ANNUAL REPORT 2023/24

CONTENTS

Our Vision

To inspire the world.

Our Mission

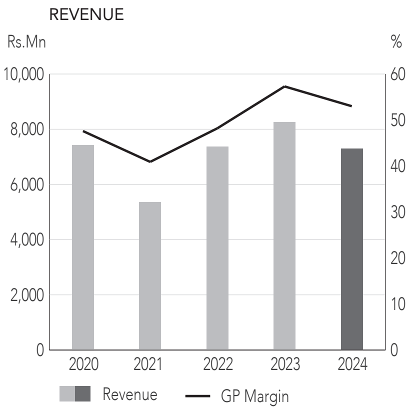
To provide a complete Mind, Body and Soul experience as the premier fashion and lifestyle retailer promoting sustainable and unparalleled levels of retail experience.

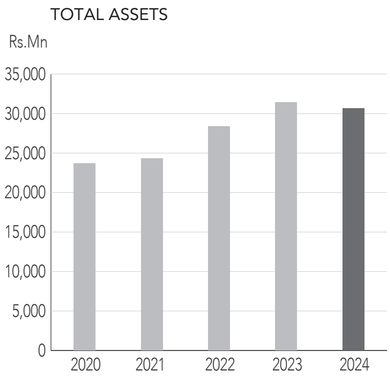
Our Values

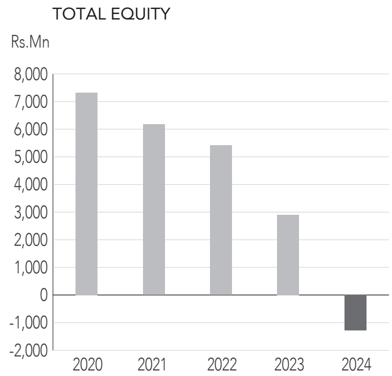
Odel is guided by strong shared values;
we love, we serve, we style, we innovate,
we give, we save, we enjoy and we inspire.

FIVE YEAR SUMMARY

YEAR ENDED 31 ST MARCH	2024 LKR	2023 LKR	2022 LKR	2021 LKR	2020 LKR
RESULTS FOR THE YEAR					
Group Revenue	**7,302,893,017**	8,253,285,220	7,361,065,127	5,349,571,979	7,414,336,531
Results from Operating Activities	**(1,474,930,005)**	718,505,170	117,305,639	(926,961,518)	(174,066,560)
Finance Cost	**(2,809,814,107)**	3,396,319,455	1,546,406,126	1,179,902,051	1,077,664,344
Finance Income	**18,607,451**	12,154,271	10,437,743	8,902,575	11,404,500
Profit (loss) before tax	**(4,266,136,660)**	(2,665,660,013)	(1,418,662,744)	(2,097,960,994)	(1,240,326,404)
Profit (loss) for the Year	**(4,207,745,186)**	(2,211,747,708)	(1,371,443,118)	(1,685,445,557)	(835,550,269)
Profit (loss) attributable to equity holders of the parent	**(4,207,745,186)**	(2,211,747,708)	(1,371,443,118)	(1,685,445,557)	(835,550,269)
FINANCIAL POSITION					
Non-Current Assets	**25,076,555,661**	25,211,729,093	22,444,648,776	19,465,658,804	18,927,737,015
Current Assets	**5,594,476,991**	5,668,616,243	5,918,748,731	4,868,218,734	4,750,107,528
Total assets	**30,671,032,652**	30,880,345,336	28,363,397,507	24,333,877,537	23,677,844,543
Equity attributable to equity holders of the parent	**(1,285,649,785)**	2,909,183,022	5,413,286,738	6,169,508,202	7,328,661,285
Non-Current Liabilities	**12,197,445,394**	10,479,827,775	10,331,267,888	8,484,501,548	8,084,044,803
Current Liabilities	**19,759,237,043**	17,491,334,539	12,618,842,880	9,679,867,786	8,265,138,454
Total Equity and Liabilities	**30,671,032,652**	30,880,345,336	28,363,397,507	24,333,877,537	23,677,844,543
Total Debt	**22,645,832,452**	18,869,566,042	15,787,083,083	13,123,421,569	11,511,418,302
No. of Ordinary Shares	**272,129,431**	272,129,431	272,129,431	272,129,431	272,129,431
Gearing (%)	**106%**	87%	74%	68%	61%







FINANCIAL HIGHLIGHTS

YEAR ENDED 31 ST MARCH		2024 LKR	2023 LKR	CHANGE %	2022 LKR
RESULTS FOR THE YEAR					
Group Revenue		**7,302,893,017**	8,253,285,220	-12%	7,361,065,127
Results from Operating activities		**(1,474,930,005)**	718,505,170	-305%	117,305,639
Finance Cost		**(2,809,814,107)**	(3,396,319,455)	-17%	(1,546,406,125)
Finance Income		**18,607,451**	12,154,271	53%	10,437,743
Profit (loss) before tax		**(4,266,136,660)**	(2,665,660,013)	60%	(1,418,662,743)
Profit (loss) for the Year		**(4,207,745,186)**	(2,211,747,708)	90%	(1,371,443,118)
Profit (loss) attributable to equity holders of the parent		**(4,207,745,186)**	(2,211,747,708)	90%	(1,371,443,118)
FINANCIAL POSITION HIGHLIGHTS					
Equity attributable to equity holders of the parent		**(1,285,649,785)**	2,909,183,022	-144%	5,413,286,738
Total assets		**30,671,032,652**	30,880,345,336	-1%	28,363,397,507
Total debt		**22,645,832,452**	18,869,566,042	20%	15,787,083,083
No. of Ordinary Shares		**272,129,431**	272,129,431		272,129,431
Gearing (%)		**106%**	87%		74%
SHAREHOLDER INFORMATION					
Earnings/(loss) per share	**(Rs.)**	**(15.46)**	(8.13)	90%	(5.04)
Return on Equity	**(%)**	**-**	-76%	-	-25%
Net asset per share	**(Rs.)**	**(4.72)**	10.69	-144%	19.89
Interest cover	**(Times)**	**-**	0.21	-	0.08
Market price as at 31st March	**(Rs.)**	**13.00**	16.80	-23%	19.10
Market Capitalisation	**(Rs.)**	**3,537,682,603**	4,571,774,441	-23%	5,197,672,132

CHAIRMAN'S MESSAGE

THE ECONOMIC ENVIRONMENT DURING THIS PERIOD HAD MIXED EFFECTS ON GROWTH, AS SEVERAL FAVOURABLE FACTORS WORKED IN TANDEM WITH SIGNIFICANT CHALLENGES. ON THE POSITIVE SIDE, THE LOWERING OF INTEREST RATES PLAYED A CRUCIAL ROLE IN STIMULATING BUSINESS ACTIVITY

I am pleased to welcome you to the 14th Annual General Meeting of Odel PLC and to present the audited financial statements of the Company for the year 2023/24. Odel PLC faced a mixed macroeconomic environment during the period under review. While political and economic stability, increased tourist arrivals, reduced interest rates, a favourable exchange rate and import deregulations positively impacted our performance, increased income tax, VAT, duty charges, and rising electricity costs negatively impacted both consumer demand and operational expenses. Despite these challenges, Odel's net revenue was LKR 7.3 billion, with a gross profit of LKR 3.8 billion, reflecting a decline in both impacting profitability.

To mitigate these challenges, we closed underperforming stores, focused on key brands, and utilized sales promotions.

OPERATING ENVIRONMENT

The economic environment during this period had mixed effects on growth, as several favourable factors worked in tandem with significant challenges. On the positive side, the lowering of interest rates played a crucial role in stimulating business activity. With borrowing costs reduced, businesses found it easier to finance investments and expansions, which contributed to overall economic growth. In addition, a favourable exchange rate made imports more affordable, thereby increasing the purchasing power of consumers. This benefit also extended to businesses that relied on imported raw materials, reducing their input costs and potentially improving profitability. The lifting of import restrictions further supported this dynamic by increasing market competition, which could have led to lower prices and a broader variety of goods available for consumers.

However, these benefits were offset by several difficulties. A sharp rise in personal income tax rates significantly impacted consumer disposable income, leading to a decline in demand for goods and services. This, combined with the increase in VAT from 15% to 18%, further strained consumer spending by raising the cost of living. Higher import duties on certain import categories added a further strain on those businesses. As a result, businesses faced squeezed margins, especially in the face of rising electricity costs, which escalated operational expenses across the board. Many businesses were left with little choice but to pass these higher costs on to consumers, further dampening demand.

PERFORMANCE

Notwithstanding the headwinds, Odel recorded a net revenue of LKR 7.3 billion, with a gross profit of LKR 3.8 billion. However, we experienced a 12% drop in revenue and a 19% decrease in gross profit. This disparity indicates that while revenue decreased, the cost of goods sold increased, and on top of this sales discounts affected profitability more significantly. The external macroeconomic conditions described above had a direct and significant impact on our business environment. These factors collectively strained the retail sector, reducing overall demand and profitability.

MITIGATION STRATEGIES

In response to these challenges, Odel implemented several strategic measures, including location rationalization. We focused on optimizing our store locations by closing down non-performing outlets. This move aimed to consolidate resources and concentrate efforts on key outlets showing better performance, thereby improving overall operational efficiency.

Through Brand Rationalization, we invested in key brands that contributed to 80% of our sales. This strategy involved prioritizing and supporting the most profitable and popular brands, ensuring that our marketing and inventory efforts were aligned with consumer demand and profitability.

Sales Promotions were held to stimulate demand, including discounts and special offers. While these promotions helped to attract customers and clear inventory, they were carefully balanced to avoid excessive margin erosion.

As we move forward, Odel remains committed to adapting to changing market dynamics, engaging our community and driving sustainable growth. Through innovative initiatives and strategic adjustments, we will continue to maintain our position as a leading retail brand.

APPRECIATION

I would like to place on record my gratitude to my fellow directors for their unwavering support. The management team worked tirelessly to leverage on opportunities to emerge stronger in the face of challenges while surpassing customer expectations. I am pleased to thank our diverse business partners for placing confidence in Odel PLC. Our loyal customers need to be commended for staying true to the Odel brand which continues its dynamic journey as a success story in Sri Lanka's retail landscape.

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 the 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.

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, Softlogic Life Insurance PLC, Softlogic Finance PLC and NDB Capital Holdings Limited in addition to other companies of the Softlogic Group.

MR. HARESH KAIMAL

**Non-Executive
Non-Independent Director**

Mr. Haresh Kumar Kaimal is a co-founder of the Softlogic Group and an Executive Director of Softlogic Holdings PLC since its inception. With over 3 decades of experience in IT and Operations, he heads the Group IT Division which oversees the entire Group's requirements in Information Technology covering all sectors. He is an Executive Director of Softlogic BPO Services (Pvt) Ltd, Director of Odel PLC, Softlogic Finance PLC, Softlogic Life Insurance PLC, Softlogic Capital PLC 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 the Bernhard Schulte Ship Management (BSM) Group which manages over 650 ships operating from over 23 offices around the world. She carries over 43 years of local and international experience with blue-chip companies and have been in senior management positions covering strategic planning, finance, business process re-engineering and operations.

Dr. De Silva holds a Doctorate from the University of Newcastle in Australia and an MBA from the University of Hull in UK. She is a Fellow of the Chartered Institute of Management Accountants of UK. She is also an Associate Member of the Chartered Institute of Logistics and Transport in Australia.

MR. RANIL PRASAD PATHIRANA

Non-Executive Independent Director

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

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

MR. JOSEPH MICHEAL JAYANTH PERERA

Non-Executive Independent Director

Mr. J. M. Jayanth Perera has over 40 years of experience in the financial sector with the majority of those years being at Senior Management and Board levels. Mr. J. M. Jayanth Perera is a fellow of the Chartered Institute of Bankers (London) and has undergone extensive training in a host of International Financial Centres such as in London, New York, San Francisco, Hong Kong and Singapore. Currently Mr. J. M. Jayanth Perera serves as an Independent Non- Executive Director of McLarens Group of Companies - Main Board, lnterocean Energy (Pvt) Ltd, Qwest Destinations (Pvt) Ltd, Qwest Cruises Ltd, Sri Lankan Airlines Ltd, Sri Lankan Catering Services Ltd, Softlogic Stockbrokers (Pvt) Ltd and Hayleys Fentons Ltd. Mr. J. M. Jayanth Perera counts a long and illustrious career at Hatton National Bank PLC (HNB) where he worked as Senior Deputy General Manager- International, Business Development and Corporate Credit including Treasury Operations.

He was also a Founding Director of HNB Assurance PLC. During his term at HNB, Mr. J. M. Jayanth Perera was able to bring many reforms by coordinating with the Central Bank of Sri Lanka. He was also Managing Director of Acuity Stockbrokers (Pvt) Ltd including Acuity Securities and Acuity Partners - jointly owned by HNB and DFCC Bank. In these positions he contributed immensely towards business growth. He also served as Director of Lanka Ventures (Pvt) Ltd, LVL Energy and as a Board Member of the Credit Information Bureau of Sri Lanka.

MANAGEMENT DISCUSSION & ANALYSIS

RETAIL SECTOR REVIEW

The retail landscape in Sri Lanka during the fiscal year 2023/24 was shaped by macroeconomic conditions which significantly impacted consumer behaviour and business operations. The year was marked by a relatively stable political environment, fostering growing economic confidence in comparison to 2022/23. The tourism sector experienced a substantial boost, with a notable rise in tourist arrivals which benefitted the hospitality sector.

Positive developments such as lower interest rates reduced borrowing costs for both consumers and businesses, contributing to overall economic growth. A favourable exchange rate made imports cheaper and the lifting of import restrictions opened the market to a wider variety of goods, enhancing consumer choice and potentially lowering prices due to increased competition.

Retailers, however, were unable to capitalize on these positive factors due to the higher value-added tax (VAT) and import duties that came into play during the year under review, which placed a severe pressure on profit margins. An increase in VAT from 15% to 18% raised the overall cost of goods and services, dampening consumer spending. Higher duty charges led to increased prices for imported goods. Rising electricity costs escalated operational expenses for businesses, squeezing profit margins and forcing many to either absorb the costs or pass them on to consumers through higher prices. Other challenges that adversely affected the retail sector were a significant rise in income tax rates which substantially reduced the disposable incomes of consumers, negatively impacting consumer demand and leading to a drop in sales.

Despite these challenges, Odel implemented various strategies to mitigate the impact. Location rationalization was a common approach, with a focus on optimizing store locations by closing down non-performing outlets. Brand rationalization became crucial, with investments focused on key brands that contributed significantly to sales, ensuring marketing and inventory efforts were aligned with consumer demand and profitability. Sales promotions were implemented to stimulate demand, although they had to be carefully balanced to avoid excessive margin erosion.

Overall, the retail landscape in Sri Lanka during 2023/24 required retailers to adapt quickly to changing conditions. Despite valiant efforts, Odel faced a decline in net revenue and gross profit, highlighting the impact of reduced consumer spending and increased operational costs on profitability.

SPECIAL PROMOTIONS & MARKETING INITIATIVES

Our special promotions and marketing efforts highlight Odel PLC's commitment to engaging our community, enhancing customer experiences, and driving sustainable growth. Through innovative initiatives and strategic adjustments, we continue to adapt to changing market dynamics while maintaining our position as a leading retail brand.

Special Promotions

- End Of Season Sale (June & July 2023, January & February 2024):

  Our End of Season sales successfully cleared old inventory, driving increased foot traffic in stores and achieving a notable increase in sales revenue during the promotion periods.

- Kids Pottery Workshop I:

  This workshop engaged children, fostering strong community goodwill and enhancing brand loyalty among families. The event generated significant social media buzz, leading to a notable rise in store visits post-event.

- Cookie Decoration Workshop and Kids Pottery Workshop II:

  Building on the success of the initial workshop, these events continued to foster community engagement. The repeat workshop format strengthened our brand presence among parents and resulted in a notable increase in workshop attendance.

- Christmas Campaign:

  We successfully launched a new collection alongside our Christmas Campaign, driving substantial growth in December sales. Leveraging social media tools effectively attracted a surge in e-commerce orders, demonstrating our strong digital presence.

- ODEL Christmas Hampers:

  Exclusive Christmas Hampers were introduced, enriching customer gifting options and driving sales. Our collaboration with local suppliers underscored our commitment to community support and sustainable business practices.

- Christmas Carols at ODEL Ward Place:

  This heart-warming event included a donation to the Blind School, reinforcing our community ties. The positive PR and community goodwill resulted in increased brand visibility and customer engagement.

Marketing Activities

- **New Initiatives:**
  - Unisex Collection:

    In May 2023, we introduced our inaugural unisex collection, blending comfort and style to appeal across genders.
  - First-Year Anniversary of Odel Mall Kandy:

    In September 2023, we celebrated the first-year anniversary of Odel Mall Kandy at Mahanuwara Commercial Centre (MCC), enriching retail experiences and extending our market reach.
  - New Outlet at Havelock City Mall:

    This new outlet was setup to leverage a central location and capture new audiences. The Havelock City Mall offers significant opportunities due to its captive audience from residents and Mireka Office Tower occupants, enabling us to showcase popular brands and explore new potential in this vibrant venue.
- **Odel Private Label Brands**
  - Our in-house brands (Biconic, WYOS, Closet, Premium, ODEL Ladies, Mens) were enhanced amidst shifting consumer preferences. Comprehensive redesigns and adjusted pricing strategies, supported by in-house manufacturing allowed for optimised cost management.
- **Challenges of Consumer Spending**
  - We navigated the impacts of reduced consumer purchasing power and price escalations due to economic factors. Our focus on margin sustainability and cost management has been paramount in enhancing our customer value proposition.
- **Marketing Communication Strategies**
  - We overhauled our marketing strategies to focus on digital platforms (Facebook, Instagram, Google, YouTube), enhancing www.odel.lk with compelling promotions to boost click-through rates. These efforts were complemented by in-store offers, effectively generating demand.
- **Strategic Brand Prioritization**
  - Our import strategies were adjusted to prioritize high-performing brands such as Levi’s, Charles and Keith, Aldo, Calvin Klein, Tommy Hilfiger, Mango, Yammay, Nike, and Adidas. We optimized shipments in response to import restrictions, maintaining supply chain efficiency.
- **Streamlining Our Stores**
  - We strategically streamlined our physical presence to allocate resources effectively and improve overall retail performance. This included the closure of underperforming stores in Nugegoda, Ja-Ela, and Wattala, optimizing our store operations.

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL CAPITAL

PERFORMANCE REVIEW

During the fiscal year 2023/24, our company faced a decline in financial growth, driven by a particularly challenging business environment. Below are the key highlights of our financial performance:

REVENUE

The company recorded an annualized revenue of LKR 7.3 billion in the fiscal year 2023/24, reflecting a 12% decline compared to the previous year's revenue of LKR 8.25 billion. This reduction was primarily attributed to higher income tax rates, VAT, duty charges, and rising electricity costs, which collectively dampened consumer demand.

Despite consistent improvements in gross profit margins over the past five years, the overall gross profit margin for 2023/24 declined to 53%, a slight reduction from 57% in the previous year.

OPERATING COSTS

Administration costs increased by 33% compared to the previous year. This rise was primarily driven by higher staff costs, rent, and electricity expenses, resulting from increased business volumes and the gradual removal of pandemic-induced concessionary rates in 2023/24. Additionally, an impairment loss on the investment in Odel Properties One (Pvt) Ltd. was recognized under administration costs during the year

TAXATION:

The statutory tax rate remained unchanged at 30% during the fiscal year 2024. However, the effective tax rate on the loss before tax decreased to 1.37%, compared to 17.03% in the previous year. This reduction was mainly attributed to the accumulation of tax losses over the past years, including the current year.

LOSS AFTER TAX:

Odel reported a loss after tax of Rs. 4.20 billion for the fiscal year, reflecting a 90% increase compared to the previous year's loss of Rs. 2.21 billion. This increase was primarily attributed to a significant rise in administration costs, which included an impairment loss of Rs. 767 million on the investment in Odel Properties One (Pvt) Ltd, coupled with a 12% decline in revenue during the year

SHARE INFORMATION:

During the fiscal year 2023/24, the company's shares traded within a range of LKR 11.00 to LKR 17.10, closing at LKR 13.00. This marks a decline compared to the closing price of LKR 16.80 in 2022/23. The overall performance of the Colombo Stock Exchange remained subdued, reflecting the broader economic challenges faced by the country during its ongoing crisis.

Despite the challenges outlined, 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

To be the Most Preferred Retail Employer Brand in the Country.

MISSION

To be a Great Place to Work.

