b>	<b>247,682,241</b>	<b>501,017,900</b>	<b>472,613,132</b>

### 19 OTHER NON CURRENT LIABILITIES

	Company		Group	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Retained from payments on constructions 19.1	-	-	344,282,113	344,282,113
Advances received on apartment sales 19.2	-	-	279,594,809	403,480,391
Refundable deposit 19.3	-	-	-	5,123,106
	<b>-</b>	<b>-</b>	<b>623,876,922</b>	<b>752,885,610</b>

**19.1** 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.

**19.2** 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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 20 INVESTMENT IN SUBSIDIARIES

#### 20.1 Investment At Fair Value

	% Holding	Company		Group	
		2025 LKR	2024 LKR Restated	2025 LKR	2024 LKR Restated
Softlogic Brands (Pvt) Ltd	100%	5,929,159,885	2,661,518,112	-	-
Cotton Collection (Pvt) Ltd	100%	156,500,476	531,377,602	-	-
Odel Properties One (Pvt) Ltd	100%	3,179,613,017	3,521,564,289	-	-
Odel Properties (Pvt) Ltd	100%	718,983,866	714,968,669	-	-
Odel Information Technology Services (Pvt) 100% Ltd		-	-	-	-
Odel Lanka (Pvt) Ltd	100%	405,760,716	1,053,052,991	-	-
Odel Restaurant (Pvt) Ltd	100%	7,903,166	6,409,398	-	-
Odel Apparels (Pvt) Ltd	100%	-	-	-	-
Odel Apparel Holding (Pvt) Ltd	100%	-	-	-	-
Odel Apparel Lanka (Pvt) Ltd	100%	-	-	-	-
		10,397,921,126	8,488,891,061	-	-

#### 20.2 ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

##### Impairment of investment in subsidiaries

The Company measures the investment in subsidiaries at fair value at each balance sheet date using Discounted Cash Flow methodology (DCF) and Net Assets methodology.

Changes in fair value of quoted and unquoted investment in subsidiaries are recognised in the Statement of Other Comprehensive Income statement. The management has used either Discounted Cash Flow Methodology (DCF) or Net Assets Methodology approach in determining the fair value of each entity. Further details on fair value of quoted and unquoted investments are disclosed in the below note.

#### 20.3 Group Unquoted Investments

Investment made in	Valuation methodology used	Terminal Growth			Discount Rate		
		2025 LKR	2024 LKR	2023 LKR	2025 LKR	2024 LKR	2023 LKR
Softlogic Brands (Pvt) Ltd	Discounted Cash Flow	5%	5%	5%	12.05%	16.39%	23.4% - 13.5%
Cotton Collection (Pvt) Ltd	Discounted Cash Flow	5%	5%	5%	11.75%	16.12%	27.8% - 17.9%
Odel Properties One (Pvt) Ltd	Discounted Cash Flow	5%	5%	5%	13.15%	14.49%	24.6% - 14.6%
Odel Properties (Pvt) Ltd.	Net Assets	-	-	-	-	-	-
Odel Information Technology Net Assets Services (Pvt) Ltd		-	-	-	-	-	-
Odel Lanka (Pvt) Ltd	Net Assets	-	-	-	-	-	-
Odel Restaurant (Pvt) Ltd	Net Assets	-	-	-	-	-	-
Odel Apparels (Pvt) Ltd	Net Assets	-	-	-	-	-	-
Odel Apparel Holding (Pvt) Ltd	Net Assets	-	-	-	-	-	-
Odel Apparel Lanka (Pvt) Ltd	Net Assets	-	-	-	-	-	-

## 20.4 SENSITIVITY ANALYSIS

	Significant Unobservable Inputs - Sensitivity of the input to fair value			
	Growth Rate			
	Increased rate	Decreased rate	At increased rate	At increased rate
Softlogic Brands (Pvt) Ltd	12.59%	11.51%	5,082,875,811	6,919,210,829
Cotton Collection (Pvt) Ltd	11.49%	12.02%	182,307,522	149,272,678
Odel Properties One (Pvt) Ltd	12.65%	13.65%	4,916,307,764	2,413,517,484

## 21 AMOUNTS DUE FROM RELATED PARTIES

		Company		Group	
		2025	2024	2025	2024
Relationship		LKR	LKR	LKR	LKR
Amount due from subsidiary companies					
Odel Properties One (Pvt) Ltd	Subsidiary	405,428,172	139,215,023	-	-
Odel Apparels (Pvt) Ltd	Subsidiary	1,407,132	31,101,567	-	-
Odel Lanka (Pvt) Ltd	Subsidiary	363,331,743	333,527,991	-	-
Cotton Collection (Pvt) Ltd	Subsidiary	8,624,695	-	-	-
Odel Apparel Holding (Pvt) Ltd	Subsidiary	8,430,118	8,433,591	-	-
Odel Apparel Lanka (Pvt) Ltd	Subsidiary	414,344	319,120	-	-
		787,636,204	512,597,292	-	-
Less: Provision for doubtful debt	Subsidiary	(84,408,302)	(65,532,013)	-	-
		703,227,902	447,065,279	-	-
Amount due from Other companies					
Softlogic Retail (Pvt) Ltd	Other Related	-	-	77,065,959	65,091,296
Softlogic Mobile Distribution (Pvt) Ltd	Other Related	-	-	2,000,000	2,000,000
Softlogic BPO Services (Pvt) Ltd	Other Related	-	-	1,220,800	4,445,133
Softlogic Holdings PLC	Ultimate Parent	-	-	400,954	578,103
Softlogic Restaurants (Pvt) Ltd	Other Related	11,825,844	49,722,017	74,095,480	85,232,938
Softlogic City Hotels (Pvt) Ltd	Other Related	77,471	-	77,471	-
Softlogic Life Insurance PLC	Other Related	-	-	13,347	-
Ceysand Resorts (Pvt) Ltd	Other Related	-	-	100,000	100,000
Future Automobiles (Pvt) Ltd	Other Related	6,727,393	-	6,727,393	-
Softlogic Retail Holdings (Pvt) Ltd	Immediate Parent	11,167,465	-	11,534,545	209,220
Softlogic Supermarkets (Pvt) Ltd	Other Related	-	7,856,855	3,246,777	100,754,022
Softlogic Properties (Pvt) Ltd	Other Related	315,000	-	1,378,736	1,063,736
Central Hospital (Pvt) Ltd	Other Related	-	-	247,264	247,264
Asiri Hospital Holdings PLC	Other Related	-	6,050,400	-	6,050,400
Softlogic Pharmaceutical (Pvt) Ltd	Other Related	-	-	3,856,811	2,644,629
Bata Shoe Company of Ceylon Ltd	Other Related	-	-	10,154,675	9,065,095
Suzuki Motors Lanka (Pvt) Ltd	Other Related	10,800,000	-	10,800,000	-
Footwear Retailer Ltd	Other Related	2,066	-	2,066	-
		40,915,239	63,629,272	202,922,278	277,481,836
Less: Provision for doubtful debt		(22,362,002)	-	(123,494,474)	(29,551,249)
		18,553,237	63,629,272	79,427,805	247,930,587
		721,781,139	510,694,551	79,427,805	247,930,587

## NOTES TO THE FINANCIAL STATEMENTS

### 22 INTEREST BEARING LOANS AND BORROWINGS

#### 22.1 Company

			2025 Repayable within 1 year LKR	2025 Repayable after 1 year LKR	2025 Total LKR	2024 Repayable within 1 year LKR	2024 Repayable after 1 year LKR	2024 Total LKR
Bank loan	22.1.1		3,909,135,319	2,255,029,389	6,164,164,708	4,739,639,936	1,419,623,299	6,159,263,235
Interest payable			1,039,997,587	-	1,039,997,587	521,861,422	-	521,861,422
Bank overdraft	26.2		970,654,760	-	970,654,760	1,069,963,710	-	1,069,963,710
Related Party Loans	22.1.2		24,000,000	-	24,000,000	3,254,938,546	-	3,254,938,546
			5,943,787,666	2,255,029,389	8,198,817,055	9,586,403,614	1,419,623,299	11,006,026,913