Our Approach

At Odel, our human capital represents far more than a mere workforce; it is a pivotal element of our strategic framework, indispensable for achieving success in today's competitive and fast-paced market. We prioritize excellence in recruitment, comprehensive training, and ongoing talent development to ensure that every team member is optimally positioned to contribute to our organizational goals. Our strategy involves not just filling roles but ensuring that each employee is equipped with the necessary skills and motivation to drive exceptional customer satisfaction and enrich the overall customer experience. Our dedication to excellence in service and quality is evidenced by various accolades and regular internal climate surveys, which help us monitor and enhance employee engagement and satisfaction. These surveys provide valuable insights into employee experiences and guide our efforts to maintain a supportive and motivating work environment.

How We Invest in our People

Our team, composed of people from diverse backgrounds, translates our strategic vision into actionable results. This includes everything from conceptualizing store layouts to performing intricate data analysis, conducting global market research, and consistently meeting and exceeding our financial targets. Our dedication to creating an inclusive and motivating workplace is demonstrated through significant investments in training programs, professional development and engaging activities. The principles of integrity and respect underpin our organizational culture, fostering an environment where collaboration and proactive initiative are highly valued.

As of 31st March 2024, Odel's workforce comprises 1,402 employees, with a gender distribution of 58% male and 41% female.

Our horizontally structured organization is dedicated to the fashion and lifestyle distribution sector, providing a secure and equitable work environment.

OUR SHARED VALUES

In a globalized market characterized by rapidly changing fashion trends, our shared values are the cornerstone of our business dynamics at Odel. We foster a culture that is open, dynamic, and collaborative, where every team member's role is crucial. Our HR Vision is to become the most preferred retail employer brand in the country, while our HR Mission is to create a great place to work. We are committed to providing exceptional career development opportunities from the outset and continuously seek ways to nurture growth and excellence among our employees.

THE FIVE PILLARS

1. We Develop and Grow

Training & Development

In 2023, we dedicated over 26,400 hours to training 3,300 participants. Our training programs are meticulously designed to enhance staff skills, foster a culture of practical learning, and ensure safety and diversity in the workplace. This commitment to training serves as a crucial motivator for our employees and helps to combat complacency. By continually investing in our team's development, we equip them with the knowledge and skills needed to drive our business forward and adapt to changing market conditions. This extensive investment in employee development reflects our commitment to ensuring that our employees are well-prepared to meet the demands of their roles and contribute meaningfully to our organizational success.

2. WE RECOGNIZE AND APPRECIATE

Rewards & Recognition

Our reward system is structured around a balanced scorecard with diverse KPIs that emphasize environmental sustainability and value creation. Senior executives are incentivized based on their performance across financial, social, and environmental metrics. Additionally, we employ a variety of recognition methods to celebrate achievements and encourage positive behavior. These include congratulatory messages, peer-to-peer acknowledgment, in-situ treats, and flexible work hours to enhance work-life balance. Key awards presented in the 2023/2024 period include:

- Best Retail Manager of the Year
- Best Retail Manager of the Quarter
- Sales Personality of the Year
- Retail Supervisor of the Year
- Employee of the Year (ODEL Apparels & Distribution Center)
- Best Performer of the Year (Support Functional Departments)
- Sales Personality of the Month
- Employee of the Month (ODEL Apparels & Distribution Center)

3. WE TRUST AND CARE

Capacity and Work-Life Balance

At Odel, we prioritize work-life balance and offer flexible working hours to accommodate the diverse needs of our employees. We ensure that professional development opportunities are accessible to all, regardless of personal circumstances. Our workplace culture is built on trust and transparency, fostering an environment where employees feel valued and supported in both their professional and personal lives.

4. WE LISTEN TO YOUR IDEAS

Building Innovation and Team Spirit

We encourage a culture of innovation and open communication, where employees are actively invited to contribute ideas and engage in proactive dialogue. Modern technologies are leveraged to enhance collaboration and streamline workload management, ensuring that every team member can effectively contribute to organizational goals. This approach not only drives innovation but also aligns individual efforts with our broader strategic objectives.

5. WE HAVE FUN

Employee Engagement

Exceptional results are achieved through exceptional people management. We have implemented a comprehensive work-based perk system and various engagement activities to foster a positive work environment and boost employee morale. By creating opportunities for fun and engagement, we strengthen team cohesion and enhance overall job satisfaction.

Diversity and Equality

Diversity and equality in the workplace are essential for fostering innovation, improving employee satisfaction, and driving organizational success. Embracing a diverse workforce brings a wide range of perspectives, ideas, and problem-solving approaches, which can lead to more creative solutions and better decision-making. Equality ensures that all employees have access to the same opportunities for growth and advancement, promoting fairness and reducing discrimination. This inclusive environment not only enhances team collaboration and morale but also helps attract and retain top talent from various backgrounds. Ultimately, a commitment to diversity and equality can strengthen the company's reputation, improve customer relations, and contribute to overall business growth.

Diversity and multiculturalism are integral to Odel's organizational culture. We are committed to providing an environment where every individual can reach their full potential, regardless of race, ethnicity, gender, or other characteristics. Our values of respect and innovation drive our efforts to create a motivating and inclusive workplace, where diverse perspectives contribute to our success and growth.

Recruiting the Right Talent

Effective talent acquisition is crucial for translating our passion for fashion and lifestyle into exceptional customer experiences. Odel recruits and retains top talent through a comprehensive strategy that emphasizes a dynamic and inclusive recruitment process combined with a supportive work environment. We attract exceptional candidates by leveraging multiple channels, including social media, university partnerships, and in-store recruitment events, to identify individuals who align with our values and passion for fashion. Our robust onboarding process and clear career development pathways ensure that new hires are well-integrated and have ample opportunities for growth. To retain top talent, we invest in continuous training, provide recognition through awards and rewards, and foster a positive work culture that promotes work-life balance and employee engagement. This approach not only attracts high-caliber candidates, but also cultivates long-term loyalty and job satisfaction among our team members. Our recruitment process is designed to identify and onboard candidates who possess the enthusiasm and capabilities necessary to excel in their roles and drive our organizational success.

Our Commitment to Sustainability

Our commitment to sustainability at Odel is deeply embedded in the 3Cs framework: Care for the Environment, Collaborate for Employee and Community Well-being, and Create Innovative and Sustainable Solutions for Future Generations.

- Care for the Environment:
  We prioritize environmental stewardship by integrating sustainable practices throughout our operations. This includes using eco-friendly materials in our fashion products, implementing energy-efficient technologies in our facilities, and reducing waste through recycling and composting initiatives. By adhering to these practices, we aim to minimize our carbon footprint and promote a healthier planet.
- Collaborate for Employee and Community Well-being: We believe in the power of collaboration to enhance the well-being of our employees and the broader community. This involves creating a supportive work environment with opportunities for professional growth, while also engaging in community outreach. We actively support social projects that benefit

diverse groups, including those with special needs, ensuring inclusive opportunities for employment and development. Additionally, we partner with local organizations and charities to address community needs and foster social responsibility.

- Create Innovative Solutions for Future Generations: Innovation is at the heart of our sustainability efforts. We invest in research and development to create new, sustainable technologies and processes that will benefit future generations. This includes developing new materials that reduce environmental impact and exploring ways to make our fashion brands more sustainable. Our commitment extends to supporting initiatives that address long-term environmental challenges and promote a sustainable future.

Through these pillars, we actively invest in community projects that support those affected by natural disasters, demonstrating our dedication to making a meaningful difference. Our holistic approach to sustainability reflects our broader mission to positively impact society and the environment, ensuring that our practices contribute to a better world for future generations.

Employee Engagement Activities

Employee engagement is crucial for organizational success as it directly impacts productivity, job satisfaction, and overall performance. Engaged employees are more motivated, committed, and enthusiastic about their work, leading to higher levels of innovation, better customer service, and reduced turnover rates. By fostering a work environment that values and supports employees, organizations can enhance morale, build stronger teams, and drive long-term success. Engaged employees are also more likely to contribute to a positive workplace culture, which can attract top talent and create a competitive advantage in the market. Throughout 2023/2024, we organized a variety of activities to engage and motivate our employees. These include:

- Softlogic Bakmaha Ullela 2023: A community engagement initiative.
- Poson Dharmadeshanawa 2023: A cultural and religious observance.
- Softlogic Premier League 2023: A competitive sports event for team building.
- World AIDS Day Awareness Campaign 2023: An initiative to raise awareness and promote health.
- 76th Independence Day Celebrations 2023: A national holiday celebration.
- Pirith Ceremony at Head Office 2024: A spiritual and cultural event.
- International Women's Day Celebrations 2024: An event recognizing women's contributions.
- Cycling Saturday: A wellness and team-building activity.

Paper-less Environment

A paperless environment is crucial for both environmental and operational efficiency. By reducing paper use, we significantly cut down on waste, conserve natural resources, and minimize our carbon footprint, contributing to a more sustainable planet. Digitizing documents and workflows streamline processes, improves accessibility, and enhances data security while reducing physical storage needs and administrative overheads. This transition not only supports environmental conservation but also fosters a more agile and responsive workplace, where information is readily available and processes are optimized for efficiency. At Odel, we are dedicated to reducing paper waste through several initiatives, including setting duplex printing defaults, maintaining a stationary issuance log, and reusing scrap paper. These measures help us minimize our environmental footprint and contribute to our sustainability goals.

Environmentally-friendly Initiatives

Retail fashion can become more eco-friendly by adopting sustainable practices throughout the supply chain, from sourcing materials to manufacturing and distribution. Our eco-friendly initiatives encompass the use of recyclable products, provision of recycling bins, conservation of water by turning off taps, and installation of compost systems. These efforts are part of our broader strategy to promote environmental sustainability and reduce waste.

Way Forward

Odel's success is fundamentally anchored in the strength and dedication of our human capital. By focusing on development, recognition, trust, innovation, and engagement, we continue to build a dynamic, inclusive, and sustainable organization. Our ongoing commitment to enhancing employee satisfaction and contributing positively to our community and environment remains central to our strategic objectives.

CORPORATE GOVERNANCE

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

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

BOARD OF DIRECTORS

The Board of Directors is responsible for setting the strategic direction of the Group, safeguarding assets, managing risks and setting the tone at the top. They have set in place governance frameworks to facilitate achievement of strategic goals and compliance with regulatory frameworks while balancing stakeholder interests. Profiles of the Directors are given on pages 6 & 7. Directors provide annual declarations of their independence in accordance with the stipulations of the Listing Rules of the CSE and the guidelines of the Code of Best Practice. Board balance is facilitated with four Non-Executive Directors who are reputed leaders in their fields of expertise out of whom three are Independent. They understand and appreciate the dynamism of the fashion trade and the global benchmarks. The skills, experience and standing of the individual Board members ensures sufficient deliberation on matters set before the Board and exercise of independent judgement. Directors can also seek independent professional advice when deemed necessary, for which the expenses are borne by the Group.

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

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

SKILLS OF THE BOARD

COMPOSITION OF THE BOARD

Executive Chairman (1)

Senior Independent Director (1)

Independent Non-Executive Directors (3)

Non Independent Non Executive Director (1)

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	Mr. R.P. Pathirana (Independent Non-Executive Director) - Chairman Dr. I. C. R. De Silva (Senior Independent Non-Executive Director) Mr. J. M. J. Perera (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. **Frequency of Meetings:** Committee meets quarterly
Remuneration Committee	Mr. R.P. Pathirana (Independent Non-Executive Director) – Chairman Mr. J. M. J. Perera (Independent Non-Executive Director) Dr. I.C.R. De Silva (Senior Independent Non-Executive Director) (Appointed w.e.f. 4th July 2024)	Responsible for determining remuneration policy and the terms of engagement and remuneration of the Chairman, the Board of Directors and the Executive Committees. **Frequency of Meetings:** Committee meets annually.
Related Party Transactions Review Committee	Dr. I. C. R. De Silva (Senior Independent Non-Executive Director) – Chairperson Mr. R.P. Pathirana (Independent Non-Executive Director) Mr. H.K. Kaimal (Non Independent Non Executive Director) Mr. J. M. J. Perera (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. **Frequency of Meetings:** 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)	Dr. I. C. R. De Silva (Senior Independent Non-Executive Director) – Chairperson Mr. H. K. Kaimal (Non Independent Non Executive Director) Mr. J. M. J. Perera (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
Mr. A.K. Pathirage	2/2			
Mr. H.K. Kaimal	2/2			3/3
Mr. R. P. Pathirana	2/2	4/4	1/1	3/3
Dr. I. C. R. De Silva	2/2	4/4		3/3
Mr. J. M. J. Perera	2/2	3/4	1/1	2/3

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.

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.
- 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.

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 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.

The Report of Board Remuneration Committee is on page 33 provides further information. The aggregate remuneration paid to the Directors is disclosed in the Notes to the Financial Statements on page 67 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 39 to 115
- Statement of Directors' Responsibilities - page 38
- Annual Report of the Board of Directors on the Affairs of the Company – pages 34 to 36
- Management Discussion & Analysis – pages 8 to 13

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 all of whom are Independent. The Chairman of the Audit Committee is a Finance professional with extensive experience in the relevant areas whose profile is given on page 7. The Terms of Reference of the Audit Committee complies with the recommendations of the Code of Best Practice on Board Audit Committees issued by ICASL and guidelines stipulated by the SEC.

The Audit Committee is responsible for approving the terms of engagement of the external auditors including audit fees. The principal auditor has not provided any services which are stipulated as restricted by the SEC and the audit fees and non-audit fees paid by the Company to its auditors are separately disclosed on page 67 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 25 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 105 to 107 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.

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
9	**Corporate Governance**		
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
9.2	**Policies**		
9.2.1	The Company has to implement the policies below, and disclose them on the Company website along with information regarding their existence and implementation details: a) Policy on matters relating to the Board of Directors b) Policy on Board Committees c) Policy on Corporate Governance, Nominations and Re-election d) Policy on Remuneration 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 f) Policy on Risk Management and Internal Controls g) Policy on Relations with Shareholders and Investors h) Policy on Environmental, Social and Governance Sustainability i) Policy on Control and Management of Company Assets and Shareholder Investments j) Policy on Corporate Disclosures k) Policy on Whistleblowing l) Policy on Anti-Bribery and Corruption	1st October 2024	Status in progress
9.2.2	The Company has to comply with the Internal Code of Business Conduct and ethics	1st October 2024	Status in progress
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

Principle	Compliance and Implementation	Effective Date	Status
9.3	**Board Committees**		
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
9.4	**Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders**		
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	Status in progress
9.5	**Policy on matters relating to the Board of Directors**		
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	Status in progress
9.5.2	The Company has to adopt the Policy on matters relating to the Board of Directors.	1st October 2023	Status in progress
9.6	**Chairperson and CEO**		
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
9.7	**Fitness of Directors and CEOs**		
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

Principle	Compliance and Implementation	Effective Date	Status
9.8	**Board Composition**		
9.8.1-9.8.2	The Board of Directors should consist of a mimimum 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	Status in progress
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
9.9	**Alternate Director**		
	The Company should follow the requirements in appointing an Alternate Director.	1st January 2024	No Alternate Directors appointed during the period.
9.10	**Disclosures relating to Directors**		
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	Status in progress
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
9.11	**Nominations and Governance Committee**		
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
9.11.4	Composition of the Committee: The Nominations and Governance Committee must comprise of 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.	1st October 2024	Complied

Principle	Compliance and Implementation	Effective Date	Status
9.11.5	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.	1st October 2024	Status in progress
9.11.6	Disclosures: During the year, the Company has demonstrated compliance with the necessary disclosure requirements, as follows. a) The names of Chairperson, Committee members and Directors; b) Committee appointment date; c) Nominating Director policy existence; d) Directors' periodic re-election requirement; e) Board diversity disclosure; f) Effective Director appointment policy demonstration; g) Re-elected Directors' details; h) Board and CEO performance evaluations; i) Independent Directors' awareness on major issues relating to the entity; j) New Directors' induction on governance; k) Annual updates on governance for Directors; l) Directors' independence confirmation; m) Listing Rules compliance statement, non-compliance explanation, and remedial actions. This rule is applicable with effect from 1st October 2024.	1st October 2024	Status in progress
9.12	Remuneration Committee		
9.12.1 – 9.12.5	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. The Committee should operate under a set of written terms of reference that clearly outline its scope, authority, duties, and requirements for meeting quorum. Refer Remuneration Committee Report	1st October 2023	Complied
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

Principle	Compliance and Implementation	Effective Date	Status
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
9.13	**Audit Committee**		
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 should comprise of 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	Disclosures: 1) Audit Committee Report. 2) Disclosure requirement: a) Chairperson and Audit Committee members' details, b) Risk management status for Listed Entity and Group. c) CEO and CFO assurance statement. d) Compliance opinion on financial reporting requirements. e) Confirmation of Audit Charter existence. f) Summary of internal audit method. g) Details of functions discharged for the financial year. h) Confirmation of external auditors' independence. i) Auditor independence determination and engagement details. Refer Audit Committee Report.	1st October 2024	Complied
9.14	**Related Party Transactions Review Committee**		
9.14.1	The Company possesses a Related Party Transactions Review Committee and conforms to the requirements set out in Rule 9.14 of these Rules. The Committee operates under a set of written terms of reference that clearly outline its scope, authority, duties.	1st October 2023	Complied
9.14.2	Composition of the Committee: The Committee comprises Two [2] Independent Non-Executive Directors and One [1] Non-Executive Director. An Independent Director shall serve as the Chairperson.	1st April 2024	Complied
9.14.3	Functions of the Committee: 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. Refer the Related Party Transaction Review Committee Report.	1st October 2023	Complied
9.14.4	General requirements: 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. Refer the Related Party Transaction Review Committee Report	1st October 2023	Complied

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
9.16	**Additional disclosures**		
	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

INTRODUCTION TO RISK MANAGEMENT

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

Risk Management is the process of analyzing exposure to risk by identifying vulnerabilities and their probabilities of occurrence in order to determine how best to handle such exposure. Risk Management is concerned with implementing various policies, procedures and practices that work in agreement to identify, analyze, evaluate, monitor and prioritize risks, followed by application of coordinated and economical solutions to minimize the probability and impact of identified vulnerabilities and transferring risks to outside parties; reducing the negative effect of risk and avoiding risk altogether are considered as risk management strategies.

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

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

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

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

STRATEGIC RISK	FINANCIAL RISK	OPERATIONAL RISK
Competitive Risk	Interest Rate Risk	Employee Risk
Economic Risk	Foreign Exchange Risk	Legal Risk
Reputation Risk	Credit Risk	Operation Risk
Marketing Risk	Liquidity Risk	Fraud Risk
Environmental Risk	Investment Risk	Technology Risk
Regulatory Risk		

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

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

Operational Risk – Operational risk is related to activities carried out within the Entity, arising from structure, systems, people, products and processes. Operational risks are largely based on procedures and processes.

RISK MANAGEMENT

THE PROCESS OF RISK MANAGEMENT

Defining the risk	Management defines risks as strategic, operational and financial
Risk Assessment	Risks are assessed based on their potential impact on business activity, financial position, and reputation. A "level 1" risk is negligible while a "level 5" risk is catastrophic. The likelihood & impact of risks are assessed, considering controls in place to address them. A scale of 1 to 5 is used, where indicates "Rare" and 5 is "Almost certain", despite the controls in place.
Risk response	Appropriate actions are taken to align with risk tolerance and risk appetite. Based on the significance of the risk, decisions are taken appropriately to manage the risk by accepting, reducing, sharing or avoiding it. Risk responses received from process owners are identified in relation to established objectives; these are also documented and reviewed.
Control activities	Corporate Management/Functional Heads implement the identified risk response action plans while the Internal Audit follow up takes place to ensure the effectiveness of managing those risks. This is inclusive of process walk throughs, review of internal control gaps and 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 comprises three Non-Executive Directors who will assess the adequacy of the internal control strength and effectiveness of risk management framework & advise senior management of any improvement necessary.

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
Strategic Risk	Inflation & economic downturns in the country can impact consumer spending on fashion items and lifestyle products resulting in decreased sales and revenue for ODEL.	High	The Company introduced pricing and promotional strategies such as EOSS Promotions, Bank Promotions, Clearance Sales, etc to attract customers and optimized operational costs and streamlined processes. Also, ODEL PLC offered loyalty and other discounts to customers, to retain existing customers and encourage repeat business.
Liquidity Risks	Risk of not being able to meet working capital & operational commitments as they fall due.	High	The Company has negotiated extended payment terms with suppliers where feasible, allowing for better cash flow management while maintaining positive supplier relationships.
Financial Risks	Due to the financial condition of the Company, compliance with covenants and loan agreements may be breached.	High	The Company is actively negotiating with banks to obtain benefits, particularly in terms of grace periods, moratorium and to restructure loans.
Strategic Risk	Completing ongoing projects of the Company without undue delays.	High	The Company is negotiating the appropriate mode of funding to complete projects promptly.
Funding Risk	Due to continuous losses the equity of the Company has eroded.	Medium	The Company is actively seeking equity infusion to strengthen its financial position. This includes a rights issue, exploring various funding options, engaging with potential investors, and coordinating with the group treasury team to stabilize and improve equity.
Strategic Risk	Given the current business, economic & political conditions, finding an investor to mitigate short-term and long-term financial issues may prove challenging.	Medium	The Company is actively coordinating with the Group strategy team to identify potential local/foreign investors. This collaboration aims to leverage the Group's network and expertise in securing investment opportunities that align with the Company's financial needs and strategic objectives.
Strategic Risk	The growth of e-commerce and online retail has transformed the fashion sector. Companies that fail to adapt to digital trends and establish a strong online presence face significant risks.	Medium	The Company has made substantial advancements in digital transformation to enhance the customer experience through web-based platforms. The IT team has developed an advanced website equipped with a range of payment options and integrated with the latest technology to meet evolving market trends and customer needs.
Strategic Risk	Largely rely on foreign sources of products and recognize local consignment channels as well. The Company could suffer due to increases in the price of products and freight/shipping charges.	Medium	The Company continuously negotiates with international brands while placing a strong emphasis on local products and in-house garment manufacturing. This strategy is managed by a dedicated business controlling department, which works closely with the buying and finance teams to monitor prices, control costs, and manage profit margins effectively.

RISK MANAGEMENT

Risk Category	Risk	Risk Grade	Risk Management Strategies
Strategic Risk	The fashion retail industry is characterized by fierce competition, especially with the rise of fast fashion retailers	Medium	The Company has remained dedicated to delivering exceptional quality and a diverse range of fashion and lifestyle products in a welcoming and enjoyable environment. To maintain its market leadership, the Company has invested in new outlets. Enhancing the in-store experience, the Company offers distinctive features and emphasizes high-quality, sustainable products that provide value and durability. By offering branded items at competitive prices, the Company differentiates itself from fast-fashion competitors and reinforces its commitment to customer satisfaction and market excellence.
Strategic Risk	Business is largely dependent upon our ability to predict accurately fashion trends, customer preferences, and other fashion-related factors. The fashion sector is highly influenced by shifting consumer tastes and trends. A sudden change in preferences can lead to a decline in demand for certain styles.	Low	The Business Controlling and Buying Departments closely monitor fashion trends and seasonal changes to mitigate their impacts through strategic planning. The Company conducts comprehensive market research and trend analysis to stay ahead of evolving consumer preferences. By implementing agile design and production processes, the company quickly adapts to emerging trends. Additionally, the Marketing Department supports these efforts to ensure a cohesive approach to trend management and adaptation.
Financial Risks	Exposure to international markets exposes the Company to risks associated with currency exchange rate fluctuations and macroeconomic conditions in different countries.	Medium	The Company focused on pricing strategies in response to currency fluctuations and implemented effective cost management practices to mitigate the impact of fluctuating exchange rates on imported materials and other costs. The business controlling, buying, and finance departments work collaboratively to monitor and analyze currency trends and macroeconomic factors, anticipating risks and opportunities related to currency fluctuations.
Financial Risks	Changes in interest rates may impact on the Company's profitability.	Medium	During a period of significant interest rate fluctuations, the company collaborated closely with its parent company to negotiate favorable loan terms, reducing borrowing costs. By implementing effective interest rate management and hedging strategies, the company capitalized on market conditions to secure lower rates and flexible repayment terms. Regular financial reviews, proactive planning, and diversifying the debt portfolio helped mitigate risks and ensure financial stability. These comprehensive measures safeguarded the company's profitability and maintained positive supplier relationships.

Risk Category	Risk	Risk Grade	Risk Management Strategies
Financial Risks	Inflationary pressures elevate the cost of operations, including rent, utilities, and wages, potentially eroding profit margins.	Medium	To counter inflationary pressures that elevate operational costs like rent, utilities, and wages, the Company has implemented several strategies. These include reducing unnecessary expenses by closing underperforming locations, negotiating more favorable rental terms with landlords, and improving operational efficiency to lower utility costs.
Operational Risk	Inadequate stock levels to meet customer demand could directly impact the Company's revenue and harm the reputation.	Medium	Given the current situation, sellable stock levels in both showrooms and warehouses are at a minimum. The company is exploring alternative supply sources by increasing the local and consignment portions of the inventory and seeking new vendors for imports.
Operational Risk	Risk of not being able to attract and retain skilled and experienced staff.	Medium	The Company has made substantial investments in enhancing human capital through ongoing staff training and development programs. To recognize and reward exceptional performance, various operational-level initiatives have been introduced, including awards such as "Employee of the Month" and "Sales Personality of the Month." Additionally, the HR department conducts exit interviews with departing employees to gain valuable insights and identify opportunities to improve human capital of the organization.
Operational Risk (Reputational Risks)	Risks to the Group's reputation and brand image; ensuring strict compliance with relevant laws and codes of best practices to avoid unethical business practices; maintaining positive stakeholder relationships and transparent communication, especially during challenging situations.	Low	The Board is committed to ensuring strict adherence to all relevant laws and ethical standards, maintaining a firm stance against any form of unethical business practices. Employees are thoroughly educated about the company's code of ethics both during recruitment and throughout their tenure. The Company prioritizes building strong, positive relationships with stakeholders, including customers, employees, investors, and communities, to foster trust and loyalty. The Board also upholds open and transparent communication with stakeholders, particularly during challenging times.
Operational Risk	Failure in management information systems can cause disruptions in business operations - the importance of having a dedicated IT team and contingency plans to mitigate short-term IT service losses.	Low	The Company is supported by a dedicated IT team, in collaboration with the parent company's IT team, to manage all IT-related needs. They ensure that contingency plans are established to address any potential short-term disruptions to IT services or ERP systems. The company benefits from the Group's extensive IT policy, which safeguards data security and integrity. Additionally, employees receive training on information security, best practices, and IT policies to enhance awareness and adherence to security protocols.

Risk Category	Risk	Risk Grade	Risk Management Strategies
Operational Risk (Regulatory and Compliance Risks)	Business may be affected by regulatory, administrative, and litigation developments. Need for a comprehensive internal control system supplemented by regular audits to ensure statutory and legal obligations are met.	Low	The internal control framework is in place and is supplemented by regular audits and process reviews conducted by the internal audit department in collaboration with the legal division. Non-Disclosure Agreements (NDAs) are implemented and signed by all staff levels at the company. Additionally, all staff members are required to sign and agree to the company's code of conduct. Employees receive training on regulatory requirements, compliance standards, and company policies with guidance from the HR department. The company also collaborates with legal and compliance experts to review and update policies, ensuring they address complex regulatory issues. Legal experts are engaged to draft clear contracts, terms of service, and agreements, and to provide advice to ensure compliance with laws and regulations. The company stays updated with regulatory changes and adapts its policies and practices accordingly.
Operational Risk	Inaccurate demand forecasting, overstocking, or understocking can result in financial losses and missed sales opportunities.	Low	The Business Controlling team analyzes historical sales data, seasonal trends, inventory levels, and customer behaviors to identify patterns and refine forecasts. To prevent stockouts, buffer stock is maintained for fast-moving items and during peak demand periods. Additionally, strategies such as promotions and clearance sales are employed to manage aging and non-moving inventory. The Buying team collaborates with cross-functional teams, including Marketing and Operations, to ensure that demand forecasting aligns with overall business goals.
Operational Risk	Inconsistent customer experiences, long checkout lines, and poor service can lead to customer dissatisfaction and impact sales.	Low	A dedicated customer service team is in place to deliver exceptional support to customers. The company has invested in comprehensive training programs to equip staff with the skills and knowledge needed for excellent customer service. Efficient point-of-sale systems and streamlined checkout processes have been implemented to minimize waiting times and enhance the purchasing experience. Staff scheduling is optimized during peak shopping hours & periods to ensure adequate coverage and reduce congestion at checkout lines. Additionally, transparent and customer-friendly return and exchange policies have been developed to facilitate a smooth process for customers and boost overall satisfaction.
Operational Risk	Ensuring that the sources of products are of high quality and align with company's vision and mission - collaboration between the buying department and the import department to maintain quality standards.	Low	Product quality is consistently monitored through close collaboration between the Warehouse, Buying, and Import departments. This ensures that products meet quality and regulatory standards while aligning with the company's vision and mission.

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 three Non-Executive Independent Directors, including the Chairman, and one Non-Executive Non-Independent Director.

- Dr. I.C.R. De Silva – Senior Independent Non-Executive Director – (Chairperson)
- Mr. R. P. Pathirana – Independent Non-Executive Director (Member)
- Mr. H K Kaimal – Non-Independent Non-Executive Director – (Member)
- Mr. J. M. J. Perera - Independent Non-Executive Director (Member)

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

ATTENDANCE AT MEETINGS

Name	Meetings Attended
Dr. I.C.R. De Silva	3/3
Mr. R. P. Pathirana	3/3
Mr. H K Kaimal	3/3
Mr. J. M. J. Perera	2/3

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 23 of the Annual Report.

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

29th November 2024

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. Ranil Pathirana - Non- Executive Independent Director (Chairman)
- Dr I.C.R De Silva – Senior Independent Non-Executive Director (Member)
- Mr. J M J Perera - Non-Executive Independent Director (Member)

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	4/4
Dr. I.C.R. De Silva	4/4
Mr. J. M. J. Perera	3/4

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 one year. 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 2025, subject to approval by the Shareholders at the forthcoming Annual General Meeting.

(Sgd.)
Ranil Pathirana
Chairman – Audit Committee

29th November 2024

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 3 Non-Executive Independent Directors. The members of the Remuneration Committee as at 31st March 2024 and the attendance at the meeting held is as below:

ATTENDANCE AT MEETINGS

Name	Meeting Attended
Mr. R. P. Pathirana - Chairman Non- Executive Independent Director	1/1
Mr. J. M. J. Perera – Member Non- Executive Independent Director	1/1

- Dr. I.C.R. De Silva – Member Non-Executive Independent Director (Appointed w.e.f. 4th July 2024)

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 67 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.)
Mr. R. Pathirana
Chairman
Remuneration Committee

29th November 2024

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 2024.

GENERAL

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

PRINCIPAL ACTIVITIES AND NATURE

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

FUTURE DEVELOPMENTS

An indication of likely future developments is set out in the Chairman's Review on pages 4 to 5.

PERFORMANCE REVIEW

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

FINANCIAL STATEMENTS

Section 168 (b) of the Companies Act 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 39 to 115 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 38.

AUDITOR'S REPORT

The Auditor's Report on the financial statements is given on pages 39 to 43 of the Annual Report.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are given on pages 55 to 64 of the Annual Report. There was no change in the accounting policies adopted from the previous year.

PROPERTY, PLANT & EQUIPMENT

The details and movement of property, plant and equipment during the year under review is set out in Note 10 to the Financial Statements on pages 72 to 78.

CAPITAL EXPENDITURE

The total capital expenditure incurred on the acquisition of property, plant and equipment for the Company and the Group amounted to Rs. 272 Mn (2023 – Rs. 384 Mn) and Rs. 1,686 Mn (2023 – Rs. 3,184 Mn) respectively. Details of capital expenditure and their movements are given in Notes 10 & 12 to the Financial Statements on pages 72 to 82 of the Annual Report.

RESERVES

The reserves for the Company and Group amounted to Rs. (1,956) Mn (2023 – Rs. 501 Mn) and Rs. (4,081) Mn (2023 – Rs. 114 Mn) respectively. The movement and composition of the Capital and Revenue reserves is disclosed in the Statement of Changes in Equity.

DONATIONS

During the year, no donations made by the Company and Group. (2023 – 0).

STATED CAPITAL

The stated capital of the Company as at 31st March 2024 was Rs. 2,795,513,620 represented by 272,129,431 shares. There was no change in the stated capital of the Company during the year under review.

EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL PERFORMANCE

No circumstances have arisen, and no material events have occurred after the date of the Statement of Financial Position, which would require adjustments to, or disclosure in the accounts other than those disclosed in Note 34 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 7.

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

Mr. H.K. Kaimal

Dr. I.C.R. De Silva

Mr. R. P. Pathirana

Mr. J. M. J. Perera

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 31/03/2024	No of Shares as at 31/03/2023
Mr. A.K. Pathirage	48,292	48,292
Mr. H.K. Kaimal	-	-
Mr. R. P. Pathirana	-	-
Dr. I.C.R. De Silva	-	-
Mr. J. M. J. Perera	-	-

DIRECTORS' REMUNERATION

Directors' remuneration in respect of the Company for the financial year ended 31 March 2024 was Rs. 27,600,000 (2023 – Rs. 28,275,000). 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 116 of the Annual Report. There were 4,990 registered shareholders as at 31 March 2024 (31 March 2023 – 4,957).

SHARE INFORMATION

Information on share trading is given on page 117 of the Annual Report.

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

INTERNAL CONTROL

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

RISK MANAGEMENT

The Group's risk management objectives and policies and the exposure to risks, are set out in pages 25 and 30 of the Annual Report.

CORPORATE GOVERNANCE

The report on Corporate Governance is given on pages 14 to 24 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 18 to 24 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. 2,190,000 as audit fees for the financial year ended 31 March 2024 (2023 – Rs. 1,955,000) 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 52 in the financial statements.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 20th December 2024 at 10:00 am. The Notice of the Annual General Meeting is on page 118 of the Annual Report.

A.K. Pathirage
Chairman/Managing Director

H.K. Kaimal
Director

Softlogic Corporate Services (Pvt) Ltd
Secretaries

29th November 2024
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 intermediator 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

29th November 2024

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 39.

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 39 to 115 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.

A.K. Pathirage
Chairman/Managing Director

H.K. Kaimal
Director

29th November 2024
Colombo

INDEPENDENT AUDITORS' REPORT

Ernst & Young
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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 2024, 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 2024, 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 incurred a loss after tax of Rs. 4,207.75 Mn (Company Rs. 2,435.35 Mn) and the accumulated loss of Rs. 8,237.61 Mn (Company Rs. 4,420.14 Mn) for the year ended 31 March 2024 and as of that date, current liabilities of the Group exceeded Its current assets by Rs. 14,164.76 Mn (Company Rs. 12,230.76 Mn). Further, as detailed in Note 12, capital work in progress of Rs.17,654.73 Mn relating to the ODEL mall requires additional funding of Rs 19.35 Bn to complete. These events and conditions indicate that a material uncertainty exists which 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. 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	How our audit addressed the key audit matter
Assessment of fair value of land and buildings Property, Plant and Equipment and Investment Properties include land and buildings carried at fair value. The fair value of land and buildings were determined by external valuers engaged by the Group. This was a key audit matter due to: • The materiality of the reported fair value of land and buildings which amounted to Rs.9.92 Bn representing 32% of the Group's total assets as of the reporting date; and • The degree of assumptions, judgements and estimation uncertainties associated with fair valuation of land and buildings using the market approach and income approach. Key areas of significant judgments, estimates and assumptions used in assessing the fair value of land and buildings, as disclosed in Notes 10 and 11 to the financial statements, included judgements involved in ascertaining the appropriate valuation techniques and estimates such as: • Estimate of per perch value of the land. • Estimate of the per square foot value of the buildings. • Market rent per square foot, occupancy rates and yield.	**Our audit procedures included the following key procedures:** • Assessed the competence, capability and objectivity of the external valuers engaged by the Group. • Read the external valuer's report and understood the key estimates made and the valuation approaches taken by the valuer in determining the valuation of each property. • Assessed the reasonableness of significant assumptions, judgements and estimates made by the valuer such as per perch value, per square foot value, market rent per square foot, occupancy rates, yield and valuation techniques as relevant in assessing the fair value of each property. We also assessed the adequacy of the disclosures made in Notes 2.6.7, 2.6.10, 10 and 11 to the financial statements.
Carrying value of ODEL mall project As at 31 March 2024, the Group's statement of financial position includes Other Non- Current Assets amounting to Rs. 15,502 Mn and Other Current Assets of Rs. 2,153 Mn relating to the ODEL mall project, as disclosed in Note 12 to the financial statements. This was a key audit matter due to: • The materiality of the reported balances which collectively amount to Rs. 17,655 Mn and represent 58% 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. — 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, 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.	**Our audit procedures included the following:** • Reviewed the project status reports and the certificates issued by the project manager to identify the status of the project and the estimated and actual costs incurred as of reporting date. • Performed testing to establish whether capitalized cost met the recognition criteria 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, discount rate, terminal growth rate, operating lease 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. • Tested NRV of the apartments - work in progress to the selling prices contracted in the project. We also assessed the adequacy of the Group's disclosures in Notes 2.6.17, and 12 to the financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Existence and carrying value of inventory As at 31 March 2024, the carrying value of inventory amounted to Rs. 1,714 Mn net of provision of Rs.151 Mn for slow moving and obsolete inventory as disclosed in Note 17 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 6% 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 17 to the financial statements. . Trading stock being held at multiple locations comprising warehouse and showrooms island wide.	**Our audit procedures included the following:** • 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 17 to the financial statement.
Interest Bearing Loans and Borrowings As of the reporting date, the Group reported total interest-bearing loans and borrowings of Rs. 22.6 Bn, of which Rs. 13.8 Bn is reported as current liabilities and the balance Rs. 8.9 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 71% 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:** • Evaluated the design of relevant key controls implemented for recording of loans and borrowings, monitoring, evaluating and timely reporting of covenant compliances in relation to interest bearing loans and borrowings. • Obtained an understanding of the terms and conditions attached to loans and borrowings, by perusing the agreements. • Reviewed 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 2024. We assessed the adequacy and appropriateness of the disclosures made in Note 22 relating to interest bearing loans and borrowings.

INDEPENDENT AUDITORS' REPORT

Other Information included in the 2024 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.

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.