#### 22.1.1 Bank Loans

	2024 LKR	Obtained LKR	Repayment LKR	2025 LKR
Short term working capital loans	3,632,650,304	4,653,409,521	(4,664,567,919)	3,621,491,906
Medium term project loans	2,526,612,931	1,487,619,678	(1,471,559,807)	2,542,672,802
	6,159,263,235	6,141,029,199	(6,136,127,726)	6,164,164,708

#### 22.1.2 Related Party Loans

	2024 LKR	Obtained LKR	Repayment LKR	2025 LKR
<b>Short term working capital loans</b>				
Softlogic Retail Holdings (Pvt) Ltd	3,230,938,546	-	(3,230,938,546)	-
Softlogic Holdings PLC	24,000,000	-	-	24,000,000
	3,254,938,546	-	(3,230,938,546)	24,000,000

## 22.2 Group

		2025 Repayable within 1 year LKR	2025 Repayable after 1 year LKR	2025 Total LKR	2024 Repayable within 1 year LKR	2024 Repayable after 1 year LKR	2024 Total LKR
Bank loan	22.2.1	5,578,269,014	10,971,883,322	16,550,152,336	6,439,764,468	8,867,165,768	15,306,930,235
Interest payable		1,039,997,587	-	1,039,997,587	992,042,934	-	992,042,934
Bank overdraft	26.2	1,493,098,613	-	1,493,098,613	1,728,658,951	-	1,728,658,951
Related Party Loans	22.2.2	1,691,561,786	-	1,691,561,786	4,618,200,332	-	4,618,200,332
		9,802,927,001	10,971,883,322	20,774,810,322	13,778,666,685	8,867,165,768	22,645,832,452

## 22.2.1 Bank Loans

	2024 LKR	Obtained LKR	Repayment LKR	2025 LKR
Short term working capital loans	5,501,979,922	4,723,547,776	(4,968,576,365)	5,256,951,333
Medium term project loans	9,804,950,313	2,711,976,362	(1,223,725,671)	11,293,201,003
	15,306,930,235	7,435,524,138	(6,192,302,037)	16,550,152,336

## 22.2.2 Related Party Loans

	2024 LKR	Obtained LKR	Repayment LKR	2025 LKR
<b>Short term working capital loans</b>				
Softlogic Retail Holdings (Pvt) Ltd	3,230,938,546	-	(3,230,938,546)	-
Softlogic Holdings PLC	697,739,749	304,300,000	-	1,002,039,749
Asiri Hospital Holdings PLC	264,522,038	-	-	264,522,038
Asiri Surgical Hospital PLC	425,000,000	-	-	425,000,000
	4,618,200,332	304,300,000	(3,230,938,546)	1,691,561,786

## NOTES TO THE FINANCIAL STATEMENTS

### 22.3 Terms of the loan

#### 22.3.1 Company

Lending institution	Loan/Facility value	Nature of facility	Security
Bank of Ceylon	450 Mn	Medium term loan	Existing 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 Jayawardenapura kotte, in the District of Colombo, Western Province.
Bank of Ceylon	112.5 Mn	Medium term- Moratorium loan	a) Loan Agreement b) Letter of offer c) Customer request letter"
Bank of Ceylon	27.9 Mn	Medium term- Moratorium loan	Existing 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 Jayawardenapura kotte, in the District of Colombo, Western Province.
Bank of Ceylon	318.17 Mn	Medium term loan	Existing mortgage over the property depicted as Lot No. 01 in Plan No.012166 dated 10.07.2012.
Bank of Ceylon	200Mn	Short term Loan	Existing and additional mortgage over the property depicted as Lot No. 01 in Plan No.012166 dated 10.07.2012.
Cargills Bank	150Mn	Short term Loan	Corporate Guarantee for 250Mn to be obtained from Softlogic Holdings PLC together with the supporting board Resolution
Commercial Bank	50Mn	Bank Overdraft	Primary Mortgage Bond over credit and debit card sales of all outlets of the Company(excluding the outlet at BIA) routed through 3 Acquiring Banks (HSBC, Sampath, NTB- (Amex )
DFCC Bank	6.5 Bn for Core Borrowers	Short term Loan	A corporate guarantee from Softlogic Holdings PLC having its registered office at No. 14, de Fonseka Place, Colombo 05 bearing registration No PV1536PB/PQ for Rs.5 Bn.
DFCC Bank	500Mn	Medium term loan	A Quadripartite Agreement dated 22.06.2021, 07.07.2021 and 04.08.2021 entered into between the DFCC Bank PLC, the company, Softlogic Holdings PLC and the Acuity Stockholders (Pvt) Ltd assigning 32,154,341 ordinary shares of Asiri Hospital Holdings PLC held by Softlogic Holdings PLC in favor of DFCC Bank PLC.
DFCC Bank	6.5 Bn for Core Borrowers	Import Loan	A corporate guarantee from Softlogic Holdings PLC having its registered office at No. 14, de Fonseka Place, Colombo 05 bearing registration No PV1536PB/PQ for Rs.5 Bn.
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	Bank Overdraft	Board resolution
HNB	1050Mn	Medium term loan	Existing Registered Primary Mortgage Over Credit Card Receivables for Rs. 1,050 Mn.
HNB	430Mn	Short term Loan	Existing concurrent Mortgage Bond for Rs.860 Mn over stocks in trade held at all sale outlets and stores island wide with an assignment of book debts.
Indian Bank	250Mn	Medium term loan	Asset Backed Trust Certificates secured by a primary mortgage over the Merchant Fee Income. A corporate guarantee from Softlogic Holdings PLC.
Nations Trust Bank	100Mn	Short term Loan	Short Term Loan Agreement
Nations Trust Bank	20Mn	Bank Overdraft	Mortgage Over Stocks & Book debts for Rs. 100Mn



Repayment term	Loan Balance as at 31 March 2025 LKR	Loan Balance as at 31 March 2024 vbv LKR
84 months including 12 months grace period and 06 months repayment holiday	-	223,568,156
41 months including moratorium period of 9 months up to 30.06.2022 and 6 months capitol moratorium period (Grace period)	-	77,834,206
13 months including a repayment holiday (capital+interest) up to month of July 2023 (Repayment by 12 months installments w.e.f August 2023)	-	16,758,000
78 equal monthly installments commencing from May 2024	290,596,311	-
Maximum of 90 days (rollovers are allowed upto 12 months)	200,000,000	200,000,000
Capital and interest will be paid as a bullet payment at maturity.	145,450,000	148,505,310
On demand	35,901,864	47,290,486
The respective capital outstanding balances of the loans shall be repayable by the co-borrowers as a bullet payment on or before 10th January 2024 after an interim capital grace period from 1st January 2023 up to 10th January 2024.	1,045,293,304	1,056,713,304
The outstanding balance of the loan being a sum of Rs. 313, 840, 000/- shall be repaid in 60 equal monthly installments from January 2024 onwards after a capital interim grace period of 12 months from 01.01.2023 to 10.01.2024 and loan maturity date will be extended accordingly.	313,840,000	313,840,000
Maximum of 180 days	246,208,861	192,177,325
On demand	372,257,990	319,466,015
On demand	179,916,926	490,226,577
To be repaid monthly in 34 installments of LKR 22,902,750/- and a final installment of LKR 22,902,734.30 after a moratorium period from April to September 2023. Interest to be repaid monthly after debt moratorium period from April to September 2023.	801,596,233	801,596,233
To be repaid in full in October after a capital moratorium period from April 2023 to September 202. Commencing from October 2023	350,057,526	387,912,115
48 Monthly after the grace Period (as per the schedule) - Starting from 18th August 2020	33,920,163	57,630,000
Maximum of 90 days subject to roll over	96,351,728	95,947,361
On demand	20,139,801.11	46,438,559

## NOTES TO THE FINANCIAL STATEMENTS

Lending institution	Loan/Facility value	Nature of facility	Security
Sampath Bank	50Mn	Short term Loan	Loan Agreement
Sampath Bank	75Mn	Import Loan	Import Loan Agreement
Sampath Bank	75Mn	Bank Overdraft	Overdraft agreement for Rs. 75 Mn
Seylan Bank	1000Mn	Short term Loan	Corporate Guarantee of Softlogic Holdings PLC, Loan Agreement Form, Series of Loans, Accepted Facility Committed Letter
Softlogic Holding PLC	2.8 Bn	Short term Loan	None
Softlogic Retail Holding (Pvt) Ltd	3.2 Bn	Short term Loan	None
State Bank of India	350Mn	Medium term loan	"Asset Backed Trust Certificates secured by a primary mortgage over the Merchant Fee Income. A corporate guarantee from Softlogic Holdings PLC."
Union Bank	1000Mn	Medium term loan	Primary Mortgage over commercial property for 1Bn owned by ODEL Lanka Private Limited (to secure facilities granted to ODEL PLC) situated at Thalangama in the district of Colombo, in extent of (A 1 - R 2-P 11.20), (A 0 - R 0 - P 14.50), depicted as Lot 01 and Lot 02 in survey plan no. 7009A/ 9000 dated 15th August 2013, made by S. Wickramasinghe (LS).
Union Bank	47.1Mn	Moratorium loan	Concurrent Mortgage over stocks and book debts among 6 banks (NTB - Rs.100Mn, Sampath Bank-Rs.150Mn, HNB-Rs.400Mn, DFCC-Rs.250Mn, Commercial Bank Ceylon - Rs.200Mn and UBC- Rs.450Mn) securing Union Bank of Colombo PLC for Rs. 450Mn.
Union Bank	165 Mn	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	1.114Bn	Medium term loan	Concurrent Mortgage over stocks and book debts among 6 banks (NTB - Rs.100Mn, Sampath Bank-Rs.150Mn, HNB-Rs.400Mn, DFCC-Rs.250Mn, Commercial Bank Ceylon - Rs.200Mn and UBC- Rs.450Mn) securing Union Bank of Colombo PLC for Rs. 450Mn.
Union Bank	300Mn	Short term Loan	Concurrent Mortgage over stocks and book debts among 6 banks (NTB - Rs.100Mn, Sampath Bank-Rs.150Mn, HNB-Rs.400Mn, DFCC-Rs.250Mn, Commercial Bank Ceylon - Rs.200Mn and UBC- Rs.450Mn) securing Union Bank of Colombo PLC for Rs. 450Mn.
Union Bank	300Mn	Import Loan	Concurrent Mortgage over stocks and book debts among 6 banks (NTB - Rs.100Mn, Sampath Bank-Rs.150Mn, HNB-Rs.400Mn, DFCC-Rs.250Mn, Commercial Bank Ceylon - Rs.200Mn and UBC- Rs.450Mn) securing Union Bank of Colombo PLC for Rs. 450Mn.
Union Bank	100Mn	Bank Overdraft	Concurrent Mortgage over stocks and book debts among 6 banks (NTB - Rs.100Mn, Sampath Bank-Rs.150Mn, HNB-Rs.400Mn, DFCC-Rs.250Mn, Commercial Bank Ceylon - Rs.200Mn and UBC- Rs.450Mn) securing Union Bank of Colombo PLC for Rs. 450Mn.
NDB	16.29Mn	Short term Loan	Corporate Guarantee from Softlogic Retail Holdings (Pvt) Ltd (PV 130551) for LKR 200,000,000/-
NDB	26.74Mn	Medium term loan	Corporate Guarantee from Softlogic Retail Holdings (Pvt) Ltd (PV 130551) for LKR 200,000,000/-
NDB	26.74Mn	Medium term loan	Corporate Guarantee from Softlogic Retail Holdings (Pvt) Ltd (PV 130551) for LKR 200,000,000/-
NDB	195Mn	Short term Loan	Corporate Guarantee from Softlogic Retail Holdings (Pvt) Ltd (PV 130551) for LKR 200,000,000/-

Repayment term	Loan Balance as at 31 March 2025 LKR	Loan Balance as at 31 March 2024 vbv LKR
Each sub loan to be repaid within a maximum period of 150 days from the date of grant with own funds.	49,999,000	40,879,718
Each sub loan to be repaid within a maximum period of 150 days from the date of grant with own funds.	10,273,948	33,118,998
On demand	72,350,120.20	74,960,805
Bullet Payment within 90 days from the date of disbursement	998,480,353	999,210,000
Loan will be granted for a maximum period of 15 months.	24,000,000	24,000,000
Loan will be granted for a maximum period of 15th months ending from 31st March 2025	-	3,179,339,393
48 Monthly after the grace Period (as per the schedule) - Starting from 18th August 2020	24,378,900	80,682,000
Capital to be repaid in 46 equal monthly installments of Rs. 18,250,000/- and Final installment of Rs.3,162,335.98/- (Interest to be serviced separately on a monthly basis) commencing from 31st October 2023.	-	787,912,336
Capital to be repaid in 6 equal monthly instalments of 7,850,000/= commencing from 31st July 2023.	-	18,550,000
Capital to be repaid in 12 equal monthly installments of Rs 13,750,000/- after a grace period of 6 months.	-	165,000,000
Capital recovery of 10% during the first three years of repayment, thereafter 15% during the fourth and fifth years and 20% thereafter, along with interest on a monthly basis to be serviced separately.	1,032,651,514	-
30 days with the option to roll over up to 90 days from the date of grant.	225,550,000	296,708,620
Maximum of 90 days.	66,245,442	-
On demand	-	91,572,903
Deferred until settlement of Term Loan - 05.	16,291,641	-
Capital shall be repaid in twenty three (23) equal monthly installments of Rs. 1,114,382/- followed by one (01) installment of Rs. 1,114,391.23 commencing from the date of disbursement. Interest shall be settled monthly.	18,944,504	-
Deferred until settlement of Term Loan - 01.	26,745,177	-
Maximum of 90 days.	171,290,101	164,719,551

# NOTES TO THE FINANCIAL STATEMENTS

## 22.3.2 Group (together with No 22.3.1)

### 22.3.2.1 Odel Properties One (Pvt) Ltd

Lending institution	Loan/Facility value	Nature of facility	Security
HNB/ Sampath/BOC	5,400 Mn, 864 Mn , 1,950 Mn	Syndicated Term loan & Interest Capitalization 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.