Ernst & Young

29th November 2024

Colombo

INCOME STATEMENT

		Company		Group	
		For the year ended 31st March		For the year ended 31st March	
		2024	2023	2024	2023
	Note	LKR	LKR	LKR	LKR
Revenue	3	**4,710,341,422**	5,427,166,568	**7,302,893,017**	8,253,285,220
Cost of sales		**(1,989,413,978)**	(2,094,948,901)	**(3,466,645,048)**	(3,522,783,351)
Gross profit		**2,720,927,444**	3,332,217,667	**3,836,247,968**	4,730,501,869
Other operating income	4	**11,196,176**	25,689,246	**29,356,794**	85,698,852
Distribution expenses		**(206,041,989)**	(229,749,465)	**(323,073,602)**	(326,137,791)
Administrative expenses		**(2,961,002,647)**	(2,720,425,695)	**(5,017,461,165)**	(3,771,557,760)
Operating profit/(loss)		**(434,921,016)**	407,731,753	**(1,474,930,005)**	718,505,170
Finance costs	5	**(2,132,445,605)**	(2,671,450,015)	**(2,809,814,107)**	(3,396,319,455)
Finance income	6	**85,429,544**	83,517,871	**18,607,451**	12,154,271
Loss before tax	7	**(2,481,937,077)**	(2,180,200,391)	**(4,266,136,660)**	(2,665,660,013)
Income tax (expense)/reversal	8	**46,583,368**	223,411,987	**58,391,474**	453,912,305
Loss for the year		**(2,435,353,709)**	(1,956,788,404)	**(4,207,745,186)**	(2,211,747,708)
Attributable to:					
Owners of the parent				**(4,207,745,186)**	(2,211,747,708)
Non controlling interest				**-**	-
				(4,207,745,186)	(2,211,747,708)
Earning per share					
Basic	29	**(8.95)**	(7.19)	**(15.46)**	(8.13)

The accounting policies and notes on pages 51 through 115 form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

		Company		Group	
		For the year ended 31st March		For the year ended 31st March	
		2024	2023	2024	2023
	Note	LKR	LKR	LKR	LKR
Loss for the year		**(2,435,353,709)**	(1,956,788,404)	**(4,207,745,186)**	(2,211,747,708)
Other comprehensive income					
Other comprehensive income not to be reclassified to income statement in subsequent periods					
Actuarial gain/(loss) on defined benefit plans	23	**(7,478,857)**	(4,881,184)	**(14,589,904)**	1,663,117
Income tax effect		**2,243,657**	1,171,484	**4,303,935**	(600,531)
		(5,235,200)	(3,709,700)	**(10,285,968)**	1,062,586
Revaluation of land and buildings	10	**34,797,565**	138,773,208	**85,554,456**	294,467,608
Income tax effect		**(51,616,106)**	(212,113,540)	**(62,356,106)**	(571,229,065)
		(16,818,541)	(73,340,332)	**23,198,350**	(276,761,457)
Other comprehensive Profit/(loss) for the year, net of tax		**(22,053,742)**	(77,050,032)	**12,912,381**	(275,698,871)
Total comprehensive loss for the year, net of tax		**(2,457,407,450)**	(2,033,838,436)	**(4,194,832,805)**	(2,487,446,576)
Attributable to:					
Equity holders of the parent				**(4,194,832,805)**	(2,487,446,578)
Non-controlling interests				**-**	-
				(4,194,832,805)	(2,487,446,578)

The accounting policies and notes on pages 51 through 115 form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at	Note	Company 31-03-2024 LKR	Company 31-03-2023 LKR	Group 31-03-2024 LKR	Group 31-03-2023 LKR
ASSETS					
Non-Current Assets					
Property, plant & equipment	10	**4,206,821,641**	4,232,904,486	**4,025,403,093**	4,290,096,762
Investment property	11	**4,676,760,000**	4,676,760,000	**1,952,500,000**	1,929,000,000
Other non current assets	12	**-**	-	**15,501,899,404**	14,942,241,945
Intangible assets	13	**647,300**	969,499	**108,287,300**	162,392,563
Right of use assets	14	**1,038,591,595**	1,281,303,486	**2,248,368,473**	2,612,171,354
Investment in subsidiaries	16	**5,556,700,064**	5,556,700,064	**-**	-
Other financial assets	19	**163,076,169**	215,848,394	**388,007,060**	447,219,037
Goodwill	13	**-**	-	**445,565,053**	445,565,053
Deferred tax asset	9	**-**	-	**406,525,277**	383,042,379
		15,642,596,769	15,964,485,929	**25,076,555,661**	25,211,729,093
Current Assets					
Inventories	17	**920,948,667**	1,232,015,767	**1,713,829,183**	2,121,464,117
Trade and other receivables	18	**499,789,575**	453,397,045	**749,470,583**	876,144,062
Amounts due from related parties	21	**510,694,551**	317,399,544	**247,930,587**	218,418,084
Income Tax Refund Due		**93,472,649**	78,925,657	**114,877,517**	100,295,594
Other current assets	12	**-**	-	**2,588,705,503**	2,100,944,468
Other financial assets	19	**84,606,072**	30,601,678	**84,606,072**	30,601,678
Cash and bank balances	26	**31,111,476**	190,417,605	**95,057,546**	220,748,241
		2,140,622,990	2,302,757,296	**5,594,476,991**	5,668,616,243
Total Assets		**17,783,219,759**	18,267,243,225	**30,671,032,652**	30,880,345,336
EQUITY AND LIABILITIES					
Equity					
Stated capital	27	**2,795,513,620**	2,795,513,620	**2,795,513,620**	2,795,513,620
Revaluation surplus		**2,463,933,889**	2,480,752,430	**4,156,442,953**	4,133,244,604
Accumulated loss		**(4,420,140,716)**	(1,979,551,807)	**(8,237,606,358)**	(4,019,575,202)
Total Equity		**839,306,793**	3,296,714,243	**(1,285,649,785)**	2,909,183,022

As at	Note	Company 31-03-2024 LKR	Company 31-03-2023 LKR	Group 31-03-2024 LKR	Group 31-03-2023 LKR
Non-Current Liabilities					
Interest bearing borrowings	22	**1,419,623,299**	1,799,007,162	**8,867,165,768**	7,104,819,439
Deferred tax liabilities	9	**135,174,224**	132,385,143	**561,988,834**	552,287,392
Operating lease liability	15	**909,269,363**	1,104,385,412	**1,863,102,300**	1,915,275,217
Other non current liabilities	20	**-**	-	**752,885,610**	777,905,817
Retirement benefit liability	23	**108,467,951**	97,480,683	**152,302,882**	129,539,909
		2,572,534,837	3,133,258,401	**12,197,445,394**	10,479,827,774
Current Liabilities					
Trade and other payables	24	**2,273,610,371**	1,655,880,117	**4,165,674,390**	3,329,772,658
Amounts due to related parties	25	**2,146,920,826**	2,316,549,244	**1,300,601,874**	1,739,863,850
Income tax payable		**-**	-	**20,236,271**	10,043,123
Interest bearing borrowings	22	**9,586,403,614**	7,508,813,498	**13,778,666,685**	11,764,746,604
Operating lease liability	15	**364,443,318**	356,027,723	**494,057,822**	646,908,306
		14,371,378,129	11,837,270,582	**19,759,237,043**	17,491,334,539
Total Equity and Liabilities		**17,783,219,759**	18,267,243,225	**30,671,032,652**	30,880,345,336
Net asset/(liability) per share		**3.08**	12.11	**(4.72)**	10.69

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

S.L.R PIYAL
Chief Financial Officer

The Board of Directors is responsible for these financial statements.

Signed for and on behalf of the board by

A.K PATHIRAGE
Chairman/Managing Director

H.K KAIMAL
Director

The accounting policies and notes on pages 51 through 115 form an integral part of the financial statements.

29th November 2024
Colombo

STATEMENT OF CHANGES IN EQUITY

Company	Revaluation Reserve	Stated Capital	Retained Earnings/(Losses)	Total Equity
	LKR	LKR	LKR	LKR
As at 1st April 2022	**2,570,749,900**	**2,795,513,620**	**(19,053,703)**	**5,347,209,817**
Net loss for the year	-	-	(1,956,788,404)	(1,956,788,404)
Other comprehensive income/(loss)	(73,340,332)	-	(3,709,700)	(77,050,032)
Revaluation transfer on disposals	(16,657,138)	-	-	(16,657,138)
As at 31st March 2023	**2,480,752,430**	**2,795,513,620**	**(1,979,551,807)**	**3,296,714,243**
Net loss for the year	-	-	(2,435,353,709)	(2,435,353,709)
Other comprehensive income/(loss)	(16,818,541)	-	(5,235,200)	(22,053,742)
As at 31st March 2024	**2,463,933,889**	**2,795,513,620**	**(4,420,140,716)**	**839,306,793**

	Attributable to equity holders of the parent			
Group	Revaluation Reserve	Stated Capital	Retained Earnings/(Losses)	Total Equity
	LKR	LKR	LKR	LKR
As at 1st April 2022	**4,426,663,198**	**2,795,513,620**	**(1,808,890,080)**	**5,413,286,738**
Net loss for the year	-	-	(2,211,747,708)	(2,211,747,708)
Other comprehensive income/(loss)	(276,761,456)	-	1,062,586	(275,698,871)
Revaluation transfer on disposals	(16,657,138)	-	-	(16,657,138)
As at 31st March 2023	**4,133,244,604**	**2,795,513,620**	**(4,019,575,202)**	**2,909,183,022**
Net loss for the year	-	-	(4,207,745,186)	(4,207,745,186)
Other comprehensive income/(loss)	23,198,350	-	(10,285,968)	12,912,381
As at 31st March 2024	**4,156,442,953**	**2,795,513,620**	**(8,237,606,358)**	**(1,285,649,785)**

The accounting policies and notes on pages 51 through 115 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

	Note	Company		Group	
		2024	2023	2024	2023
		LKR	LKR	LKR	LKR
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES					
Net loss before Income tax expense		**(2,481,937,077)**	(2,180,200,391)	**(4,266,136,660)**	(2,665,660,013)
Adjustments for					
Depreciation	10	**329,640,371**	373,814,677	**671,251,856**	705,535,974
Intangible assets amortization	13	**322,199**	407,565	**54,105,264**	54,241,741
Amortization of right of use assets	14	**421,378,403**	242,069,751	**714,829,879**	731,199,494
Finance costs	5	**2,132,445,605**	2,671,450,015	**2,809,814,107**	3,396,319,455
Finance income	6	**(85,429,544)**	(83,517,871)	**(18,607,451)**	(12,154,271)
Fair value (gain)/loss on investment property	4	**-**	-	**(23,500,000)**	(58,900,000)
Derecognition of right of use assets	14/15	**-**	(5,984,478)	**15,717,322**	(246,750,611)
Provision for impairment	12	**-**	-	**767,433,462**	-
(Profit)/loss on disposal of property, plant & equipment	4	**(5,104,650)**	(19,557,866)	**1,976,706**	(19,557,866)
ESC write-offs and other		**-**	(27,053,764)	**-**	(27,053,764)
Provision for defined benefit plans	23.1	**31,922,924**	24,186,066	**44,516,223**	34,635,542
Operating profit before working capital changes		**343,238,231**	995,613,704	**771,400,708**	1,891,855,680
Decrease/(Increase) in inventories		**311,067,100**	18,353,302	**407,634,933**	412,710,050
Decrease/(Increase) in trade and other receivables		**(46,392,530)**	229,015,682	**126,673,478**	299,287,482
Decrease/(Increase) in dues from related parties		**(193,295,007)**	(6,846,394)	**(29,512,503)**	(67,886,548)
Decrease/(Increase) in other non current/ current assets		**-**	-	**(487,761,035)**	(320,897,920)
Decrease/(Increase) in other current financial assets		**(1,232,169)**	21,605,401	**5,207,582**	16,833,100
(Decrease)/Increase in dues to related parties		**(169,628,418)**	1,055,041,841	**(439,261,976)**	866,624,226
(Decrease)/Increase in trade and other payables		**889,279,553**	825,728,295	**833,163,097**	2,001,423,085
(Decrease)/Increase in other non current liabilities		**-**	-	**(25,020,206)**	39,076,721
Cash generated from operations		**1,133,036,760**	3,138,511,831	**1,162,524,079**	5,139,025,878
Finance costs paid	5	**(1,909,985,205)**	(2,550,011,092)	**(2,335,073,901)**	(3,165,814,032)
Defined benefit plan costs paid	23	**(28,414,513)**	(25,287,519)	**(36,343,155)**	(30,276,873)
Income tax paid/Dividend tax paid		**(14,546,992)**	(1,559,885)	**(17,830,931)**	(4,205,237)
Net cash from/(used in) operating activities		**(819,909,950)**	561,653,335	**(1,226,723,907)**	1,938,729,737

STATEMENT OF CASH FLOWS

		Company		Group	
	Note	2024	2023	2024	2023
		LKR	LKR	LKR	LKR
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES					
Acquisition of property, plant & equipment	10	**(271,927,631)**	(383,542,180)	**(358,935,942)**	(876,809,337)
Investment in equity shares of subsidiaries	16	**-**	(838,100,020)	**-**	-
Acquisition of intangible assets	13	**-**	(824,500)	**-**	(1,224,500)
Investment in capital projects	12.1	**-**	-	**(1,327,090,921)**	(2,307,200,555)
Finance income	6	**85,429,544**	83,517,871	**18,607,451**	12,154,271
Proceeds from disposal of fixed assets		**8,272,320**	18,498,225	**35,955,504**	18,498,225
Net cash flows from/(used in) investing activities		**(178,225,767)**	(1,120,450,604)	**(1,631,463,908)**	(3,154,581,896)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES					
Repayment of interest bearing borrowings	22	**(9,692,667,179)**	(12,443,266,771)	**(9,827,593,163)**	(12,529,694,818)
Proceeds from interest bearing borrowings	22	**10,947,855,979**	13,081,941,408	**13,276,314,759**	14,134,154,261
Operating lease rent paid		**(587,827,366)**	(342,572,703)	**(1,046,507,926)**	(838,654,598)
Net cash flows from/(used in) financing activities		**667,361,434**	296,101,934	**2,402,213,670**	765,804,845
Net increase/(decrease) in cash and cash equivalents		**(330,774,283)**	(262,695,335)	**(455,974,145)**	(450,047,314)
Cash and cash equivalents at the beginning of the year		**(708,077,951)**	(445,382,616)	**(1,177,627,260)**	(727,579,946)
Cash and cash equivalents at the end of the year	26	**(1,038,852,234)**	(708,077,951)	**(1,633,601,405)**	(1,177,627,260)

The accounting policies and notes on pages 51 through 115 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

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

Subsidiaries

Odel Apparels (Pvt) Ltd

Odel Apparels (Pvt) Ltd is a limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No.475/32, Kotte Road, Rajagiriya and the principal place of business is situated at No. 275/72, Govijanapada Road, Malapalla, Pannipitiya.

Odel Properties (Pvt) Ltd

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

Odel Lanka (Pvt) Ltd

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

Odel Information Technology Services (Pvt) Ltd

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

Softlogic Brands (Pvt) Ltd

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

Odel Properties One (Pvt) Ltd

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

Odel Restaurants (Pvt) Ltd

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

Cotton Collection (Pvt) Ltd

Cotton Collection (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 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 importing 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 Collection (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 2024 were authorized for issue in accordance with a resolution of the Directors on 29th November 2024.

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 2024 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. 4,207.75 Mn (Company - Rs. 2,435.35 Mn) during the year ended 31st March 2024 and recorded accumulated losses of Rs. 8,237.61 Mn (Company - Rs. 4,420.14 Mn) as at 31st March 2024. The Group's current liabilities exceeded its current assets by Rs. 14,164.76 Mn (Company - Rs 12,230.76 Mn) as at the reporting date. Further, as detailed in Note 12, capital work in progress of Rs.17,654.73 Mn relating to the ODEL mall requires additional funding of Rs 19.35 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**

  Management's 12 months cash flow forecast considers the key driver of sales in the next 12 months to be the introduction of an international brand and increased contribution from existing brands collectively amounting to over Rs. 4Bn.

- **Short term Financing**

  The Group has facilities amounting to Rs. 9.16 Bn from financial institutions as at the reporting date. Certain financial institutions have communicated to Softlogic Holdings PLC, that they intend on extending conditional support to the operations of the Softlogic Group that includes ODEL PLC and its subsidiaries. Subsequent to the balance sheet date the management has also been able to reschedule principal payment on debt amounting to Rs. 1Bn.

- **Long term financing for Odel Mall**

  As detailed in Note 12, Management intends to raise funding in the following manner to complete the construction of the ODEL mall;

Method	2024/25 Rs.000	2025/26 Rs.000	2026/27 Rs.000	Total Rs.000
Equity Infusion	500,000	8,000,000		8,500,000
Short term Loan			2,417,064	2,417,064
Syndicate Loan	300,000	304,814		704,814
Future Apartment Sales		1,300,205	6,428,494	7,728,698
Total	800,000	9,605,019	8,845,558	19,350,577

Following steps have been taken with regard to the above;

- Management has given a mandate to an external consultant to raise the planned equity infusion.
- Post capital infusion of Rs. 8.5 Bn, management intends raising the short term loan and recommence presales of apartments.
- Management has secured the syndicate loan facility of Rs. 704 Mn which will be utilized as planned up to 2025/26.

- **Other Operational Strategies**

The Group management is actively seeking to execute following measures;

- Rationalize and dispose underutilized assets.
- Review and rationalize the outlet network with the intention of exiting low profitable locations .

Accordingly, taking the above into consideration, the Board of Directors has concluded that the Group and Company have adequate resources to continue its operations in the foreseeable future. Therefore, the financial statements for the year ended 31 March 2024 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 on the previous year is 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 2024.

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 in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

2.5 Significant judgements, estimates and assumptions

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

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

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

Useful life of Property and finite Intangible Assets

Management assigns useful lives and residual values to the depreciable property based on the intended use of assets and the economic lives of these assets. Subsequent changes in circumstances such as improvements or utilization of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. Management reviews the residual values and useful lives of major items of depreciable property periodically. Refer Note 2.6.7 for useful lives used in depreciating Property. Useful life of finite intangible assets such as Brand Names have been estimated based on the average period of contractual right that the Company is entitled 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 2024 for investment properties and property, plant and equipment.

Comparison method and Open market value method were 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 a 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

The 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 is 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 16%. 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 it is probably that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with the future tax planning strategies.

Estimating stand-alone selling price – loyalty program

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

Segregation of Odel mall project work in progress

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

2.6 Summary of significant accounting policies

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

2.6.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date at 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 at fair value and any resulting gain or loss is recognised in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

Contingent consideration which is deemed to be an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value either in profit or loss or as a change to other comprehensive income (OCI).

If the contingent consideration is not within the scope of SLFRS 9; it is measured in accordance with the appropriate SLFRS.

Contingent consideration that is classified as equity is not remeasured and subsequent settlement is measured at fair value with changes in fair value either in a profit or loss or as a change to the other comprehensive income (OCI). If the contingent consideration is not within the scope of SLFRS 9, it is measured in accordance with the appropriate SLFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

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

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

2.6.2 Foreign currency translation

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

Transactions and balances

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

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the items (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 the relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer. When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

2.6.3.1 **Other Income**

Interest income

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

Dividends

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

2.6.4 **Expenditure recognition**

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

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

2.6.5 **Taxes**

Current income tax

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

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

Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

IFRIC 23 Uncertainty over income tax treatments

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

2.6.6 Sales tax

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

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

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
• Leasehold 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

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

Impairment of financial assets

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

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

(iii) Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

Derecognition

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

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable for the purpose of fair value disclosure: 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's (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 generally cover 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 receipts 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.

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

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

Inventory work-in-progress – At actual cost

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

Other inventories – At actual cost

2.6.15 Cash and short-term deposits

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

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

2.6.16 *P*rovisions

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.

NOTES TO THE FINANCIAL STATEMENTS

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

The Group has segregated the cost incurred for the Odel Mall mix development project under the Odel Mall portion and apartment portion separately in the financial statements. Odel Mall cost portion of the project will be categorized under Property, Plant and Equipment and currently it is under Other Non-current Assets as "Capital Work in Progress". Apartment cost portion of the project will be categorized under other current assets as "Apartments Work in Progress".

The cost segregation is based on the following guidelines:

1) Net floor area

2) Element of work

3) Functional allocation

2.6.18 *Post-emp*loyment 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, where the Company is liable to pay gratuity in terms of the 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 the 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.

The Group lease liabilities are included in Note 15.2 to the Financial Statements.

2.7 Standards Issued but not yet Effective

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

2.7.1. Classification of Liabilities as Current or Non-current - Amendment to LKAS 1

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024.

2.7.2. Disclosures: Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024.

2.7.3. Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2024.

2.7.4. SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

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

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

2.7.5. International Tax Reform—Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments are effective for annual periods beginning on or after 1 January 2024

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	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Type of goods or service				
Sales - Fashionable Retail	3,871,471,418	4,593,706,010	6,783,976,147	7,785,888,499
Net Income from Restaurant	-	-	591,740	5,500,809
Commission income	-	-	220,361,026	159,124,126
Service income	95,024,136	97,957,958	60,318,149	28,187,847
Total revenue from contracts with customers	3,966,495,554	4,691,663,968	7,065,247,062	7,978,701,281
Rental income	743,845,868	735,502,600	237,645,955	274,583,939
Total revenue	4,710,341,422	5,427,166,568	7,302,893,017	8,253,285,220
Timing of revenue recognition				
Revenue transferred at a point in time	3,871,471,418	4,593,706,010	6,784,567,887	7,791,389,308
Revenue transferred over time	838,870,004	833,460,558	518,325,130	461,895,912
Total revenue	4,710,341,422	5,427,166,568	7,302,893,017	8,253,285,220

4 **OTHER OPERATING INCOME**

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Fair value gain/(loss) on investment property	-	-	23,500,000	58,900,000
Profit/(loss) on disposal of PP&E	5,104,650	19,557,866	(1,976,706)	19,557,866
Sundry income	6,091,526	6,131,380	7,833,500	7,240,986
	11,196,176	25,689,246	29,356,794	85,698,852

5 FINANCE COSTS

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Interest on overdrafts	**108,372,481**	145,177,377	**136,786,636**	186,772,144
Interest on loans & borrowings	**1,090,471,722**	1,441,917,862	**1,495,980,441**	1,919,439,689
Interest on intercompany borrowings	**683,248,629**	930,097,192	**668,295,314**	914,132,523
Interest on operating lease	**222,460,400**	121,438,923	**474,740,206**	230,505,423
Guarantee fees	**19,910,214**	21,207,966	**19,910,214**	21,207,966
Exchange loss/(gain)	**7,982,159**	11,610,695	**14,101,296**	124,261,710
	2,132,445,605	2,671,450,015	**2,809,814,107**	3,396,319,455

6 FINANCE INCOME

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Interest income	**574,871**	1,750,887	**1,289,044**	2,126,534
Fair value adjustment	**15,798,304**	9,911,034	**17,318,406**	10,027,737
Intercompany interest	**69,056,369**	71,855,950	**-**	-
	85,429,544	83,517,871	**18,607,451**	12,154,271

7 PROFIT BEFORE TAX

		Company		Group	
		For the year ended 31st March		For the year ended 31st March	
	Note	2024	2023	2024	2023
		LKR	LKR	LKR	LKR
Administration Expenses					
Directors' emoluments		**27,600,000**	28,275,000	**27,600,000**	28,275,000
Depreciation	10	**329,640,371**	373,814,677	**671,251,856**	705,535,974
Provision for doubtful debt		**3,283,494**	24,479	**29,617,925**	-
Amortisation of intangible assets	13	**322,199**	407,565	**54,105,264**	54,241,741
Amortisation of ROU assets	14	**421,378,403**	242,069,751	**714,829,879**	731,199,494
Impairment Charge	12	**-**	-	**767,433,462**	-
Penalty & Surcharge		**51,222,302**		**62,051,591**	
Personnel costs includes					
- Gratuity	23	**31,922,924**	23,790,066	**44,516,223**	34,635,542
- EPF & ETF		**76,464,523**	79,822,759	**103,432,647**	108,108,468
- Other staff costs		**605,563,218**	646,867,561	**856,083,074**	881,729,395
Donations		**-**	-	**-**	-
Audit fees		**2,190,000**	1,955,000	**5,527,129**	4,697,250

NOTES TO THE FINANCIAL STATEMENTS

8 INCOME TAX EXPENSE

		Company		Group	
		For the year ended 31st March		For the year ended 31st March	
	Note	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Current income tax					
Current tax expense on ordinary activities for the year		-	17,566,919	14,999,144	28,416,112
Under/(over) provision of current taxes in respect of prior year		-	-	(1,556,988)	(700,525)
Dividend tax		-	-	-	-
Deferred income tax					
Deferred taxation charge /(reversal)	9.2	(46,583,368)	(240,978,906)	(71,833,630)	(481,627,892)
Income tax expense/(income) reported in the income statement		(46,583,368)	(223,411,987)	(58,391,474)	(453,912,305)
Statement of Other Comprehensive Income					
Deferred income tax related to items charged or credited directly to equity during the year					
Net gain on revaluation of building		51,616,106	212,113,540	62,356,106	571,229,065
Actuarial losses on defined benefit plans		(2,243,657)	(1,171,484)	(4,303,935)	600,531
Income tax charged/(reversed) directly to OCI	9.2	49,372,449	210,942,056	58,052,171	571,829,595

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	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Accounting profit before tax	(2,481,937,077)	(2,180,200,391)	(4,266,136,660)	(2,665,660,013)
	(2,481,937,077)	(2,180,200,391)	(4,266,136,660)	(2,665,660,013)
Income tax rate of 30%	(744,581,123)	(654,060,117)	(1,279,840,998)	(799,698,004)
Under/(over) provision for previous year	-	-	(1,556,988)	(700,525)
Allowable expenses	(255,148,426)	(201,799,593)	(460,436,744)	(456,449,073)
Non deductible expenses	330,387,804	235,096,802	901,333,103	597,845,632
Tax loss claimed	669,341,745	620,762,908	853,943,782	669,150,638
ESC Write-off	-	17,566,919	-	17,566,919
Effect on deferred tax	(46,583,368)	(240,978,906)	(71,833,630)	(481,627,892)
	(46,583,368)	(223,411,987)	(58,391,475)	(453,912,305)
The effective income tax rate	1.88%	10.25%	1.37%	17.03%
Income tax expense reported	(46,583,368)	(223,411,987)	(58,391,474)	(453,912,305)

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 offset with the taxable loss from trading.

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

9.1 Statement of Financial Position

	Company		Group	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
	LKR	LKR	LKR	LKR
Deferred Tax Liability				
Capital allowances for tax purposes	652,419	41,349,047	93,570,867	140,317,130
Revaluation of property, plant and equipment	1,049,994,134	998,378,028	1,049,994,134	998,378,028
Fair valuation on investment property	431,028,000	431,028,000	899,615,623	881,825,623
	1,481,674,553	1,470,755,075	2,043,180,623	2,020,520,780
Deferred Tax Assets				
Defined benefit plans	(32,540,385)	(29,244,205)	(45,690,864)	(38,833,288)
Provision for bad debts	-	-	(772,945)	(772,945)
Deferred revenue	(669,965)	(374,031)	(4,395,891)	(374,031)
Tax losses	(1,218,520,209)	(1,232,135,841)	(1,754,948,883)	(1,772,753,656)
Net impact on ROU asset / Operating lease liability	(70,536,326)	(53,732,895)	(36,748,326)	10,555,169
Provision for Inventory	(24,233,444)	(22,882,960)	(45,160,159)	(49,097,017)
	(1,346,500,329)	(1,338,369,932)	(1,887,717,067)	(1,851,275,768)
Net Deferred Tax Liability / (Assets)	135,174,224	132,385,143	155,463,557	169,245,014
9.1.1 Total net deferred tax liability by entities	135,174,224	132,385,143	561,988,834	552,287,392
9.1.2 Total net deferred tax asset by entities	-	-	(406,525,277)	(383,042,379)
	135,174,224	132,385,143	155,463,557	169,245,014

9.2 **Statement of Income /Comprehensive Income**

	Company		Group	
	31-03-2024 LKR	31-03-2023 LKR	31-03-2024 LKR	31-03-2023 LKR
Deferred Tax Liability				
Capital allowances for tax purposes	**(40,696,628)**	(7,224,430)	**(46,746,263)**	81,253,680
Revaluation of property, plant and equipment	**51,616,106**	212,113,536	**51,616,106**	212,113,536
Fair valuation on investment property	**-**	287,352,000	**17,790,000**	542,805,525
	10,919,478	492,241,106	**22,659,843**	836,172,740
Deferred tax assets				
Defined benefit plans	**(3,296,180)**	(6,755,977)	**(6,857,576)**	(8,668,978)
Provision for Bad Debts	**-**	-	**-**	(154,589)
Deferred revenue	**(295,934)**	1,386,006	**(4,021,860)**	1,386,006
Tax losses	**13,615,632**	(495,514,780)	**17,804,773**	(748,728,802)
Net impact on ROU asset / Operating lease liability	**(16,803,431)**	(14,334,938)	**(47,303,495)**	30,917,495
Provision for Inventory	**(1,350,484)**	(7,058,267)	**3,936,858**	(20,722,168)
	(8,130,397)	(522,277,956)	**(36,441,300)**	(745,971,037)
Deferred income tax charge / (reverse)	**2,789,081**	(30,036,850)	**(13,781,457)**	90,201,703
Reported in the Statement of Income	**(46,583,368)**	(240,978,906)	**(71,833,628)**	(481,627,892)
Reported in the Statement of Comprehensive Income	**49,372,449**	210,942,056	**58,052,171**	571,829,595

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

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

10 PROPERTY, PLANT & EQUIPMENT

10.1 Company

10.1.1 Gross carrying amounts

	Balance As at 1-Apr-23	Aquired during the year / Transfers In	Revaluation	Disposals/ Derecognition	Transfer Out	Balance As at 31-Mar-24
	LKR	LKR	LKR	LKR	LKR	LKR
At cost						
Landscaping	884,560	-	-	-	-	**884,560**
Building - leasehold	986,490,015	54,357,092	-	-	(5,040,505)	**1,035,806,602**
Fixtures - other	1,750,363,478	4,549,500	-	(22,791,262)	-	**1,732,121,716**
Fixtures - air conditions	92,027,036	1,100,000	-		-	**93,127,036**
Furniture	52,416,959	360,600	-	(411,195)	-	**52,366,364**
Computer equipments	50,552,647	9,853,621	-		-	**60,406,268**
Office equipment	381,157,159	1,177,374	-	(3,296,638)	-	**379,037,895**
Motor vehicles	44,308,928	-	-	(6,000,000)	-	**38,308,928**
	3,358,200,782	71,398,187	-	(32,499,095)	(5,040,505)	**3,392,059,369**

	Balance As at 1-Apr-23	Transfer from Accumulated Depreciation	Revaluation	Disposals/ Derecognition	Transfer Out	Balance As at 31-Mar-24
	LKR	LKR	LKR	LKR	LKR	LKR
At valuation						
Land	2,189,220,002	-	13,380,000	-	-	**2,202,600,002**
Building	261,500,000	(8,817,564)	21,417,564	-	-	**274,100,000**
	2,450,720,002	(8,817,564)	34,797,564	-	-	**2,476,700,002**

10.1.2 In the Course of Constructions

	Balance As at 1-Apr-23	Transfer In	Revaluation	Disposals/ Derecognition	Transfer Out	Balance As at 31-Mar-24
	LKR	LKR	LKR	LKR	LKR	LKR
Building work in progress	-					**-**
Capital work in progress	583,099,091	271,927,631	-	-	(71,398,187)	**783,628,535**
Total gross carrying amount	583,099,091	271,927,631	-	-	(71,398,187)	**783,628,535**
Total gross carrying value	6,392,019,875	334,508,254	34,797,564	(32,499,095)	(76,438,692)	**6,652,387,906**

10.1.3 Depreciation

	Balance As at 1-Apr-23	Acquisitions/ Transfers	Charge for the year	Disposals/ Derecognition	Revaluation / Transfer Out	Balance as at 31-Mar-24
	LKR	LKR	LKR	LKR	LKR	LKR
At Cost						
Landscaping	884,560	-	-	-	-	**884,560**
Building - leasehold	356,352,456	-	75,237,028	-	(5,040,506)	**426,548,978**
Fixtures - Other	1,333,685,576	-	194,516,115	(20,192,102)	-	**1,508,009,589**
Fixtures - air conditions	70,205,330	-	15,345,248		-	**85,550,578**
Furniture	40,553,999	-	1,997,574	(345,685)	-	**42,205,888**
Computer equipments	37,059,620	-	6,878,577	-	-	**43,938,197**
Office equipment	281,144,153	-	24,672,704	(3,092,817)	-	**302,724,040**
Motor vehicles	39,229,695	-	2,175,561	(5,700,821)	-	**35,704,435**
	2,159,115,389	-	320,822,807	(29,331,425)	(5,040,506)	**2,445,566,265**

	Balance as at 1-Apr-23	Acquisitions/ Transfers	Charge for the year	Disposals/ Derecognition	Revaluation / Transfer Out	Balance as at 31-Mar-24
	LKR	LKR	LKR	LKR	LKR	LKR
At valuation						
Building	-	-	8,817,564	-	(8,817,564)	-
	-	-	8,817,564	-	(8,817,564)	**-**
Total depreciation	2,159,115,389	-	329,640,371	(29,331,425)	(13,858,070)	**2,445,566,265**

NOTES TO THE FINANCIAL STATEMENTS

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

Company

10.1.4 Net Book Value

	2024 LKR	2023 LKR
At Cost		
Landscaping	-	-
Building - leasehold	609,257,624	630,137,559
Fixtures and fittings	224,112,127	416,677,902
Fixtures - air conditions	7,576,458	21,821,706
Furniture	10,160,476	11,862,960
Computer equipment	16,468,071	13,493,027
Office equipment	76,313,855	100,013,006
Motor vehicles	2,604,493	5,079,233
Motor vehicles -lease	-	-
	946,493,104	1,199,085,393
At valuation		
Land	2,202,600,002	2,189,220,002
Building	274,100,000	261,500,000
	2,476,700,002	2,450,720,002

10.1.5 In the course of constructions

	2024 LKR	2023 LKR
Building work in progress	-	-
Capital work in progress	783,628,535	583,099,091
Total gross carrying amount	783,628,535	583,099,091
Total	4,206,821,641	4,232,904,486

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/DRC method. The date of the most recent revaluation was on 31st March 2024. The previous revaluation was on 31st March 2023.

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 2024 LKR	Net carrying amount 2023 LKR
Building	312,463,128	221,571,900	90,891,228	94,758,660
Land	680,661,992	-	680,661,992	680,661,992

10.1.7 Land and buildings with a carrying value of LKR 2,385,500,000 (2023 - LKR 2,366,920,000) has been pledged as security for term loans obtained, 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 1,216,050,460 (2023 - LKR 701,003,384)

10.1.9 The amount of borrowing costs capitalised during the year was LKR 62,939,967 at 20% (2023 - LKR 75,226,595)

10.1.10 Cash payment of LKR 271,927,631 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-23	Aquired during the year / Transfers In	Revaluation	Disposals/ Derecognition	Transfer Out	Balance As at 31-Mar-24
	LKR	LKR	LKR	LKR	LKR	LKR
Landscaping	884,560	-	-	-	-	**884,560**
Building - leasehold	2,401,922,376	137,659,202	-	(170,096,050)	(5,040,505)	**2,364,445,023**
Fixtures and fittings	2,096,522,318	4,748,679	-	(39,911,585)	-	**2,061,359,413**
Fixtures - air conditions	104,098,508	1,100,000	-	-	-	**105,198,508**
Furniture	960,083,922	8,235,037	-	(47,442,053)	-	**920,876,906**
Computer equipment	207,309,200	50,480,050	-	(577,494)	-	**257,211,757**
Office equipment	535,523,198	1,200,255	-	(5,526,908)	-	**531,196,546**
Motor vehicles	56,238,978	-	-	(6,000,000)	-	**50,238,978**
Motor vehicles -lease	2,574,404	-	-	-	-	**2,574,404**
	6,365,157,465	203,423,224	-	(269,554,089)	(5,040,505)	**6,293,986,095**

At valuation	Balance As at 1-Apr-23	Transfer from Accumulated Depreciation	Revaluation	Disposals/ Derecognition	Transfer Out	Balance As at 31-Mar-24
	LKR	LKR	LKR	LKR	LKR	LKR
Land	727,775,002	-	37,025,000	-	-	**764,800,002**
Building	558,145,000	(23,774,455)	48,529,455	-	-	**582,900,000**
	1,285,920,002	(23,774,455)	85,554,455	-	-	**1,347,700,002**

10.2.2 In the course of constructions

	Balance As at 1-Apr-23	Transfer In	Revaluation	Disposals/ Derecognition	Transfer Out	Balance As at 31-Mar-24
	LKR	LKR	LKR	LKR	LKR	LKR
Building work in progress	-	-	-	-	-	-
Capital work in progress	657,111,782	272,796,242	-	-	(117,283,525)	**812,624,499**
Total gross carrying amount	657,111,782	272,796,242	-	-	(117,283,525)	**812,624,499**
Total gross carrying value	8,308,189,248	452,445,012	85,554,455	(269,554,089)	(122,324,030)	**8,454,310,596**

10.2.3 Depreciation

	Balance As at 1-Apr-23	Acquisitions/ Transfers	Charge for the year	Disposals/ Derecognition	Revaluation / Transfer Out	Balance As at 31-Mar-24
At Cost	LKR	LKR	LKR	LKR	LKR	LKR
Landscaping	884,560	-	-	-	-	**884,560**
Building - leasehold	1,219,906,637	-	252,291,623	(151,579,512)	(5,040,506)	**1,315,578,242**
Fixtures and fittings	1,494,182,640	-	226,700,578	(27,446,902)	-	**1,693,436,316**
Fixtures - air conditions	80,363,068	-	16,060,752	-	-	**96,423,820**
Furniture	597,351,919	-	100,584,714	(41,839,362)	-	**656,097,271**
Computer equipment	163,160,264	-	15,108,217	(368,830)	-	**177,899,652**
Office equipment	408,509,249	-	34,555,956	(4,686,452)	-	**438,378,753**
Motor vehicles	51,554,721	-	2,175,561	(5,700,821)	-	**48,029,461**
Motor vehicles -lease	2,179,428	-	-	-	-	**2,179,428**
	4,018,092,486	-	647,477,401	(231,621,879)	(5,040,506)	**4,428,907,503**

	Balance As at 1-Apr-23	Acquisitions/ Transfers	Charge for the year	Disposals/ Derecognition	Revaluation / Transfer Out	Balance As at 31-Mar-24
	LKR	LKR	LKR	LKR	LKR	LKR
At valuation						
Building	-	-	23,774,455	-	(23,774,455)	-
	-	-	23,774,455	-	(23,774,455)	-
Total depreciation	4,018,092,486	-	671,251,856	(231,621,879)	(28,814,961)	**4,428,907,503**

10.2.4 Net book value -Group

	2024 LKR	2023 LKR
At Cost		
Landscaping	**-**	-
Building - leasehold	**1,048,866,781**	1,182,015,739
Fixtures and fittings	**367,923,097**	602,339,678
Fixtures - air conditions	**8,774,689**	23,735,441
Furniture	**264,779,635**	362,732,003
Computer equipment	**79,312,105**	44,148,936
Office equipment	**92,817,793**	127,013,949
Motor vehicles	**2,209,517**	4,684,257
Motor vehicles -lease	**394,976**	394,976
	1,865,078,592	2,347,064,979
At valuation		
Land	**764,800,002**	727,775,002
Building	**582,900,000**	558,145,000
	1,347,700,002	1,285,920,002
10.2.5 In the course of constructions		
Building work in progress	**-**	-
Capital work in progress	**812,624,499**	657,111,782
Total gross carrying amount	**812,624,499**	657,111,782
Total	**4,025,403,093**	4,290,096,762

10.2.6 The company uses the revaluation model for measurement of land and buildings. The company engaged chartered valuer M/S G.W.G. Abeygunawardene an accredited independent valuer, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence. Valuations are based on comparison method/DRC method, adjusted for any difference in the nature, location or condition of the specific property. The date of the most recent revaluation was on 31st March 2024. The previous revaluation was on 31st March 2023.

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 2024 LKR	Net carrying amount 2023 LKR
Building	433,610,820	271,837,122	**161,773,698**	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 7,880,760,000 (2023 - LKR 7,826,380,000) have been pledged as security for term loans obtained, and details of which are disclosed in Note 30

10.2.8 Property pant and equipments included fully depreciated assets having a gross carrying amount of LKR 1,923,928,862 (2023 - LKR 1,252,032,700)

10.2.9 The amount of borrowing costs capitalised during the year was LKR 62,939,967 at 20% (2023 - LKR 1,412,417,090)

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 358,935,942 has been done for the acquisition of property, plant & equipment

10.3 Valuation information - land and building

10.3.1 Company

Property	Extent	No of buildings	Method of valuation	Effective date of valuation	Property valuer	Significant unobservable inputs		Sensitivity of fair value to unobservable inputs	Fair Value as at	
						2024	2023		31-Mar-2024	31-Mar-2023
No. 10, Ward Place, Colombo 07.	Land - R 2, P 15	0	Comparison Method/ DRC Method	31-Mar-24	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-24	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	**Estimated price per perch is LKR 4.7 Mn & estimated price per square foot is LKR 5,750 to LKR 7,750**	Estimated price per perch is LKR 4.5 Mn & estimated price per square foot is LKR 5,500 to LKR 7,650	Positively correlated	**Land - 198.1 Mn Building - 239.9 Mn**	Land - 189.7 Mn Building - 229.7 Mn
No 18 & 20, Sama Mawatha, Boralesgamuwa	Land -P 20 Building - Sqft 5,155	1	Comparison Method/ DRC Method	31-Mar-24	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	**Estimated price per perch is LKR 2.85 Mn & estimated price per square foot- LKR 6,500 to LKR 6,900**	Estimated price per perch is LKR 2.6 Mn & estimated price per square foot- LKR 6,000 to LKR 6,500	Positively correlated	**Land - 57 Mn Building -34.1 Mn**	Land - 52 Mn Building -31.8 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	
						2024	2023		31-Mar-2024	31-Mar-2023
No. 475/32, Kotte Road, Rajagiriya	Land - R 1, P 7.42 Building Sqft- 31,760	1	Income Approach	31-Mar-24	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	**Estimated price per perch LKR 10.75 Mn & estimated price per square foot- LKR 6,750 to LKR 9,750**	Estimated price per perch LKR 10.2 Mn & estimated price per square foot- LKR 6,500 to LKR 9,500	Positively correlated	**Land - 509.7 Mn Building - 308.8 Mn**	Land - 486 Mn Building - 296.6 Mn
No 29A, Jayathilaka Mawatha, Panadura	Land- R 1, P 2.16 Building - Sqft 33,272	1	Comparison Method/ DRC Method	31-Mar-24	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	**Estimated price per perch is LKR 4.7 Mn & estimated price per square foot is LKR 5,750 to LKR 7,750**	Estimated price per perch is LKR 4.5 Mn & estimated price per square foot is LKR 5,500 to LKR 7,650	Positively correlated	**Land - 198.1 Mn Building - 239.9 Mn**	Land - 189.7 Mn Building - 229.7 Mn
No 18 & 20, Sama Mawatha, Boralesgamuwa	Land -P 20 Building - Sqft 5,155	1	Comparison Method/ DRC Method	31-Mar-24	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	**Estimated price per perch is LKR 2.85 Mn & estimated price per square foot- LKR 6,500 to LKR 6,900**	Estimated price per perch is LKR 2.6 Mn & estimated price per square foot- LKR 6,000 to LKR 6,500	Positively correlated	**Land - 57 Mn Building -34.1 Mn**	Land - 52 Mn Building -31.8 Mn

11 INVESTMENT PROPERTY

11.1 Company

Gross carrying amount	Balance As at 1-Apr-23	Transfer In	Changes in fair value	Transfers Out	Impairment	Balance As at 31-Mar-24
	LKR	LKR	LKR	LKR	LKR	LKR
Land	4,676,760,000		-	-	-	**4,676,760,000**
Total	4,676,760,000	-	-	-	-	**4,676,760,000**

11.1.1 Net book value

	2024	2023
	LKR	LKR
At fair value		
Land	**4,676,760,000**	4,676,760,000
Total at fair value	**4,676,760,000**	4,676,760,000

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

11.2 Group

Gross carrying amount	Balance As at 1-Apr-23	Acquisitions/ Transfers	Changes in fair value	Disposals / Transfers	Write-offs / Impairment	Balance As at 31-Mar-24
	LKR	LKR	LKR	LKR	LKR	LKR
Land	1,929,000,000	-	23,500,000	-	-	**1,952,500,000**
Total	1,929,000,000	-	23,500,000	-	-	**1,952,500,000**

11.2.1 Net book value

	2024	2023
	LKR	LKR
At fair value		
Land	**1,952,500,000**	**1,929,000,000**
Total at fair value	**1,952,500,000**	**1,929,000,000**

11.2.2 Land with a carrying value of LKR 1,952,500,000 (2023 - LKR 1,929,000,000) has been pledged as security for term loans obtained, details of which are disclosed in Note 30.