### 22.3.2.2 Softlogic Brands (Pvt) Ltd

Lending institution	Loan/Facility value	Nature of facility	Security
BOC	230 Mn	Medium term loan	A mortgage over the property called "Madanagahawatta"
Seylan Bank PLC	300 Mn	Medium term loan	Corporate Guarantee for LKR 331,000,000.00 from ODEL PLC, Negative Pledge over Stocks & Book debt
Union Bank	300 Mn	Letter of credit/ Import loan	A Corporate guarantee from Odel PLC for 300 million and a negative pledge over stock & book debts
NDB	200 Mn	Overdraft / Letter of credit / Short term Loan	A Corporate guarantee from Softlogic Retail Holdings (Pvt) Ltd for 200 million
Commercial Bank	200 Mn	Overdraft / Letter of credit / Short term Loan	Corporate guarantee of Rs 150 Mn executed by ODEL PLC
DFCC Bank	748 Mn	Overdraft / Letter of credit / Short term loan / Import loan	A corporate guarantee from Odel PLC for 150 million

### 22.3.2.3 Cotton Collection (Pvt) Ltd

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

Repayment term	Loan Balance as at 31 March 2025 LKR	Loan Balance as at 31 March 2024 LKR
84 Monthly after the grace period. Repayment starting from December 2026	8,235,957,623	7,342,128,651

Repayment term	Loan Balance as at 31 March 2025 LKR	Loan Balance as at 31 March 2024 LKR
66 months including 6 months grace period	184,042,866	199,382,761
60 months	330,527,712	-
120 days AWPLR + Margin	262,529,538	268,888,409
120 days AWPLR + Margin	39,854,242	28,871,554
90 days AWPLR + Margin	148,294,500	198,413,650
180 days AWPLR + Margin	915,068,517	831,308,742

Repayment term	Loan Balance as at 31 March 2025 LKR	Loan Balance as at 31 March 2024 LKR
Within 120 Days of granting each loan	23,248,654	22,957,101

## NOTES TO THE FINANCIAL STATEMENTS

### 23 RETIREMENT BENEFIT LIABILITY

		Company		Group	
	Note	2025 LKR	2024 LKR	2025 LKR	2024 LKR
<b>Defined Benefit Plan Costs - Gratuity</b>					
As at the beginning of the year		108,467,951	97,480,683	152,302,881	129,539,909
Transfers		-	-	-	342,132
Charge for the year	23.1	24,523,472	31,922,924	34,331,574	44,174,091
Payment made during the year		(22,038,417)	(28,414,513)	(29,332,864)	(36,343,155)
Actuarial loss/ (Gain) on obligation		10,586,634	7,478,857	10,165,464	14,589,904
Defined Benefit Obligation as at the end of the year		121,539,641	108,467,951	167,467,054	152,302,881
<b>23.1 Charge for the year</b>					
Current service cost		13,016,154	22,420,557	17,800,189	27,587,949
Interest cost		11,507,318	9,502,367	16,531,384	16,586,142
Gratuity		24,523,472	31,922,924	34,331,574	44,174,091

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 2025 and the principal actuarial assumptions used are as follows.

#### Principal actuarial assumptions

	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Discount rate	9.50%	12.00%	12.00%	12.00%
Salary increases	6.0%	8.0%	8.0%	8.0%
Staff turnover	32%	32%	32%, 38%, 39%	32%, 38%, 39%
Retirement Age	60 Years	60 Years	60 Years	60 Years
Weighted average duration of defined benefit obligation	2.7 Years	2.7 Years	2.7 Years	2.7 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	2,638,877	(2,779,691)	(3,421,033)	3,301,299
Impact on defined benefit obligation - Group	3,947,798	(4,146,342)	(5,002,119)	4,794,371

### 23.4 Maturity Analysis

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

	2025 LKR	2024 LKR
within the next 12 months	39,834,473	33,734,975
between 1 to 2 years	47,905,363	40,704,147
between 3 to 5 years	24,129,140	23,211,928
between 6 to 10 years	8,597,204	9,469,839
beyond 10 years	1,073,460	1,347,063
	121,539,641	108,467,951

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

## 24 TRADE AND OTHER PAYABLES

	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
<b>Financial Liabilities</b>				
Trade payables	465,623,461	487,697,460	1,343,482,772	1,088,489,133
Sundry creditors	1,403,753,741	1,138,759,452	1,430,089,238	1,265,751,813
Accrued expenses	458,043,388	296,339,111	1,225,026,469	533,522,586
Unredeemed vouchers	38,144,445	131,229,066	38,144,445	131,229,066
Work certified on constructions	-	-	1,180,635,540	1,120,986,131
Deposits & Advances	232,245,554	219,585,282	47,762,822	25,695,661
	2,597,810,589	2,273,610,371	5,265,141,285	4,165,674,390

## NOTES TO THE FINANCIAL STATEMENTS

### 25 AMOUNTS DUE TO RELATED PARTIES

Relationship	Company		Group	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
<b>Amount due to subsidiary companies</b>				
Odel Properties (Pvt) Ltd	88,757,241	66,323,153	-	-
Odel Information Technology Services (Pvt) Subsidiary Ltd	6,648,486	6,972,330	-	-
Odel Restaurant (Pvt) Ltd	4,495,948	5,282,731	-	-
Softlogic Brands (Pvt) Ltd	1,925,238,181	1,543,914,269	-	-
Cotton Collection (Pvt) Ltd	-	79,219,245	-	-
	2,025,139,856	1,701,711,728	-	-
<b>Amount due to other companies</b>				
Softlogic Retail (Pvt) Ltd	37,185,080	133,617,064	105,580,943	305,838,230
Softlogic BPO Services (Pvt) Ltd	291,798,081	258,489,845	380,921,634	330,852,254
Softlogic Corporate Services (Pvt) Ltd	15,842,505	14,133,970	29,713,813	27,373,905
Softlogic Destination Management Ltd	213,000	-	901,600	250,700
Softlogic Holdings PLC	374,887,340	5,926,995	979,734,988	389,704,727
Softlogic Information Technologies (Pvt) Ltd	5,068,456	4,109,703	5,519,885	4,149,054
Softlogic Restaurants (Pvt) Ltd	-	-	-	2,392,041
Softlogic Communications (Pvt) Ltd	10	10	8,660	8,660
Softlogic International (Pvt) Ltd	-	-	2,500,000	2,500,000
Softlogic Retail One (Pvt) Ltd	-	-	70,792	70,792
Nextage (Pvt) Ltd	40,710	-	40,710	-
Ceysand Resorts (Pvt) Ltd	13,074,423	1,026,923	13,074,423	1,026,923
Future Automobiles (Pvt) Ltd	-	272,607	-	272,607
Softlogic City Hotels (Pvt) Ltd	-	214,219	55,198	474,528
Softlogic Properties (Pvt) Ltd	-	2,085,000	-	2,085,000
Softlogic Life Insurance PLC	2,299,124	5,434,122	3,710,427	6,736,842
Softlogic Mobile Distribution (Pvt) Ltd	98,111,849	8,081,849	98,111,849	8,081,849
Softlogic Retail Holdings (Pvt) Ltd	-	175,228	-	175,228
Softlogic Supermarkets (Pvt) Ltd	860,603,325	-	945,407,307	12,377,322
Softlogic Automobiles (Pvt) Ltd	33,631	219,272	33,631	219,272
Softlogic Finance PLC	-	-	1,782	1,782
Softlogic Rewards (Pvt) Ltd	15,606,131	6,212,691	25,615,996	9,750,754
Softlogic Computers (Pvt) Ltd	2,707,410	280,500	2,860,127	538,700
Asiri Hospital Holdings PLC	123,949,600	-	176,515,596	75,078,261
Central Hospital Limited	137,929,100	4,929,100	139,929,100	4,929,100
Asiri Surgical Hospital PLC	130,000,000	-	286,985,095	115,713,345
Softlogic Capital PLC	29,290,373	-	228,611,083	-
Asiri Hospital Matara (Pvt) Ltd	13,700,000	-	13,700,000	-
Asiri Hospital (Galle) (Pvt) Ltd	14,300,000	-	14,300,000	-
Asiri Hospital Kandy (Pvt) Ltd	25,000,000	-	25,000,000	-
	2,191,640,148	445,209,098	3,478,904,638	1,300,601,875
	4,216,780,004	2,146,920,826	3,478,904,638	1,300,601,875