11.3 Valuation information - land and building

11.3.1 Company

Property	Extent	No of buildings	Method of valuation	Effective date of valuation	Property valuer	Significant unobservable inputs		Sensitivity of fair value to unobservable inputs	Fair Value as at	
						2024	2023		**31-Mar-2024**	31-Mar-2023
No. 15, C.W.W. Kannangara Mawatha, Colombo 07. No. 21/5, C.W.W.Kannangara Mawatha, Colombo 07. No.25/2 ,3,5,6 & 6B,C.W.W. Kannangara Mawatha,Colombo 7. No.17,17/1,17/1A,19 & 19A, C.W.W. Kannangara Mawatha,Colombo7. No. 25, C.W.W. Kannangara Mawatha, Colombo 07.	Land - A 1, R 1, P 12.58	0	Comparison Method	31-Mar-24	G W G Abeygunawardene, Chartered Valuation Surveyor	**Estimated price per perch is LKR 22 Mn**	Estimated price per perch is LKR 22 Mn	Positively correlated	**Land 4,677 Mn**	Land 4,677 Mn

11.3.2 Group

Property	Extent	No of buildings	Method of valuation	Effective date of valuation	Property valuer	Significant unobservable inputs		Sensitivity of fair value to unobservable inputs	Fair Value as at	
						2024	2023		**31-Mar-2024**	31-Mar-2023
No 197/C, Kalapaluwawa Road & No 271, Kaduwela Road, Thalangama	A 1-R 1-P 35.24	0	Comparison Method	31-Mar-24	G W G Abeygunawardene, Chartered Valuation Surveyor	**Estimated price per perch LKR 8.3 Mn**	Estimated price per perch LKR 8.2 Mn	Positively correlated	**Land 1,952.5 Mn**	Land 1,929 Mn

12 OTHER NON CURRENT ASSETS

12.1 Other Non Current Assets

	Company		Group	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Work in progress				
Balance as at 01 st April	-	-	**14,942,241,945**	6,825,995,997
Addition during the period	-	-	**1,327,090,921**	2,307,200,555
Impairment during the period (12.3.1)	-	-	**(767,433,462)**	-
Land reclassification/reclassified from property plant & equipment/equipments	-	-	-	5,809,045,393
Balance as at 31 st March	-	-	**15,501,899,404**	14,942,241,945

Odel Properties One (Pvt) Ltd, fully owned subsidiary of Odel PLC commenced the construction of a shopping mall with apartments as a BOI project. Other Non-Current Assets represents the construction work in progress, which mainly consists of advances paid to contractors, directly attributable costs incurred on the project and borrowing cost capitalized. The amount of borrowing costs capitalized during the year ended 31 March 2024 was LKR 1,039,760,742 (2023– LKR 1,317,343,313)

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 641,100 square feet, comprising offices, residential units, retail and associate facilities and a car park.

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

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

Total Odel Mall project cost

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

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

12.1.2 Current Status

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

Commenced the construction work of the 6th Floor - Zone A during the latter part of the year

12.2 Other Current Assets

	Company		Group	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Advance paid on constructions 12.2.1	-	-	**457,555,229**	143,909,053
Less - Work recovered from Advance	-	-	**(21,751,533)**	(21,751,533)
	-	-	**435,803,696**	122,157,520
Apartments - Work in progress 12.2.2	-	-	**2,152,830,964**	1,978,716,105
Withholding Tax refund due	-	-	**70,842**	70,842
Current portion of the ground rent paid in advance	-	-	-	-
	-	-	**2,588,705,503**	2,100,944,468

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

12.2.2 Inventory work in progress includes transfer of the Odel Mall project's project's construction cost and the deemed cost of the land on proportionate basis applicable to apartments

12.3 Impairment of Work in Progress

The construction of the Odel Mall has been significantly impacted by changes in the economic and political environment in Sri Lanka over recent years. These challenges led to the temporary suspension of construction work occasionally from late 2022 and during 2023.

As a result of these events, the Company identified an indication of impairment for the work in progress on the Odel Mall project. In compliance with LKAS 36 – Impairment of Assets, an impairment assessment was conducted, and the Company recognized an impairment loss in the financial year ended 31 March 2024.

12.3.1 Impairment Losses Recognized in Profit or Loss

The impairment loss recognized in relation to the work in progress for the Odel Mall amounted to LKR 767,433,462. This impairment loss has been recorded under 'Administration Expenses' in the statement of profit or loss for the year ended 31 March 2024.

12.3.2 Basis for Determining Recoverable Amount

The recoverable amount of the building work in progress was determined using the value in use (VIU). The value in use was calculated by estimating the future cash flows expected to arise from the continuation of the project, discounted to present value using an appropriate discount rate.

12.3.3 The key assumptions used to determine the recoverable amount for the different cash generating units, are as follows:

12.3.3.1 Future Funding

The value in use computation model has taken into consideration the following funding milestones to complete the project.

Method	2024/25 LKR 000	2025/26 LKR 000	2026/27 LKR 000	Total LKR 000
Equity Infusion	500,000	8,000,000		
Short term Loan			2,417,064	2,417,064
Syndicate Loan	300,000	304,814		704,814
Future Apartment Sales		1,300,205	6,428,494	7,728,698
Total	800,000	9,605,019	8,845,558	19,350,577

12.3.3.2 Discount rates

The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium. The pre-tax discount rate applied to cash flow projections is 14.49%. (2023 - 21.45% - 12.65%)

12.3.3.3 Growth Rate

The Management has estimated 5% (2023 - 5.5%) terminal growth rate in the cash flow beyond the eight-year period is estimated.

12.3.3.4 Terminal Growth

The Management has estimated 5% annual revenue growth rate to extrapolate cash flows beyond the budget period.

12.3.3.5 Occupancy

Occupancy has been forecasted 60% - 90% (2023 – 60% - 90%) on a reasonable basis by taking into account based on the past experience adjusted to future industry growth

12.3.3.6 Operating Lease

Operating lease expenses forecasted 3% of the fair value of the land.

13 INTANGIBLE ASSETS

13.1 Company

13.1.1 Gross carrying amounts

	Balance As at 1-Apr-23	Incurred during the year / Transfers In	Revaluation	Disposals	Transfer Out	Balance As at 31-Mar-24
	LKR	LKR	LKR	LKR	LKR	LKR
At cost						
Computer software	2,826,115		-	-	-	**2,826,115**
Total	2,826,115	-	-	-	-	**2,826,115**

13.1.2 Amortization

	Balance As at 1-Apr-23	Acquisitions/ Transfers	Charge for the year	Disposals	Revaluation / Transfer Out	Balance As at 31-Mar-24
	LKR	LKR	LKR	LKR	LKR	LKR
At cost						
Computer software	1,856,616	-	322,199	-	-	**2,178,815**
	1,856,616	-	322,199	-	-	**2,178,815**

13.1.3 Net book value

	2024	2023
	LKR	LKR
At cost		
Computer software	**647,300**	969,499
Total	**647,300**	969,499
Total	**647,300**	969,499

13.1.4 Intangible Assets include fully amortised assets having a gross carrying amount of LKR - 1,601,615/= (2023 - 137,221)

13.2 **Group**

13.2.1 **Gross carrying amounts**

	As at 1-Apr-23 LKR	Incurred Transfers In LKR	Revaluation LKR	Disposals LKR	Transfer Out LKR	As at 31-Mar-24 LKR
At cost						
Computer software	145,462,475	-	-	-	-	**145,462,475**
Brand names	672,974,584	-	-	-	-	**672,974,584**
Total	818,437,059	-	-	-	-	**818,437,059**

13.2.2 **Amortization**

	As at 1-Apr-23 LKR	Acquisitions/ Transfers LKR	Charge for the year LKR	Disposals LKR	Revaluation / Transfer Out LKR	As at 31-Mar-24 LKR
At cost						
Computer software	144,169,912	-	405,264	-	-	**144,575,175**
Brand names	511,874,584	-	53,700,000	-	-	**565,574,584**
	656,044,496	-	54,105,264	-	-	**710,149,759**

13.2.3 **Net book value**

	2024 LKR	2023 LKR
At cost		
Computer software	**887,300**	1,292,563
Brand names	**107,400,000**	161,100,000
Total	**108,287,300**	162,392,563

13.2.4 Intangible Assets include fully amortised assets having a gross carrying amount of LKR 308,571,041 (2023 - LKR 307,106,647)

13.3 Goodwill

The balance represents the Goodwill computed on the acquisition of,

	2024	2023
	LKR	LKR
Softlogic Brands (Pvt) Ltd on 21st March 2015	**104,680,409**	104,680,409
Cotton Collection (Pvt) Ltd on 28th August 2018	**340,884,644**	340,884,644
	445,565,053	445,565,053

Impairment of goodwill

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

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

Discount Rate - Current weighted average cost of funds - Cotton Collection (pvt) Ltd 16.12%, Softlogic Brands (Pvt) Ltd 16.39%.

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

14 RIGHT OF USE ASSETS

14.1 Company

	1-Apr-23	SLFRS 16 Initial Recognition	Additions / Charge	Transfers In	Transfers Out	31-Mar-24
	LKR	LKR	LKR	LKR	LKR	LKR
Gross carrying amounts	2,261,966,358	-	178,666,512	-		**2,440,632,870**
Amortisation	(980,662,872)	-	(421,378,403)	-		**(1,402,041,275)**
Net carrying amount	1,281,303,486				-	**1,038,591,595**

14.2 Group

	1-Apr-23	SLFRS 16 Initial Recognition	Additions / Charge	Transfers In	Transfers Out	31-Mar-24
	LKR	LKR	LKR	LKR	LKR	LKR
Gross carrying amounts	4,889,367,694	-	402,367,236	-	(453,213,683)	**4,838,521,247**
Amortisation	(2,277,196,340)	-	(714,829,879)	-	401,873,445	**(2,590,152,774)**
Net carrying amount	2,612,171,354				(51,340,238)	**2,248,368,473**

NOTES TO THE FINANCIAL STATEMENTS

15 LEASE LIABILITY

15.1 Company

	1-Apr-23	Transfers Out	Additions	Interest	Payments	31-Mar-24
	LKR	LKR	LKR	LKR	LKR	LKR
Leasehold properties	1,460,413,135		178,666,512	222,460,400	(587,827,366)	**1,273,712,681**
	1,460,413,135	-	178,666,512	222,460,400	(587,827,366)	**1,273,712,681**

15.1.1 Following is the maturity lease liability for future periods:

	31-Mar-23			31-Mar-24		
	Gross Liability	Interest	Net Liability	Gross Liability	Interest	Net Liability
	LKR	LKR	LKR	LKR	LKR	LKR
0-3 Months	144,904,507	60,517,299	84,387,207	**151,102,482**	**50,990,801**	**100,111,681**
3-12 Months	431,796,950	160,156,435	271,640,515	**396,685,127**	**132,353,490**	**264,331,637**
Current balance	576,701,457	220,673,734	356,027,723	**547,787,609**	**183,344,291**	**364,443,318**
1 to 5 Years	1,195,294,665	507,697,415	687,597,249	**1,009,566,049**	**429,402,094**	**580,163,955**
5 Years and above	623,001,947	206,213,784	416,788,163	**457,589,370**	**128,483,962**	**329,105,408**
Non Current balance	1,818,296,612	713,911,199	1,104,385,412	**1,467,155,419**	**557,886,056**	**909,269,363**
Total	2,394,998,069	934,584,933	1,460,413,135	**2,014,943,028**	**741,230,347**	**1,273,712,681**

15.2 Group

	1-Apr-23	Transfer out	Additions	Interest	Payments	31-Mar-24
	LKR	LKR	LKR	LKR	LKR	LKR
Leasehold properties	2,562,183,523	(35,622,916)	402,367,236	474,740,206	(1,046,507,926)	**2,357,160,123**
	2,562,183,523	(35,622,916)	402,367,236	474,740,206	(1,046,507,926)	**2,357,160,123**

15.2.2 Following is the maturity lease liability for future periods:

	31-Mar-23			31-Mar-24		
	Gross Liability	Interest	Net Liability	Gross Liability	Interest	Net Liability
	LKR	LKR	LKR	LKR	LKR	LKR
0-3 Months	261,087,749	120,171,250	140,916,499	**248,211,037**	**109,569,555**	**138,641,482**
3-12 Months	834,178,693	328,186,886	505,991,807	**687,372,080**	**331,955,739**	**355,416,341**
Current balance	1,095,266,442	448,358,136	646,908,306	**935,583,117**	**441,525,294**	**494,057,822**
1 to 5 Years	2,256,351,758	1,342,902,192	913,449,567	**2,162,786,167**	**1,080,029,579**	**1,082,756,588**
5 Years and above	2,044,799,291	1,042,973,640	1,001,825,651	**1,738,657,192**	**958,311,478**	**780,345,714**
Non Current balance	4,301,151,050	2,385,875,832	1,915,275,217	**3,901,443,359**	**2,038,341,057**	**1,863,102,300**
Total	5,396,417,491	2,834,233,968	2,562,183,523	**4,837,026,476**	**2,479,866,351**	**2,357,160,123**

16 INVESTMENT IN SUBSIDIARIES

		Company		Group	
		2024	2023	2024	2023
	% Holding	LKR	LKR	LKR	LKR
Odel Properties (Pvt) Ltd.	100%	**108,100,000**	108,100,000	**-**	-
Odel Information Technology Services (Pvt) Ltd	100%	**10**	10	**-**	-
Odel Lanka (Pvt) Ltd	100%	**270,000,020**	270,000,020	**-**	-
Odel Apparels (Pvt) Ltd	100%	**1,000**	1,000	**-**	-
Softlogic Brands (Pvt) Ltd	100%	**1,719,288,000**	1,719,288,000	**-**	-
Odel Properties One (Pvt) Ltd	100%	**3,113,311,014**	3,113,311,014	**-**	-
Odel Restaurant (Pvt) Ltd	100%	**1,000,000**	1,000,000	**-**	-
Cotton Collection (Pvt) Ltd	100%	**345,000,000**	345,000,000	**-**	-
Odel Apparel Holding Pvt Ltd	100%	**10**	10	**-**	-
Odel Apparel Lanka Pvt Ltd	100%	**10**	10	**-**	-
		5,556,700,064	5,556,700,064	**-**	-

17 INVENTORIES

	Company		Group	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Finished Goods	**877,096,747**	1,178,814,958	**1,634,314,036**	2,073,187,910
Raw Materials	**124,630,067**	129,477,342	**230,049,010**	211,932,930
Provision for obsolete and slow moving items	**(80,778,147)**	(76,276,533)	**(150,533,862)**	(163,656,723)
Total inventories at the lower of cost and NRV	**920,948,667**	1,232,015,767	**1,713,829,183**	2,121,464,117

18 TRADE AND OTHER RECEIVABLES

		Company		Group	
		2024	2023	2024	2023
	Note	LKR	LKR	LKR	LKR
Financial Assets - At Amortized Cost					
Trade Debtors	18.1	**102,899,380**	52,073,335	**111,937,731**	65,520,452
Other Debtors		**37,061,887**	51,941,809	**115,675,524**	120,246,997
Provision for impairment on trade receivables		**(3,126,185)**	(3,126,185)	**(5,769,344)**	(5,702,668)
		136,835,082	100,888,959	**221,843,911**	180,064,781
Non Financial Assets					
Deposits & Prepayments		**362,954,493**	352,508,086	**527,626,673**	696,079,281
		499,789,575	453,397,045	**749,470,583**	876,144,062

18.1 Trade debtors aging analysis

	Company		Group	
	2024	2023	**2024**	2023
	LKR	LKR	**LKR**	LKR
Age Category (Days)				
0-30	**43,282,070**	20,000,903	**52,320,421**	30,180,317
31-60	**20,468,322**	13,769,932	**20,468,322**	16,035,045
61-90	**2,976,949**	4,644,897	**2,976,949**	5,647,487
91-120	**4,287,060**	-	**4,287,060**	-
120 <	**31,884,979**	13,657,602	**31,884,979**	13,657,602
Total	**102,899,380**	52,073,335	**111,937,731**	65,520,452

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

19 OTHER FINANCIAL ASSETS

		Company		Group	
		2024	2023	**2024**	2023
		LKR	LKR	**LKR**	LKR
	Financial assets at fair value through profit and loss				
	Investment in unit trust	**248,959**	248,959	**248,959**	248,959
	Other Receivables				
	Staff loan	**1,133,333**	1,083,333	**1,133,333**	1,083,333
	Refundable deposit	**246,299,949**	245,117,780	**471,230,840**	476,488,423
		247,682,241	246,450,072	**472,613,132**	477,820,715
19.1	**Total current**	**84,606,072**	30,601,678	**84,606,072**	30,601,678
19.2	**Total Non current**	**163,076,169**	215,848,394	**388,007,060**	447,219,037
		247,682,241	246,450,072	**472,613,132**	477,820,715

20 OTHER NON CURRENT LIABILITIES

	Company		Group	
	2024	2023	**2024**	2023
	LKR	LKR	**LKR**	LKR
Retained from payments on constructions (20.1)	**-**	-	**344,282,113**	341,488,103
Advances received on apartment sales (20.2)	**-**	-	**403,480,391**	431,294,608
Refundable deposit (20.3)	**-**	-	**5,123,106**	5,123,106
	-	-	**752,885,610**	777,905,817

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

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

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

21 AMOUNTS DUE FROM RELATED PARTIES

		Company		Group	
		2024	2023	2024	2023
	Relationship	LKR	LKR	LKR	LKR
Amount due from subsidiary companies					
Odel Properties One (Pvt) Ltd	Subsidiary	**139,215,023**	4,261,361	**-**	-
Odel Apparels (Pvt) Ltd	Subsidiary	**31,101,567**	37,894,095	**-**	-
Odel Lanka (Pvt) Ltd	Subsidiary	**333,527,991**	282,655,179	**-**	-
Cotton Collection (Pvt) Ltd	Subsidiary	**-**	2,194,427	**-**	-
Odel Apparel Holding (Pvt) Ltd	Subsidiary	**8,433,591**	6,260,216	**-**	-
Odel Apparel Lanka (Pvt) Ltd	Subsidiary	**319,120**	232,967	**-**	-
		512,597,292	333,498,245	**-**	-
Less: Provision for doubtful debt - Odel Lanka	Subsidiary	**(65,532,013)**	(65,532,013)	**-**	-
		447,065,279	267,966,232	**-**	-
Amount due from o ther companies					
Softlogic Retail (Pvt) Ltd	Other Related	**-**	-	**65,091,296**	94,924,834
Softlogic Mobile Distribution (Pvt) Ltd	Other Related	**-**	-	**2,000,000**	-
Softlogic BPO Services (Pvt) Ltd	Other Related	**-**	-	**4,445,133**	3,969,413
Softlogic Holdings PLC	Ultimate Parent	**-**	-	**578,103**	392,863
Softlogic Restaurants (Pvt) Ltd	Other Related	**49,722,017**	39,648,850	**85,232,938**	56,452,249
Ceysand Resorts (Pvt) Ltd	Other Related	**-**	246,000	**100,000**	246,000
Softlogic Retail Holdings (Pvt) Ltd	Immediate Parent	**-**	-	**209,220**	103,980
Softlogic Supermarkets (Pvt) Ltd	Other Related	**7,856,855**	-	**100,754,022**	51,479,283
Softlogic Properties (Pvt) Ltd	Other Related	**-**	-	**1,063,736**	1,063,736
Central Hospital (Pvt) Ltd	Other Related	**-**	-	**247,264**	247,264
Asiri Surgical Hospital PLC	Other Related	**-**	3,538,462	**-**	3,538,462
Asiri Hospital Holdings Plc	Other Related	**6,050,400**	6,000,000	**6,050,400**	6,000,000
Softlogic Pharmaceutical (Pvt) Ltd	Other Related	**-**	-	**2,644,629**	-
Bata Shoe Company of Ceylon Ltd	Other Related	**-**	-	**9,065,095**	-
		63,629,272	49,433,312	**277,481,836**	218,418,084
Less: Provision for doubtful debt			-	**(29,551,249)**	-
		63,629,272	49,433,312	**247,930,587**	218,418,084
		510,694,551	317,399,544	**247,930,587**	218,418,084

22 INTEREST BEARING LOANS AND BORROWINGS

22.1 Company

	2024 Repayable within 1 year LKR	2024 Repayable after 1 year LKR	2024 Total LKR	2023 Repayable within 1 year LKR	2023 Repayable after 1 year LKR	2023 Total LKR
Bank loan 22.1.1	**4,739,639,936**	**1,419,623,299**	**6,159,263,235**	4,063,964,668	1,799,007,162	5,862,971,830
Interest payable	**521,861,422**	**-**	**521,861,422**	250,312,123	-	250,312,123
Bank overdraft 26.2	**1,069,963,710**	**-**	**1,069,963,710**	898,495,556	-	898,495,556
Related Party Loans 22.1.2	**3,254,938,546**	**-**	**3,254,938,546**	2,296,041,151	-	2,296,041,151
	9,586,403,614	**1,419,623,299**	**11,006,026,913**	7,508,813,498	1,799,007,162	9,307,820,660

22.1.1 Bank Loans

	2023 LKR	Obtained LKR	Repayment LKR	2024 LKR
Short term working capital loans	3,321,224,677	6,715,049,600	(6,403,623,973)	**3,632,650,304**
Medium term project loans	2,541,747,153	165,000,000	(180,134,222)	**2,526,612,931**
	5,862,971,830	6,880,049,600	(6,583,758,195)	**6,159,263,235**

22.1.2 Related Party Loans

	2023 LKR	Obtained LKR	Repayment LKR	2024 LKR
Short term working capital loans				
Softlogic Retail Holdings (Pvt) Ltd	-	3,179,339,393	51,599,153	**3,230,938,546**
Softlogic Holdings PLC	2,296,041,151	888,466,986	(3,160,508,137)	**24,000,000**
	2,296,041,151	4,067,806,379	(3,108,908,984)	**3,254,938,546**

22.2 **Group**

		2024 Repayable within 1 year LKR	2024 Repayable after 1 year LKR	2024 Total LKR	2023 Repayable within 1 year LKR	2023 Repayable after 1 year LKR	2023 Total LKR
Bank loan	22.2.1	**6,439,764,468**	**8,867,165,768**	**15,306,930,235**	5,874,242,702	7,104,819,439	12,979,062,141
Interest payable		**992,042,934**	**-**	**992,042,934**	994,781,569	-	994,781,569
Bank overdraft	26.2	**1,728,658,951**	**-**	**1,728,658,951**	1,398,375,500	-	1,398,375,500
Related Party Loans	22.2.2	**4,618,200,332**	**-**	**4,618,200,332**	3,497,346,832	-	3,497,346,832
		13,778,666,685	**8,867,165,768**	**22,645,832,452**	11,764,746,604	7,104,819,439	18,869,566,042

22.2.1 **Bank Loans**

	2023 LKR	Obtained LKR	Repayment LKR	2024 LKR
Short term working capital loans	4,996,539,020	6,992,391,707	(6,486,950,805)	**5,501,979,922**
Medium term project loans	7,982,523,121	2,002,561,414	(180,134,222)	**9,804,950,313**
	12,979,062,141	8,994,953,121	(6,667,085,027)	**15,306,930,235**

22.2.2 **Related Party Loans**

	2023 LKR	Obtained LKR	Repayment LKR	2024 LKR
Short term working capital loans				
Softlogic Retail Holdings (Pvt) Ltd	-	3,230,938,546	-	**3,230,938,546**
Softlogic Holdings PLC	2,807,824,794	1,050,423,092	(3,160,508,137)	**697,739,749**
Asiri Hospital Holdings PLC	264,522,038	-	-	**264,522,038**
Asiri Surgical Hospital PLC	425,000,000	-	-	**425,000,000**
	3,497,346,832	4,281,361,638	(3,160,508,137)	**4,618,200,332**

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	26.4Mn	Medium term-Moratorium loan	Loan Agreement
Bank of Ceylon	27.9Mn	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 Jayawardenepura Kotte, in the District of Colombo, Western Province.
Bank of Ceylon	200Mn	Short term Loan	Loan Agreement
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	Corporate guarantee Rs 50 million of Softlogic holding PLC to be obtained together with the Board resolution to secure the overdraft facility of Odel PLC until the concurrent mortgage bond for Rs. 1,550 million over stock of apparel and other accessories with assignment over book debts is executed
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	Concurrent mortgage over stock and book debts
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
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 2024 LKR	Loan Balance as at 31 March 2023 LKR
84 months including 12 months grace period and 06 months repayment holiday	**223,568,156**	227,500,769
41 months including moratorium period of 9 months up to 30.06.2022 and 6 months capitol moratorium period (Grace period)	**77,834,206**	82,168,942
24 Months - 1,101,218.44 Per month	**-**	1,101,218
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**	-
Maximum of 90 days subject to roll over	**200,000,000**	200,000,000
Maximum 90 days	**148,505,310**	148,455,087
On demand	**47,290,486**	49,182,678
Maximum of 90 days subject to roll over	**1,056,713,304**	855,933,876
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 90 days	**192,177,325**	108,885,944
On demand	**319,466,015.00**	155,564,218
On demand	**490,226,577.00**	327,876,786.00
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 2023. Commencing from October 2023	**387,912,115**	250,000,000
48 Monthly after the grace Period (as per the schedule) - Starting from 18th August 2020	**57,630,000**	128,790,000
Maximum of 90 days subject to roll over	**95,947,361**	87,759,316
On demand	**46,438,559**	19,062,199

NOTES TO THE FINANCIAL STATEMENTS

Lending institution	Loan/Facility value	Nature of facility	Security
Sampath Bank	50Mn	Short term Loan	Loan Agreement and Concurrent mortgage over stock in trade of the company located at #475 /32 Kotte Road, Rajagiriya #5, Alexandra place Columbo - 7, #168 Malni Bulathsinhala Road, Boralesgamuwa and all retail outlets of the company and book debts of the company for Rs. 1,350,000,000 securing Sampath bank PLC Rs 150 million, Nation Trust Bank PLC for Rs 100 million, Hatton National Bank PLC for Rs 400 million, DFCC Bank for Rs. 250 million and Union Bank PLC RS 450 million respectively.
Sampath Bank	75Mn	Import Loan	Import Loan Agreement and Concurrent mortgage over stock in trade of the company located at #475 /32 Kotte Road, Rajagiriya #5, Alexandra place Columbo-7, #168 Malni Bulathsinhala Road, Boralesgamuwa and all retail outlets of the company and book debts of the company for Rs. 1,350,000,000 securing Sampath bank PLC Rs 150 million, Nation Trust Bank PLC for Rs 100 million, Hatton National Bank PLC for Rs 400 million, DFCC Bank for Rs. 250 million and Union Bank PLC RS 450 million respectively.
Sampath Bank	75Mn	Bank Overdraft	Overdraft agreement for Rs. 75 Mn and Concurrent mortgage over stock in trade of the company located at #475 /32 Kotte Road, Rajagiriya #5, Alexandra place Columbo- 7, #168 Malni Bulathsinhala Road, Boralesgamuwa and all retail outlets of the company and book debts of the Company for Rs. 1,350,000,000 securing Sampath bank PLC Rs 150 million, Nation Trust Bank PLC for Rs 100 million, Hatton National Bank PLC for Rs 400 million, DFCC Bank for Rs. 250 million and Union Bank PLC RS 450 million respectively.
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
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	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	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	165Mn	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 2024 LKR	Loan Balance as at 31 March 2023 LKR
Maximum of 90 days	**40,879,718**	49,725,232
Maximum of 90 days	**33,118,998**	21,595,395
On demand	**74,960,805**	227,629,618
Bullet Payment within 90 days from the date of disbursement	**999,210,000**	1,000,000,000
On demand (Related party)	**24,000,000**	
Loan will be granted for a maximum period of 15 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	**80,682,000**	180,306,000
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**	842,610,152
Capital to be repaid in 6 equal monthly instalments of 7,850,000/= commencing form 31st July 2023.	**18,550,000**	47,100,000
Capital to be repaid in 12 equal monthly installments of Rs 13,750,000/- after a grace period of 6 months.	**165,000,000**	-
30 days with the option to roll over up to 90 days from the date of grant	**296,708,620**	350,000,000
On demand	**91,572,903**	115,453,811
Maximum of 120 days	**164,719,551**	165,640,087

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	Syndicated loan	Primary concurrent mortgage over the property marked lot A depicted in Plan No 016016 made by K.D Walter D Perera LS together with building and everything else standing thereon. 100% of ordinary shares of Odel Properties One (Pvt) Ltd. Corporate guarantee of Softlogic Holding PLC for 5.4 Bn. Document of the title of goods to be imported in respect of a LC / Shipping guarantee for the mixed development project.

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"
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
Nations Trust Bank	50 Mn	Overdraft / Letter of credit / Short term loan	A negative pledge over stocks and book debts
Seylan Bank PLC	300 Mn	LC/ Import loan/ Overdraft	A corporate guarantee from ODEL PLC for Rs. 300 million and a negative pledge for LKR 300 million
Cargills Bank PLC	40 Mn	Temporary short-term loan	None
HNB	212 Mn	Temporary short-term loan	Primary Mortgage Bond For Rs.440 Mn over the 35,460,000 Nos. of shares of Asiri Hospital Holdings PLC. Owned by Softlogic Holdings PLC (27/06/2023)

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 2024 LKR**	**Loan Balance as at 31 March 2023 LKR**
84 Monthly after the grace period. Repayment after December 2025	**7,342,128,651**	5,259,185,585

Repayment term	**Loan Balance as at 31 March 2024 LKR**	**Loan Balance as at 31 March 2023 LKR**
66 months including 6 months grace period	**199,382,761**	181,590,383
120 days AWPLR + Margin	**268,888,409**	238,239,298
120 days AWPLR + Margin	**28,871,554**	28,871,554
90 days AWPLR + Margin	**198,413,650**	150,072,347
180 days AWPLR + Margin	**831,308,742**	748,298,239
90 days AWPLR + Margin	**18,000,000**	-
90 days AWPLR + Margin	**289,301,000**	289,256,998
90 days AWPLR + Margin	**-**	15,000,000
90 Days AWPLR + Margin	**211,589,162**	187,339,066

Repayment term	**Loan Balance as at 31 March 2024 LKR**	**Loan Balance as at 31 March 2023 LKR**
Within 120 Days of granting each loan	22,957,101	-

NOTES TO THE FINANCIAL STATEMENTS

23 RETIREMENT BENEFIT LIABILITY

	Note	Company 2024 LKR	Company 2023 LKR	Group 2024 LKR	Group 2023 LKR
Defined Benefit Plan Costs - Gratuity					
As at the beginning of the year		**97,480,683**	93,700,952	**129,539,909**	126,844,356
Transfers		**-**	-	**342,132**	-
Charge for the year	23.1	**31,922,924**	24,186,066	**44,174,091**	34,635,542
Payment made during the year		**(28,414,513)**	(25,287,519)	**(36,343,155)**	(30,276,873)
Actuarial loss/ (Gain) on obligation		**7,478,857**	4,881,184	**14,589,904**	(1,663,117)
Defined Benefit Obligation as at the end of the year		**108,467,951**	97,480,683	**152,302,882**	129,539,909

23.1 Charge for the year

	Company 2024 LKR	Company 2023 LKR	Group 2024 LKR	Group 2023 LKR
Current service cost	**22,420,557**	11,067,933	**27,587,949**	16,619,657
Interest cost	**9,502,367**	13,118,133	**16,586,142**	18,015,884
Gratuity	**31,922,924**	24,186,066	**44,174,091**	34,635,542

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 2024 and the principal actuarial assumptions used are as follows.

Principal actuarial assumptions

	Company 2024 LKR	Company 2023 LKR	Group 2024 LKR	Group 2023 LKR
Discount rate	**12.00%**	23.00%	**12.00%**	22%, 23%
Salary increases	**8.0%**	2023 - 6%, thereafter 15%	**8.0%**	2023 - 6%, thereafter 15%
Staff turnover	**32%**	29%	**32%, 38%, 39%**	29%,33%, 34%, 18%
Retirement Age	**60 Years**	60 Years	**60 Years**	60 Years
Weighted average duration of defined benefit obligation	**2.7 Years**	2.6 Years	**2.7**	7.5 , 11.8 & 12.5 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	2,480,203	(2,619,108)	(3,199,501)	3,077,794
Impact on defined benefit obligation - Group	4,019,932	(4,282,541)	(5,071,016)	4,840,243

23.4 Maturity Analysis

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

	2024 LKR	2023 LKR
within the next 12 months	33,734,975	30,186,579
between 1 to 2 years	40,704,147	38,132,938
between 3 to 5 years	23,211,928	19,881,997
between 6 to 10 years	9,469,839	7,895,454
beyond 10 years	1,347,063	1,383,715
	108,467,951	97,480,683

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	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Financial Liabilities				
Trade payables	487,697,460	411,270,779	1,088,489,133	810,561,051
Sundry creditors	1,138,759,452	800,875,663	1,265,751,813	1,133,967,166
Accrued expenses	296,339,111	152,488,912	533,522,586	449,653,675
Unredeemed vouchers	131,229,066	76,750,097	131,229,066	76,750,097
Work certified on constructions	-	-	1,120,986,131	842,519,406
Deposits & Advances	219,585,282	214,494,666	25,695,661	16,321,263
	2,273,610,371	1,655,880,117	4,165,674,390	3,329,772,658

25 AMOUNTS DUE TO RELATED PARTIES

		Company		Group	
		2024	2023	2024	2023
	Relationship	LKR	LKR	LKR	LKR
Amount due to subsidiary companies					
Odel Properties (Pvt) Ltd		**66,323,153**	25,149,474	**-**	-
Odel Information Technology Services (Pvt) Ltd	Subsidiary	**6,972,330**	7,225,044	**-**	-
Odel Restaurant (Pvt) Ltd	Subsidiary	**5,282,731**	5,632,752	**-**	-
Softlogic Brands (Pvt) Ltd	Subsidiary	**1,543,914,269**	1,237,395,836	**-**	-
Cotton Collection (Pvt) Ltd	Subsidiary	**79,219,245**	-	**-**	-
		1,701,711,728	1,275,403,106	**-**	-
Amount due to other companies					
Softlogic Retail (Pvt) Ltd	Other related	**133,617,064**	83,182,233	**305,838,230**	296,044,555
Softlogic BPO Services (Pvt) Ltd	Other related	**258,489,845**	175,095,011	**330,852,254**	228,729,832
Softlogic Corporate Services (Pvt) Ltd	Other related	**14,133,970**	10,077,045	**27,373,905**	20,295,755
Softlogic Destination Management Ltd	Other related	**-**	-	**250,700**	250,700
Softlogic Holdings PLC	Ultimate parent	**5,926,995**	697,075,102	**389,704,727**	1,024,985,852
Softlogic Information Technologies (Pvt) Ltd	Other related	**4,109,703**	3,459,220	**4,149,054**	4,501,788
Softlogic Restaurants (Pvt) Ltd	Other related	**-**	-	**2,392,041**	531,523
Softlogic Communications (Pvt) Ltd	Other related	**10**	10	**8,660**	8,660
Softlogic International (Pvt) Ltd	Other related	**-**	-	**2,500,000**	-
Softlogic Retail One (Pvt) Ltd	Other related	**-**	-	**70,792**	70,792
Ceysand Resorts (Pvt) Ltd	Other related	**1,026,923**	-	**1,026,923**	-
Future Automobiles (Pvt) Ltd	Other related	**272,607**	-	**272,607**	-
Softlogic City Hotels (Pvt) Ltd	Other related	**214,219**	47,125	**474,528**	298,545
Softlogic Properties (Pvt) Ltd	Other related	**2,085,000**	450,000	**2,085,000**	450,000
Softlogic Life Insurance Plc	Other related	**5,434,122**	6,164,279	**6,736,842**	13,668,204
Softlogic Mobile Distribution (Pvt) Ltd	Other related	**8,081,849**	24,081,849	**8,081,849**	24,081,849
Softlogic Retail Holdings (Pvt) Ltd	Other related	**175,228**	12,971,275	**175,228**	12,971,275
Softlogic Supermarkets (Pvt) Ltd	Other related	**-**	18,566,402	**12,377,322**	23,066,787
Softlogic Automobiles (Pvt) Ltd	Other related	**219,272**	-	**219,272**	-
Central Hospital Limited	Other related	**-**	148,340	**-**	148,340
Softlogic Finance PLC	Other related	**-**	-	**1,782**	1,782
Softlogic Rewards (Pvt) Ltd	Other related	**6,212,691**	9,828,247	**9,750,754**	12,339,962
Softlogic Computers (Pvt) Ltd	Other related	**280,500**	-	**538,700**	-
Asiri Hospital Holdings PLC	Other related	**-**	-	**75,078,261**	31,641,605
Asiri Central Hospital Ltd	Other related	**4,929,100**	-	**4,929,100**	-
Asiri Surgical Hospital PLC	Other related	**-**	-	**115,713,345**	45,776,044
		445,209,098	1,041,146,138	**1,300,601,874**	1,739,863,850
		2,146,920,826	2,316,549,244	**1,300,601,874**	1,739,863,850

26 CASH AND CASH EQUIVALENTS

Components of Cash and Cash Equivalents

		Note	Company		Group	
			2024	**2023**	**2024**	**2023**
			LKR	**LKR**	**LKR**	**LKR**
26.1	**Favorable cash & cash equivalents balance**					
	Cash & bank balances		**31,111,476**	190,417,605	**95,057,546**	220,748,241
26.2	**Unfavorable cash & cash equivalents balance**					
	Bank overdraft	22	**(1,069,963,710)**	(898,495,556)	**(1,728,658,951)**	(1,398,375,500)
			(1,038,852,234)	(708,077,951)	**(1,633,601,405)**	(1,177,627,260)

27 STATED CAPITAL

	Company		Group	
	2024	**2024**	**2024**	**2024**
	Number	**LKR**	**Number**	**LKR**
Fully paid ordinary shares	**272,129,431**	**2,795,513,620**	**272,129,431**	**2,795,513,620**
	272,129,431	**2,795,513,620**	**272,129,431**	**2,795,513,620**

28 FINANCIAL ASSETS & LIABILITIES - FAIR VALUES

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

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

Investment in unit trust, cash and short-term deposits, staff loans, refundable deposits, trade receivables, trade payables, amount due to/from related party and other current liabilities approximate to 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 banks approximate the carrying value as loans have been obtained on floating rates.