**26 CASH AND CASH EQUIVALENTS**  
**Components of Cash and Cash Equivalents**

	Note	Company		Group	
		2025 LKR	2024 LKR	2025 LKR	2024 LKR
<b>26.1 Favorable cash &amp; cash equivalents balance</b>					
Cash & bank balances		124,921,910	31,111,476	183,002,696	95,057,546
<b>26.2 Unfavorable cash &amp; cash equivalents balance</b>					
Bank overdraft	22	(970,654,760)	(1,069,963,710)	(1,493,098,613)	(1,728,658,951)
		(845,732,850)	(1,038,852,234)	(1,310,095,917)	(1,633,601,405)

**27 STATED CAPITAL**

	Company		Company	
	2025 Number	2025 LKR	2024 Number	2024 LKR
Fully paid ordinary shares	538,369,934	6,030,335,731	272,129,431	2,795,513,620
	538,369,934	6,030,335,731	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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
<b>Interest bearing loans and Borrowings</b>				
Floating Rate Borrowings (Note 22.1)	6,164,164,708	6,159,263,235	6,164,164,708	6,159,263,235
	6,164,164,708	6,159,263,235	6,164,164,708	6,159,263,235

Group	Carrying Amount		Fair Value	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
<b>Interest bearing loans and Borrowings</b>				
Floating Rate Borrowings (Note 22.2)	16,550,152,336	15,306,930,235	16,550,152,336	15,306,930,235
	16,550,152,336	15,306,930,235	16,550,152,336	15,306,930,235

Company	Carrying Amount		Fair Value	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
<b>Loans and receivables</b>				
Staff loan (Note 18)	1,141,737	1,133,333	1,141,737	1,133,333
Refundable deposit (Note 18)	265,751,737	246,299,949	265,751,737	246,299,949
	266,893,474	247,433,282	266,893,474	247,433,282

Group	Carrying Amount		Fair Value	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
<b>Loans and receivables</b>				
Staff loan (Note 18)	1,141,737	1,133,333	1,141,737	1,133,333
Refundable deposit (Note 18)	499,627,204	471,230,840	499,627,204	471,230,840
	500,768,941	472,364,173	500,768,941	472,364,173

As at 31 March 2025, the Group held the following assets carried at fair value in the statement of financial position:

		Level 1	Level 2	Level 3
Assets measured at fair value - 2025	LKR	LKR	LKR	LKR
<b>Financial assets at fair value through profit and loss</b>				
Investment in unit trust (Note 19)	248,959	248,959	-	-
<b>Non-Financial Assets</b>				
Freehold lands	797,500,002	-	-	797,500,002
Freehold buildings	565,700,000	-	-	565,700,000
Investment property	1,173,700,000	-	-	1,173,700,000

		Level 1	Level 2	Level 3
Assets measured at fair value - 2024	LKR	LKR	LKR	LKR
<b>Financial assets at fair value through profit and loss</b>				
Investment in unit trust	248,959	248,959	-	-
<b>Non-Financial Assets</b>				
Free hold lands	764,800,002	-	-	764,800,002
Free hold buildings	582,900,000	-	-	582,900,000
Investment property	1,952,500,000	-	-	1,952,500,000

### 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 2025 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

	2025	2024
	LKR	LKR
<b>Amounts used as the numerators:</b>		
Net profit	(4,450,755,595)	(4,207,745,187)
Net profit attributable to ordinary shareholders for basic earnings per share	(4,450,755,595)	(4,207,745,187)
<b>Number of ordinary shares used as denominators:</b>		
Weighted average number of ordinary shares in issue applicable to basic earnings per share	427,436,391	272,129,431
Adjusted weighted average number of ordinary shares applicable to basic earnings per share	427,436,391	272,129,431
<b>Basic loss per share</b>	<b>(10.41)</b>	<b>(15.46)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 30 ASSETS PLEDGED (COMPANY/GROUP)

The following assets have been pledged as security for liabilities.

Nature of asset	Mortgage type	Bank	2025	2024	Address
<b>Odel PLC</b>					
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	1047.1 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	100 Mn	
Stock & book debts	Primary Concurrent	Sampath	75 Mn	75 Mn	
Stock & book debts	Primary Concurrent	HNB	1,800 Mn	1,800 Mn	
Stock & book debts	Primary Concurrent	DFCC	310 Mn	310 Mn	
Stock & book debts	Primary Concurrent	NTB	120 Mn	120 Mn	
<b>Softlogic Brands (Pvt) Ltd</b>					
Land & building	Primary Concurrent	BOC	450 Mn	450 Mn	Property situated at No 29A, Jayathilaka Mawatha, Panadura, owned by Odel PLC
<b>Odel Properties One (Pvt) Ltd</b>					
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:

- 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 2025, estimated value of the work done is Rs 450Mn.
- China Construction Third Engineering Bureau Co, Ltd for 8,526 Mn on commercial development at Ward Place. As at the reporting date, the estimated value of the work done is Rs 5,926 Mn
- Non contracted capital commitments  
Estimated non contracted commitment for the above project will be Rs 4,500 Mn.

#### 31.2 Contingent Liabilities

- Odel PLC has executed letter of credits for LKR 48,890,182 (USD 268,404)
- Softlogic Brands (Pvt) Ltd has executed letter of credits for LKR 184,094,358 (USD 621,505)

## 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	
	2025	2024
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 Collection (Pvt) Ltd	100%	100%
Odel Apparel Holding (Pvt) Ltd	100%	100%
Odel Apparel Lanka (Pvt) Ltd	100%	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

	2025	2024
Transactions between the Company and subsidiaries	LKR	LKR
<b>Nature of Transaction</b>		
Balance as at 1 April (Before Provision)	(1,189,114,436)	(941,904,861)
Purchase of Goods/Services	(252,246,765)	(458,139,881)
Sale of goods/services	437,916,453	651,482,032
Sister Store Sales	(847,450,895)	(1,045,268,469)
Settlement of liabilities on behalf of the Company	613,391,991	604,716,744
Balance as at 31 March (Before Provision)	(1,237,503,652)	(1,189,114,436)

# NOTES TO THE FINANCIAL STATEMENTS

## 32.2 Transactions between the Company and other related entities

	2025 LKR	2024 LKR
<b>Nature of Transaction</b>		
<b>Balance as at 1 April (Before Provision)</b>	<b>(381,579,826)</b>	(991,712,826)
Loan Granted/Advance Paid	<b>(1,600,589,727)</b>	-
Purchase of goods/services	<b>(315,681,850)</b>	486,632,024
Sale of goods/services	<b>165,262,100</b>	170,954,929
Settlements/Receipts	<b>(40,497,607)</b>	(79,071,843)
Settlement of liabilities on behalf of the Company	-	31,617,891
<b>Balance as at 31 March (Before Provision)</b>	<b>(2,173,086,911)</b>	(381,579,826)

Other related party transactions include,

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

	2025 LKR	2024 LKR
Purchase of goods/services	<b>(3,657,307)</b>	(19,862,964)
Settlements/Receipts	-	(7,066,917)

In addition to above transactions, working capital loans of LKR 3,230,938,546 (55% of the revenue) were settled by way of issuing rights during the financial year.

### 32.2.2 Transactions with ultimate parent company - Softlogic Holding PLC

	2025 LKR	2024 LKR
Purchase of Goods/Services	<b>(76,788,201)</b>	(689,991,104)
Sale of goods/services	<b>23,471,733</b>	1,589,067
Settlements/Receipts	<b>(21,343,877)</b>	(432,063)

\*\* 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.