28.2 Fair value hierarchy

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

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

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

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

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

Company	Carrying Amount		Fair Value	
	2024 LKR	**2023 LKR**	**2024 LKR**	**2023 LKR**
Interest bearing loans and Borrowings				
Floating Rate Borrowings (Note 22.1)	**6,159,263,235**	5,862,971,830	**6,159,263,235**	5,862,971,830
	6,159,263,235	5,862,971,830	**6,159,263,235**	5,862,971,830

Group	Carrying Amount		Fair Value	
	2024 LKR	**2023 LKR**	**2024 LKR**	**2023 LKR**
Interest bearing loans and Borrowings				
Floating Rate Borrowings (Note 22.2)	**15,306,930,235**	12,979,062,141	**15,306,930,235**	12,979,062,141
	15,306,930,235	12,979,062,141	**15,306,930,235**	12,979,062,141

Company	Carrying Amount		Fair Value	
	2024 LKR	**2023 LKR**	**2024 LKR**	**2023 LKR**
Loans and receivables				
Staff loan (Note 19)	**1,133,333**	1,083,333	**1,133,333**	1,083,333
Refundable deposit (Note 19)	**246,299,949**	245,117,780	**246,299,949**	245,117,780
	247,433,282	246,201,113	**247,433,282**	246,201,113

Group	Carrying Amount		Fair Value	
	2024 LKR	**2023 LKR**	**2024 LKR**	**2023 LKR**
Loans and receivables				
Staff loan (Note 19)	**1,133,333**	1,083,333	**1,133,333**	1,083,333
Refundable deposit (Note 19)	**471,230,840**	476,488,423	**471,230,840**	476,488,423
	472,364,173	477,571,756	**472,364,173**	477,571,756

As at 31 March 2024, the Group held the following assets carried at fair value in the statement of financial position:

Assets measured at fair value - 2024	LKR	Level 1 LKR	Level 2 LKR	Level 3 LKR
Financial assets at fair value through profit and loss				
Investment in unit trust (Note 19)	**248,959**	**248,959**	**-**	**-**
Non-Financial Assets				
Freehold lands	**764,800,002**	**-**	**-**	**764,800,002**
Freehold buildings	**582,900,000**	**-**	**-**	**582,900,000**
Investment property	**1,952,500,000**	**-**	**-**	**1,952,500,000**

Assets measured at fair value - 2023	LKR	Level 1 LKR	Level 2 LKR	Level 3 LKR
Financial assets at fair value through profit and loss				
Investment in unit trust	248,959	248,959	-	-
Non-Financial Assets				
Free hold lands	727,775,002	-	-	727,775,002
Free hold buildings	558,145,000	-	-	558,145,000
Investment property	1,929,000,000	-	-	1,929,000,000

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 2024 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

	2024 LKR	2023 LKR
Amounts used as the numerators:		
Net profit	**(4,207,745,186)**	(2,211,747,708)
Net profit attributable to ordinary shareholders for basic earnings per share	**(4,207,745,186)**	(2,211,747,708)
Number of ordinary shares used as denominators:		
Weighted average number of ordinary shares in issue applicable to basic earnings per share	**272,129,431**	272,129,431
Adjusted weighted average number of ordinary shares applicable to basic earnings per share	**272,129,431**	272,129,431
Basic loss per share	**(15.46)**	(8.13)

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	2024	2023	Address
Odel PLC					
Land & building	Primary	BOC	**477.9 Mn**	450 Mn	Property situated at No. 475/32, Kotte Road, Rajagiriya. Owned by Odel Properties (Pvt) Ltd
Land & building	Primary	Union	**1,165 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	**447 Mn**	100 Mn	
Stock & book debts	Primary Concurrent	Sampath	**150 Mn**	75 Mn	
Stock & book debts	Primary Concurrent	HNB	**580 Mn**	1,800 Mn	
Stock & book debts	Primary Concurrent	DFCC	**210 Mn**	310 Mn	
Stock & book debts	Primary Concurrent	NTB	**100 Mn**	120 Mn	
Softlogic Brands (Pvt) Ltd					
Land & building	Primary Concurrent	BOC	**450 Mn**	450 Mn	Property situated at No 29A, Jayathilaka Mawatha, Panadura, owned by Odel PLC
Odel Properties One (Pvt) Ltd					
Land & building	Primary Concurrent	HNB / Sampath / BOC	**5,400 Mn**	5,400 Mn	Property situated at Dr. C W W Kannangara Mw., Colombo - 07 owned by Odel PLC

31 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

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

31.1 Capital Commitments

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

a) Access Engineering PLC for Rs 570 Mn to construct the diaphragm wall and piling work of the proposed Odel department store. As at 31st March 2024, estimated value of the work done is Rs 450 Mn.

b) China Construction Third Engineering Bureau Co, Ltd for Rs 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.

c) Non contracted capital commitments

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

31.2 Contingent Liabilities

a) Odel PLC has executed letters of credit for 45,093,199 LKR (149,931 USD)

b) Softlogic Brands (Pvt) Ltd has executed letters of credit for 2,293,818 LKR (6,993 USD)

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 2024	2023
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

Transactions between the Company and subsidiaries	2024 LKR	2023 LKR
Nature of Transaction		
Balance as at 1 April (Before Provision)	**(941,904,861)**	(453,667,516)
Purchase of goods/services	**(458,139,881)**	(444,606,918)
Sale of goods/services	**651,482,032**	607,041,569
Sister Store Sales	**(1,045,268,469)**	(1,075,258,886)
Settlements/Receipts	**-**	(11,090,000)
Settlement of liabilities on behalf of the Company	**604,716,744**	435,676,889
Balance as at 31 March (Before Provision)	**(1,189,114,436)**	(941,904,861)

32.2 Transactions between the Company and other related entities

	2024 LKR	2023 LKR
Nature of Transaction		
Balance as at 1 April (Before Provision)	**(991,712,826)**	(431,754,725)
Loan Granted/Advance Paid	-	-
Purchase of goods/services	486,632,024	(398,726,391)
Sale of goods/services	170,954,929	149,663,288
Sister Store Sales	-	196,894
Settlements/Receipts	(79,071,843)	(55,551,266)
Balance Transfer	-	-
Settlement of liabilities on behalf of the Company	31,617,891	(255,540,626)
Balance as at 31 March (Before Provision)	**(381,579,826)**	(991,712,826)

Other related party transactions include,

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

	2024 LKR	2023 LKR
Purchase of goods/services	(19,862,964)	(11,011,499)
Sale of goods/services	-	991,559
Settlements/Receipts	(7,066,917)	(60,621)

In addition to above transactions, working capital loans of LKR 3,230,938,546/- (69% of the revenue) were obtained during the financial year.

32.2.2 Transactions with ultimate parent company - Softlogic Holding PLC

	2024 LKR	2023 LKR
Purchase of Goods/Services	(689,991,104)	(658,329,000)
Sale of goods/services	1,589,067	70,000
Settlements/Receipts	(432,063)	(277,203,937)

In addition to above transactions, working capital loans of LKR 1,050,423,092/- (22% of the revenue) were obtained and the settlements of 3,160,508,137/- (67% of the revenue) were done during the financial year.

** Above balances are included in the amount due to / due from related parties. Balance outstanding as at the year end is disclosed in the Note 21 and 25 to the financial statements

Terms and conditions of transactions with related parties

** All trading transactions are at arm's 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.

	2024 LKR	2023 LKR
a) Key Management Personnel Compensation		
Short-term employee benefits	**27,600,000**	28,275,000
Post-employment benefits	**-**	-
Other long term benefits	**-**	-
Termination benefit	**-**	-
Share based payments	**-**	-
	27,600,000	28,275,000
b) Advances received for purchase of goods/services	**49,510,664**	49,510,664
	77,110,664	77,785,664

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 works 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**
2024			
Loan interest	**+100**	**(101,569,238)**	**(207,576,992)**
Loan interest	**-100**	**101,569,238**	**207,576,992**
2023			
Loan interest	+100	(87,091,632)	(173,283,246)
Loan interest	-100	87,091,632	173,283,246

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 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
Loans and receivables							
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
Total	-	-	-	-	1,233,560,221	27,732,331	1,261,292,552

As at 31 March 2023	Neither past-due nor impaired						
	Risk free	AAA to AA-	A+ to A-	BBB+ to BB-	Non-rated	Past-due but not impaired	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Loans and receivables							
Trade debtors	-	-	-	-	33,658,505	18,414,830	52,073,335
Other debtors	-	-	-	-	51,941,809		51,941,809
Deposits & prepayments	-	-	-	-	352,508,086		352,508,086
Staff loan	-	-	-	-	1,083,333		1,083,333
Refundable deposit	-	-	-	-	245,117,780		245,117,780
Investment in unit trust	-	-	-	-	248,959		248,959
Amounts due from related parties	-	-	-	-	317,399,544		317,399,544
Total	-	-	-	-	1,001,958,016	18,414,830	1,020,372,846

33.2.2 Group

As at 31 March 2024	Neither past-due nor impaired					Past-due but not impaired	Total
	Risk free	AAA to AA-	A+ to A-	BBB+ to BB-	Non-rated		
	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
Total	-	-	-	-	1,448,051,316	27,732,331	1,475,783,647

As at 31 March 2023	Neither past-due nor impaired					Past-due but not impaired	Total
	Risk free	AAA to AA-	A+ to A-	BBB+ to BB-	Non-rated		
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Loans and receivables							
Trade debtors	-	-	-	-	43,837,919	21,682,533	65,520,452
Other debtors	-	-	-	-	120,246,997	-	120,246,997
Deposits & prepayments	-	-	-	-	696,079,281		696,079,281
Staff loan	-	-	-	-	1,083,333		1,083,333
Refundable deposit	-	-	-	-	476,488,423		476,488,423
Investment in unit trust	-	-	-	-	248,959		248,959
Amounts due from related parties	-	-	-	-	218,418,084		218,418,084
Total	-	-	-	-	1,556,402,996	21,682,533	1,578,085,529

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 performance 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 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	-	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

Year ended 31 March 2023	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Interest-bearing loans and borrowings	-	6,030,270,892	971,171,260	2,379,954,809	-	9,381,396,961
Bank Overdrafts	898,495,556	-	-	-	-	898,495,556
Trade and other payables	76,750,097	1,579,130,020	-	-	-	1,655,880,117
Corporate Guarantee	1,789,090,000	-	-	-	-	1,789,090,000
	2,764,335,653	7,609,400,911	971,171,260	2,379,954,809	-	13,724,862,634

NOTES TO THE FINANCIAL STATEMENTS

33.3.2 Group

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	-	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

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

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 and 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	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Interest bearing borrowings - Current	9,555,292,138	7,318,395,893	13,683,609,139	11,543,998,363
Interest bearing borrowings - Non Current	1,419,623,299	1,799,007,162	8,867,165,768	7,104,819,439
Total Borrowings	10,974,915,437	9,117,403,055	22,550,774,907	18,648,817,802
Total Equity	839,306,793	3,296,714,243	(1,285,649,785)	2,909,183,022
Total Equity and Debt	11,814,222,230	12,414,117,298	21,265,125,122	21,558,000,824
Gearing Ratio (Total Debt/ Total Capital)	93%	73%	106%	87%

34 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.

a) The Board of Directors of the Company, resolved on 4th of January 2024 to increase the Company's Stated Capital by Rs. 3,306,372,586/65 by issuing 272,129,431 Ordinary Shares at Rs. 12.15 per share by way of a Rights Issue. The proportion will be one new ordinary share for every one ordinary share held.

35 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 sports-wear, foot-wear etc. to a wide range 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 2024	Fashion Retail	Investment Property	Other	Total Segments	Adjustments and Elimination	Consolidated Financial Statements
	LKR	LKR	LKR	LKR	LKR	LKR
Revenue						
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)	-
Total Revenue	6,949,027,292		1,149,848,470	8,098,875,761	(795,982,744)	7,302,893,017
Other Operating Income	5,856,794	23,500,000		29,356,794		29,356,794
EBIT	(1,498,430,005)	23,500,000		(1,474,930,005)		(1,474,930,005)
Amortisation and depreciation	1,471,594,325			1,471,594,325	(31,407,327)	1,440,186,998
Segment Profit	(4,224,195,186)	16,450,000		(4,207,745,186)		(4,207,745,186)
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

Year ended 31 March 2023	Fashion Retail	Investment Property	Other	Total Segments	Adjustments and Elimination	Consolidated Financial Statements
	LKR	LKR	LKR	LKR	LKR	LKR
Revenue						
External Customers	7,785,888,499		467,396,721	8,253,285,220	-	8,253,285,220
Inter Company	100,609,169		604,910,500	705,519,670	(705,519,670)	-
Total Revenue	7,886,497,668		1,072,307,221	8,958,804,889	(705,519,670)	8,253,285,220
Other Operating Income	26,798,852	58,900,000		85,698,852		85,698,852
EBIT	659,605,170	58,900,000		718,505,170		718,505,170
Amortisation and depreciation	1,522,384,531			1,522,384,531	(31,407,322)	1,490,977,209
Segment Profit	(2,252,977,708)	41,230,000		(2,211,747,708)		(2,211,747,708)
Non-Current Assets (excluding financial assets, goodwill and deferred tax assets)	22,006,902,624	1,929,000,000		23,935,902,624		23,935,902,624
Total Liabilities	27,089,336,692	881,825,623		27,971,162,314		27,971,162,314

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

INVESTOR INFORMATION

GENERAL

Stated Capital as at 31st March 2024 was Rs. 2,795,513,620.

STOCK EXCHANGE LISTING

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

PUBLIC SHAREHOLDING

- Public Holding Percentage was 2.26% as at 31 March 2024
- The number of public shareholders as at 31 March 2024 was 4,986
- Float adjusted market capitalisation as at 31 March 2024 was Rs. 79,951,627
- 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 2024

There were 4,990 registered shareholders as at 31st March 2024

NO. OF SHARES HELD	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	TOTAL HOLDING	% OF TOTAL0 HOLDING
1-1000	4,481	89.80	1,050,196	0.39
1001-10,000	439	8.80	1,448,211	0.53
10001-100,000	60	1.20	1,914,719	0.70
100001-1,000,000	7	0.14	1,795,437	0.66
Over- 1,000,000	3	0.06	265,920,868	97.72
Total	4,990	100.00	272,129,431	100

ANALYSIS REPORT OF SHAREHOLDERS AS AT 31ST MARCH 2024

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

CATEGORY	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	TOTAL HOLDING	% OF TOTAL0 HOLDING
Individual	4,896	98.12	4,429,402	1.63
Institutional	94	1.88	267,700,029	98.37
Total	4,990	100	272,129,431	100

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

CATEGORY	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	TOTAL HOLDING	% OF TOTAL0 HOLDING
Resident	4,961	99.42	271,963,535	99.94
Non-resident	29	0.58	165,896	0.06
Total	4,990	100	272,129,431	100

TWENTY LARGEST SHAREHOLDERS OF THE COMPANY AS AT 31 MARCH 2024 ARE AS FOLLOWS

No.	Name	Shares	%
1	SOFTLOGIC RETAIL HOLDINGS (PRIVATE) LIMITED	265,920,868	97.72
2	MRS. ELAINE BRYNHILDE HELGA ANIL PERERA / Mr. D.C.D.L.S.D. PERERA	527,000	0.19
3	MERCANTILE INVESTMENTS AND FINANCE PLC	300,000	0.11
4	TANGERINE TOURS (PVT) LIMITED	225,600	0.08
5	BANK OF CEYLON NO. 1 ACCOUNT	222,295	0.08
6	Mr. CALISTUS NIMALANATHAN PAKIANATHAN	202,649	0.07
7	PEOPLE'S LEASING & FINANCE PLC/MR.D.M.P.DISANAYAKE	173,043	0.06
8	FORBES & WALKER LIMITED A/C NO 1	144,850	0.05
9	MISS NEESHA HARNAM '4521FI'	99,633	0.04
10	MR. NAYANAKA ARJUNA SAMARAKOON	96,845	0.04
11	MR. INDIKA PRASAD GALHENAGE	90,333	0.03
12	PEOPLE'S LEASING & FINANCE PLC/DR.H.S.D.SOYSA & MRS.G.SOYSA	89,934	0.03
13	COMMERCIAL BANK OF CEYLON PLC/ANDARADENIYA ESTATE (PVT) LTD	79,501	0.03
14	ASSETLINE FINANCE LIMITED/M.S.HIRIPITIYA	70,000	0.03
15	MBSL/A G C SUGATH	66,580	0.02
16	MR. AMARAKOON MUDIYANSELAGE WEERASINGHE	66,200	0.02
17	MR. MODARAGE HASALA SANJAKA RUMESH	65,985	0.02
18	MR. GONNAGE LUCIAN SENARATH LIVERA	62,300	0.02
19	DIALOG FINANCE PLC/P.B.C. KURERA	61,851	0.02
20	Mr. SARATH KUSUM WICKREMESINGHE	55,000	0.02

SHARE TRADING INFORMATION

	2023/24	2022/23
Highest	**17.10**	22.00
Lowest	**11.00**	15.00
Closing / Value as at the end of financial year	**13.00**	16.80

EQUITY INFORMATION

	2023/24	2022/23
Loss per share (Rs.)	**15.46**	8.14
Dividend per share (Rs.)	**-**	-
Net Asset Value per share (Rs.)	**(4.72)**	10.69

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of ODEL PLC will be held on Friday, the 20th day of December 2024 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 2024 together with the Report of the Auditors thereon.

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

1.3 To authorise the Directors to determine and make donations for the year ending 31st March 2025 and up to the date of the next Annual General Meeting.

1.4 To discuss matters giving rise to an emphasis of matter on going concern contained in the Audited Financial Statements for year 2023/2024 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.

2. Special Business

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

2.1 "IT IS HEREBY RESOLVED THAT Article 23(1) be deleted in its entirety and substituted with the following Article 23(1):

23(1) Unless otherwise determined by an ordinary resolution of the Company, the number of Directors of the Company shall not be less than five (5) and not more than twelve (12)".

2.2 "IT IS HEREBY RESOLVED THAT Article 34(7) be deleted in its entirely and be substituted with the following new Articles numbered 34(7)(i) to 34(7)(v):

34(7)

(i) Any Director may, at any time by notice left at the office appoint in writing sent either by facsimile transmission or by email to the Directors, any person approved by the Directors to be an alternate director of the Company to act in his/her place in exceptional circumstances and for a maximum period of one (01) year from the date of appointment and at any time remove the alternate director so appointed and the following provision of this Article shall apply to any person so appointed.

(ii) A person appointed to be an alternate director shall not in respect of such appointment be entitled to receive any remuneration from the Company nor be required to hold any share qualification but the Board may repay an alternate director who is not a director in his own right such reasonable expenses as he may incur in attending and returning from meetings of the Board which he is entitled to attend or as he may otherwise properly incur in or about the business of the Company or may pay such allowances as they may think proper in respect of these expenses.

(iii) An alternate director shall (on his giving an address for such notice to be served upon him) be entitled to receive notices of all meetings of the Board and to attend and vote as director at any such meeting at which the director appointing him is not personally present and generally to perform all the functions of his Appointor as a Director in the absence of such Appointor.

(iv) Subject to Article 34 (7) (i) an alternate director may be appointed for a specified period or until the happening of a specified event but he shall ipso facto cease to be an alternate director in any of the following events, that is to say;

(a) upon the return to Sri Lanka of the director in whose place he was appointed as an alternate if the appointment was for the purpose of acting as director during the Appointors absence abroad;

(b) if the director in whose place he was appointed an alternate ceases for any reason to be a director, provided that if any director retires by rotation but is re-elected at the meeting at which such retirement took effect, any appointment made by him pursuant to this Article which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired;

(c) if the alternate director shall have a receiving order made against him or compounds with his creditors or is adjudicated an insolvent;

(d) if the alternate director be lunatic or becomes of unsound mind;

(e) if the appointment of the alternate director is revoked by his Appointor by a notice in writing left at the office;

(f) is disqualified by Statute;

(v) A director shall not vote on the question of the approval of an alternate director to act for him and if he does so his vote shall not be counted".

By order of the Board,

ODEL PLC

Sgd.

Softlogic Corporate Services (Pvt) Ltd
Company Secretaries

29th November 2024
Colombo

Notes

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

NOTES

NOTES

FORM OF PROXY

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

....

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

....

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

Mr. A.K.Pathirage	whom failing
Mr. H.K.Kaimal	whom failing
Mr. R.P. Pathirana	whom failing
Dr. I.C.R. De Silva	

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 Friday, the 20th day of December 2024 at 10:00 am 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 2024 together with the Report of the Auditors thereon.	◯	◯
1.2	To re-appoint Messrs. Ernst & Young, as Auditors and to authorise the Directors to determine their remuneration.	◯	◯
1.3	To authorise the Directors to determine and make Donations for the year ending 31st March 2025 and up to the date of the next Annual General Meeting.	◯	◯
1.4	To discuss matters giving rise to an emphasis of matter on going concern contained in the Audited Financial Statements for year 2023/2024 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.	◯	◯
2.	Special Business		
2.1	To consider and if thought it to pass the Special Resolution set out under item 2.1 of the Notice of Meeting for the amendments to the Articles of Association.	◯	◯
2.2	To consider and if thought it to pass the Special Resolution set out under item 2.2 of the Notice of Meeting for the amendments to the Articles of Association.	◯	◯

....
Signature Date

Note:

(1) *Please 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 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

Mr. R.P Pathirana
Independent Non Executive Director

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

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

AUDIT COMMITTEE
Mr. R.P Pathirana
Chairman

Dr. I.C.R De Silva

Mr. J.M.J Perera

REMUNERATION COMMITTEE
Mr. R.P Pathirana
Chairman

Mr. J.M.J Perera

Dr. I.C.R De Silva

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE
Dr. I.C.R De Silva
Chairperson

Mr. R.P Pathirana

Mr. H.K Kaimal

Mr. J.M.J Perera

NOMINATIONS AND GOVERNANCE COMMITTEE
Dr. I.C.R De Silva
Chairperson

Mr. H.K Kaimal

Mr. J.M.J Perera

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

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

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

Designed & produced by
emagewise
Digital Plates & Printing by
Softwave Printing and Publishing (Pvt) Ltd