	2025 LKR	2024 LKR
<b>a) Key Management Personnel Compensation</b>		
Short-term employee benefits	26,206,000	27,600,000
Post-employment benefits	-	-
Other long term benefits	-	-
Termination benefit	-	-
Share based payments	-	-
	26,206,000	27,600,000
<b>b) Advances received for purchase of goods/services</b>	-	49,510,664
	26,206,000	77,110,664

### 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 favorable 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
2025			
Loan interest	+100	(96,024,220)	(217,103,214)
Loan interest	-100	96,024,220	217,103,214
2024			
Loan interest	+100	(101,569,238)	(207,576,992)
Loan interest	-100	101,569,238	207,576,992

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 2025	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
<b>Loans and receivables</b>							
Trade debtors	-	-	-	-	79,624,637	25,725,955	105,350,592
Other debtors	-	-	-	-	105,279,590	-	105,279,590
Deposits & prepayments	-	-	-	-	507,664,723	-	507,664,723
Staff loan	-	-	-	-	1,141,737	-	1,141,737
Refundable deposit	-	-	-	-	265,751,737	-	265,751,737
Investment in unit trust	-	-	-	-	248,959	-	248,959
Amounts due from related parties	-	-	-	-	721,781,139	-	721,781,139
<b>Total</b>	-	-	-	-	1,681,492,522	25,725,955	1,707,218,477

As at 31 March 2024	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
<b>Loans and receivables</b>							
Trade debtors	-	-	-	-	75,167,049	27,732,331	102,899,380
Other debtors	-	-	-	-	37,061,887	-	37,061,887
Deposits & prepayments	-	-	-	-	362,954,493	-	362,954,493
Staff loan	-	-	-	-	1,133,333	-	1,133,333
Refundable deposit	-	-	-	-	246,299,949	-	246,299,949
Investment in unit trust	-	-	-	-	248,959	-	248,959
Amounts due from related parties	-	-	-	-	510,694,551	-	510,694,551
<b>Total</b>	-	-	-	-	1,233,560,221	27,732,331	1,261,292,552

# NOTES TO THE FINANCIAL STATEMENTS

33.2.2 Group

As at 31 March 2025	Neither past-due nor impaired							Total
	Risk free	AAA to AA-	A+ to A-	BBB+ to BB-	Non-rated	Past-due but not impaired		
	LKR	LKR	LKR	LKR	LKR	LKR		
Loans and receivables								
Trade debtors	-	-	-	-	132,933,733	30,078,302	163,012,034	
Other debtors	-	-	-	-	199,623,902	-	199,623,902	
Deposits & prepayments	-	-	-	-	927,693,595		927,693,595	
Staff loan	-	-	-	-	1,141,737		1,141,737	
Refundable deposit	-	-	-	-	499,627,204		499,627,204	
Investment in unit trust	-	-	-	-	248,959		248,959	
Amounts due from related parties	-	-	-	-	79,427,805		79,427,805	
Total	-	-	-	-	1,840,696,934	30,078,302	1,870,775,236	

As at 31 March 2024	Neither past-due nor impaired						Total
	Risk free	AAA to AA-	A+ to A-	BBB+ to BB-	Non-rated	Past-due but not impaired	
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Loans and receivables							
Trade debtors	-	-	-	-	84,205,400	27,732,331	111,937,731
Other debtors	-	-	-	-	115,675,524	-	115,675,524
Deposits & prepayments	-	-	-	-	527,626,673	-	527,626,673
Staff loan	-	-	-	-	1,133,333	-	1,133,333
Refundable deposit	-	-	-	-	471,230,840	-	471,230,840
Investment in unit trust	-	-	-	-	248,959	-	248,959
Amounts due from related parties	-	-	-	-	247,930,587	-	247,930,587
<b>Total</b>	-	-	-	-	1,448,051,316	27,732,331	1,475,783,647

### 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 2025	On demand LKR	Less than 3 months LKR	3 to 12 months LKR	1 to 5 years LKR	> 5 years LKR	Total LKR
Interest-bearing loans and borrowings	-	4,685,489,493	380,812,147	2,702,609,733	389,823,361	8,158,734,734
Bank Overdrafts	970,654,760	-	-	-	-	970,654,760
Trade and other payables	38,144,445	2,559,666,144	-	-	-	2,597,810,589
Corporate Guarantee	931,000,000	-	-	-	-	931,000,000
	1,939,799,205	7,245,155,637	380,812,147	2,702,609,733	389,823,361	12,658,200,083
Year ended 31 March 2024	On demand LKR	Less than 3 months LKR	3 to 12 months LKR	1 to 5 years LKR	> 5 years LKR	Total LKR
Interest-bearing loans and borrowings	-	7,802,180,595	965,213,511	1,606,811,983	-	10,374,206,089
Bank Overdrafts	1,069,963,710	-	-	-	-	1,069,963,710
Trade and other payables	131,229,066	2,142,381,305	-	-	-	2,273,610,371
Corporate Guarantee	1,450,000,000	-	-	-	-	1,450,000,000
	2,651,192,776	9,944,561,900	965,213,511	1,606,811,983	-	15,167,780,170

## NOTES TO THE FINANCIAL STATEMENTS

### 33.3.2 Group

#### Year ended 31 March 2025

	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	-	8,384,873,252	380,812,147	2,702,609,733	389,823,361	11,858,118,493
Bank Overdrafts	1,493,098,613	-	-	-	-	1,493,098,613
Trade and other payables	38,144,445	5,226,996,840	-	-	-	5,265,141,285
Other non current liabilities	-	-	-	623,876,922	-	623,876,922
Corporate Guarantee	931,000,000	-	-	-	-	931,000,000
	2,462,243,058	13,611,870,092	380,812,147	3,326,486,655	389,823,361	20,171,235,313

#### Year ended 31 March 2024

	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	-	11,892,864,480	965,213,511	3,892,544,477	5,056,396,158	21,807,018,626
Bank Overdrafts	1,728,658,951	-	-	-	-	1,728,658,951
Trade and other payables	131,229,066	4,034,445,324	-	-	-	4,165,674,390
Other non current liabilities	-	-	-	752,885,610	-	752,885,610
Corporate Guarantee	2,350,000,000	-	-	-	-	2,350,000,000
	4,209,888,017	15,927,309,804	965,213,511	4,645,430,087	5,056,396,158	30,804,237,577

### 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	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Interest bearing borrowings - Current	5,818,865,756	9,555,292,138	9,619,924,305	13,683,609,139
Interest bearing borrowings - Non Current	2,255,029,389	1,419,623,299	10,971,883,322	8,867,165,768
<b>Total Borrowings</b>	<b>8,073,895,145</b>	10,974,915,437	<b>20,591,807,627</b>	22,550,774,907
<b>Total Equity</b>	<b>5,621,878,623</b>	839,306,793	<b>(2,471,875,753)</b>	(1,285,649,785)
<b>Total Equity and Debt</b>	<b>13,695,773,768</b>	11,814,222,230	<b>18,119,931,874</b>	21,265,125,122
Gearing Ratio (Total Debt/Total Capital)	<b>59%</b>	93%	<b>114%</b>	106%

### 34 RIGHTS ISSUE PROCEEDS UTILIZATION

Objective number	1
Objective as per Circular	Settlement of debts
Amount Allocated as per Circular (Rs.)	3,306,372,587
Proposed Date of utilization as per Circular	within one month from the date of receipt
Amount Allocated From proceeds ( Rs.) (A)	3,234,822,111
% of Total proceeds (Rs.)	97.84%
Amount Utilized (Rs.) .(B)	3,234,822,111
% Utilized against allocation (B)/(A)	100%
Clarification of not fully utilized including if not utilized where are the funds invested (e.g. whether lend to Related Parties)	N/A

### 35 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

# NOTES TO THE FINANCIAL STATEMENTS

## 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 2025	Fashion Retail Investment Property		Other		Total Segments		Adjustments and Elimination		Consolidated Financial Statements	
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
<b>Revenue</b>										
External Customers	5,407,612,374		498,985,367		5,906,597,740		-		5,906,597,740	
Inter Company	252,924,824		441,516,498		694,441,322		(694,441,322)		-	
<b>Total Revenue</b>	<b>5,660,537,198</b>		<b>940,501,865</b>		<b>6,601,039,062</b>		<b>(694,441,322)</b>		<b>5,906,597,740</b>	
Other Operating Income	9,552,408		-		9,552,408				9,552,408	
EBIT	(1,502,974,014)		-		(1,502,974,014)				(1,502,974,014)	
Amortisation and depreciation	1,105,894,457				1,105,894,457		(31,407,324)		1,074,487,133	
Segment Profit	(3,905,595,595)				(4,450,755,595)				(4,450,755,595)	
Non-Current Assets (excluding financial assets, goodwill and deferred tax assets)	23,601,299,986				24,774,999,986				24,774,999,986	
Total Liabilities	33,231,929,622				33,901,175,244				33,901,175,244	

Year ended 31 March 2024	Fashion Retail	Investment Property	Other	Total Segments	Adjustments and Elimination	Consolidated Financial Statements
	LKR	LKR	LKR	LKR	LKR	LKR
<b>Revenue</b>						
External Customers	6,783,976,147		518,916,870	7,302,893,017	-	7,302,893,017
Inter Company	165,051,145		630,931,600	795,982,744	(795,982,744)	-
<b>Total Revenue</b>	<b>6,949,027,292</b>		<b>1,149,848,470</b>	<b>8,098,875,761</b>	<b>(795,982,744)</b>	<b>7,302,893,017</b>
Other Operating Income	7,833,500			7,833,500		7,833,500
EBIT	(1,502,974,014)			(1,502,974,014)		(730,996,543)
Amortisation and depreciation	1,471,594,325			1,471,594,325	(31,407,327)	1,440,186,998
Segment Profit	(4,240,645,186)	16,450,000		(4,224,195,186)		(4,207,745,187)
Non-Current Assets (excluding financial assets, goodwill and deferred tax assets)	21,883,958,270	1,952,500,000		23,836,458,270		23,836,458,270
Total Liabilities	31,057,066,814	899,615,623		31,956,682,437		31,956,682,437

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

# NOTES TO THE FINANCIAL STATEMENTS

## 37 PRIOR YEAR ADJUSTMENT

### 37.1 Fair Value on Investment in Subsidiaries

The Company has restated prior year balances in accordance with Sri Lanka Accounting Standard LKAS – 8, Accounting Policies, changes in Accounting Estimates and Errors, to reflect the following.

During the year, The Company has voluntarily changed the accounting policy for valuation of investment in subsidiaries from cost model to fair value model in accordance with SLFRS 9 - Financial Instruments and LKAS 27 - Separate financial statements, with effect from 31 March 2025.

Any gains or losses arising in fair value of investments in subsidiaries will be recognised through Other Comprehensive Income. This accounting policy change was done to provide more reliable and relevant information on the financial position and financial performance of the Company to the economic decision making needs of users. In accordance with LKAS 8 - Accounting Policies, Change in Accounting Estimates and Errors, the change in accounting policy from cost model to fair value model requires to be applied retrospectively by adjusting the opening balance of each affected component of equity for the prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied. Accordingly, Statement of Financial Position and Statement of Changes in Equity as at 31 March 2024 and 1 April 2023 has been presented with restated balances which is the opening balance of earliest prior period presented.

### 37.2 Statement of Other Comprehensive Income

	Company	
	2025	2024
	LKR	LKR
<b>Previously recorded</b>		
Net gain / (loss) on subsidiary valuation	-	-
Tax effect	-	-
Other comprehensive Profit/(loss) for the year, net of tax	(22,053,742)	(77,050,032)
Total comprehensive income for the year, net of tax	(2,457,407,450)	(2,033,838,436)
<b>Adjustments</b>		
Net gain / (loss) on subsidiary valuation	1,241,138,589	1,691,052,408
Tax effect	(372,341,577)	(507,315,722)
Other comprehensive Profit/(loss) for the year, net of tax	868,797,012	1,183,736,686
Total comprehensive income for the year, net of tax	868,797,012	1,183,736,686
<b>Restated</b>		
Net gain / (loss) on subsidiary valuation	1,241,138,589	1,691,052,408
Tax effect	(372,341,577)	(507,315,722)
Other comprehensive Profit/(loss) for the year, net of tax	846,743,270	1,106,686,654
Total comprehensive income for the year, net of tax	(1,588,610,438)	(850,101,750)



### 37.3 STATEMENT OF FINANCIAL POSITION

	Company		Group	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
<b>Previously recorded</b>				
Non Current Assets	15,642,596,769	15,964,485,929	25,076,555,661	25,211,729,093
Investment in subsidiaries	5,556,700,064	5,556,700,064	-	-
Deferred tax asset	-	-	406,525,277	383,042,379
Equity	839,306,793	3,296,714,243	(1,285,649,785)	2,909,183,020
Other components of equity	2,463,933,889	2,480,752,430	4,156,442,953	4,133,244,603
Non-Current Liabilities	2,572,534,837	3,133,258,401	12,197,445,393	10,479,827,774
Deferred tax liabilities	135,174,224	132,385,143	561,988,834	552,287,392
<b>Adjustments</b>				
Non Current Assets	2,932,190,997	1,691,052,408	-	-
Investment in subsidiaries	2,932,190,997	1,691,052,408	-	-
Deferred tax asset	-	-	-	-
Equity	2,052,533,698	1,183,736,686	-	-
Other components of equity	2,052,533,698	1,183,736,686	-	-
Non-Current Liabilities	879,657,299	507,315,722	-	-
Deferred tax liabilities	879,657,299	507,315,722	-	-
<b>Restated</b>				
Non Current Assets	18,574,787,766	17,655,538,337	25,076,555,661	25,211,729,093
Investment in subsidiaries	8,488,891,061	7,247,752,472	-	-
Deferred tax asset	-	-	406,525,277	383,042,379
Equity	2,891,840,491	4,480,450,929	(1,285,649,785)	2,909,183,020
Other components of equity	4,516,467,587	3,664,489,116	4,156,442,953	4,133,244,603
Non-Current Liabilities	3,452,192,137	3,640,574,123	12,197,445,393	10,479,827,774
Deferred tax liabilities	1,014,831,523	639,700,865	561,988,834	552,287,392

# INVESTOR INFORMATION

## GENERAL

Stated Capital as at 31st March 2025 was Rs. 6,030,335,731.

## 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 1.19% as at 31 March 2025
- The number of public shareholders as at 31 March 2025 was 4,964
- Float adjusted market capitalisation as at 31 March 2025 was Rs. 68,550,643.70
- The Company is non-compliant with the Public Holding Percentage as specified in Rule 7.13.1 (i) (b) of the Listing Rules.

## DISTRIBUTION OF SHAREHOLDING AS AT 31 ST MARCH 2025

There were 4,968 registered shareholders as at 31st March 2025

NO. OF SHARES HELD	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	TOTAL HOLDING	% OF TOTAL HOLDING
1-1000	4,440	89.37	1,043,053	0.19
1001-10,000	450	9.06	1,460,596	0.27
10001-100,000	66	1.33	1,966,937	0.37
100001-1,000,000	9	0.18	2,057,612	0.38
Over- 1,000,000	3	0.06	531,841,736	98.79
Total	4,968	100.00	538,369,934	100.00

## ANALYSIS REPORT OF SHAREHOLDERS AS AT 31ST MARCH 2025

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

CATEGORY	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	TOTAL HOLDING	% OF TOTAL HOLDING
Individual	4,882	98.27	4,952,789	0.92
Institutional	86	1.73	533,417,145	99.08
Total	4,968	100.00	538,369,934	100.00

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

CATEGORY	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	TOTAL HOLDING	% OF TOTAL HOLDING
Resident	4,943	99.50	538,312,896	99.99
Non-resident	25	0.50	57,038	0.01
Total	4,968	100.00	538,369,934	100.00

**TWENTY LARGEST SHAREHOLDERS OF THE COMPANY AS AT 31 MARCH 2025 ARE AS FOLLOWS**

No.	Name	Shares	%
1	SOFTLOGIC RETAIL HOLDINGS (PRIVATE) LIMITED	531,841,736	98.79
2	MRS. ELAINE BRYNHILDE HELGA ANIL PERERA / Mr. D.C.D.L.S.D. PERERA	527,000	0.10
3	MERCANTILE INVESTMENTS AND FINANCE PLC	300,000	0.06
4	TANGERINE TOURS (PVT) LIMITED	225,600	0.04
5	BANK OF CEYLON NO. 1 ACCOUNT	222,295	0.04
6	PEOPLE'S LEASING & FINANCE PLC/MR.D.M.P.DISANAYAKE	210,958	0.04
7	Mr. CALISTUS NIMALANATHAN PAKIANATHAN	202,649	0.03
8	MR. AMARAKOON MUDIYANSELAGE WEERASINGHE	132,400	0.03
9	MR. MOHAMED FLYLE CADER	130,210	0.02
10	MISS. MOHAMED ZAROOK FATHIMA SHAFRINA	106,500	0.02
11	PEOPLES BANK/ASOKA KARIYAWASAM PATHIRAGE	96,584	0.02
12	MR. INDIKA PRASAD GALHENAGE	92,100	0.02
13	PEOPLE'S LEASING & FINANCE PLC/DR.H.S.D.SOYSA & MRS.G.SOYSA	89,934	0.01
14	SAMPATH BANK PLC/ANDARADENIYA ESTATE PRIVATE LIMITED	79,501	0.01
15	ASSETLINE FINANCE LIMITED/M.S.HIRIPITIYA	70,000	0.01
16	MR. PULAHINGE KASUN ERANGA RODRIGO	67,330	0.01
17	MR. MODARAGE HASALA SANJAKA RUMESH	65,985	0.01
18	MR. GONNAGE LUCIAN SENARATH LIVERA	63,100	0.01
19	ASHYAKI HOLDINGS (PVT) LTD	56,200	0.01
20	EST. OF LATE MR. SARATH KUSUM WICKREMASINGHE (DECEASED)	55,000	0.01

**SHARE TRADING INFORMATION**

	2024/25	2023/24
Highest	13.90	17.10
Lowest	10.00	11.00
Closing / Value as at the end of financial year	10.70	13.00

**EQUITY INFORMATION**

	2024/25	2023/24
Loss per share (Rs.)	10.41	15.46
Dividend per share (Rs.)	-	-
Net Asset Value per share (Rs.)	(4.59)	(4.72)

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of ODEL PLC will be held on Monday, 12th January 2026 at 10:00 am 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 2025 together with the Report of the Auditors thereon.
- 1.2 To re-elect Mr. M.I. Furkan in terms of Article 23 (2) of the Articles of Association, as a Director of the Company.
- 1.3 To re-elect Mr. D.Y. Christostom in terms of Article 23 (2) of the Articles of Association, as a Director of the Company.
- 1.4 To pass the ordinary resolution set out below to re-appoint Dr. I.C.R. De Silva who is 70 years of age, as a Director of the Company.  
  
"IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Dr. I.C.R. De Silva who is 70 years of age and that she be and is hereby re-appointed as a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007".
- 1.5 To re-appoint Messrs. Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.
- 1.6 To authorise the Directors to determine and make donations for the year ending 31st March 2026 and up to the date of the next Annual General Meeting.
- 1.7 To discuss matters giving rise to an emphasis of matter on going concern contained in the Audited Financial Statements for year 2023/2024 and 2024/2025 and the remedial action intended to be adopted by the Company to ensure compliance with Rule 7.5 (d) (ii) of the Listing Rules of the CSE, the impact of such emphasis of matter on going concern not resolved for a period of 15 months from the date of transferring its securities to the Watch List.

By order of the Board,

**ODEL PLC**

Sgd.

**Softlogic Corporate Services (Pvt) Ltd**  
Company Secretaries

5th December 2025  
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



## 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. M.I. Furkan                      whom failing  
Mr. D.Y. Christostom                      whom failing  
Dr. I.C.R. De Silva

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 Monday the 12th day of January 2026 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 2025 together with the Report of the Auditors thereon.	<input type="radio"/>	<input type="radio"/>
1.2	To re-elect Mr. M.I. Furkan in terms of Article 23 (2) of the Articles of Association, as a Director of the Company.	<input type="radio"/>	<input type="radio"/>
1.3	To re-elect Mr. D.Y. Christostom in terms of Article 23 (2) of the Articles of Association, as a Director of the Company.	<input type="radio"/>	<input type="radio"/>
1.4	To pass the Ordinary Resolution set out under item 1.4 of the Notice of Meeting to re-appoint Dr. I.C.R. De Silva who is 70 years of age, as a Director of the Company.	<input type="radio"/>	<input type="radio"/>
1.5	To re-appoint Messrs. Ernst & Young, as Auditors and to authorise the Directors to determine their remuneration.	<input type="radio"/>	<input type="radio"/>
1.6	To authorise the Directors to determine and make Donations for the year ending 31st March 2026 and up to the date of the next Annual General Meeting.	<input type="radio"/>	<input type="radio"/>
1.7	To discuss matters giving rise to an emphasis of matter on going concern contained in the Audited Financial Statements for year 2023/2024 and 2024/2025 and the remedial action intended to be adopted by the Company to ensure compliance with Rule 7.5 (d) (ii) of the Listing Rules of the CSE, the impact of such emphasis of matter on going concern not resolved for a period of 15 months from the date of transferring its securities to the Watch List.	<input type="radio"/>	<input type="radio"/>

.....  
Signature

.....  
Date

**Note:**

- (1) \*Please strike off 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](mailto: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.

## COMPANY REGISTRATION NO:

PV 7206 PQ

## REGISTERED OFFICE OF THE COMPANY

475/32, Kotte Road, Rajagiriya

## AUDITORS

Ernst & Young  
Chartered Accountants  
Rotunda Towers, No. 109, Galle Road,  
Colombo 03,  
Sri Lanka

## DIRECTORS

**Mr. A.K. Pathirage**  
Chairman/Executive Director

**Mr. H.K. Kaimal**  
Non Independent Non-Executive  
Director

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

**Mr. M.I. Furkan**  
Independent Non-Executive Director

**Mr. D.Y. Christostom**  
Non Independent Non-Executive  
Director

## AUDIT COMMITTEE

**Mr. M.I. Furkan**  
Chairman

**Dr. I.C.R. De Silva**

**Mr. H.K. Kaimal**

## REMUNERATION COMMITTEE

**Dr. I.C.R. De Silva**  
Chairperson

**Mr. H.K. Kaimal**

**Mr. M.I. Furkan**

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

**Dr. I.C.R. De Silva**  
Chairperson

**Mr. H.K. Kaimal**

**Mr. M.I. Furkan**

## NOMINATIONS AND GOVERNANCE COMMITTEE

**Dr. I.C.R. De Silva**  
Chairperson

**Mr. H.K. Kaimal**

**Mr. M.I. Furkan**

## SECRETARIES AND REGISTRARS

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

## BANKERS

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

## INVESTOR RELATIONS

ODEL PLC  
475/32, Kotte Road, Rajagiriya  
Tel : 0115885000  
Web : [www.odel.lk](http://www.odel.lk)

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