



ANNUAL REPORT 2019/20

O D E L

CONTENTS

02	Odel at a Glance
03	2019/20 In Brief
04	Chairman's Message
08	Board of Directors
10	Corporate Governance
13	Risk Management
18	Report of the Related Party Transactions Review Committee
19	Report of The Audit Committee
20	Report of The Remuneration Committee

FINANCIAL INFORMATION

22	Annual Report of The Board of Directors on the Affairs of the Company
25	Statement of Directors' Responsibility
26	Independent Auditor's Report
30	Statement of Income
31	Statement of Comprehensive Income
32	Statement of Financial Position
34	Statement of Changes In Equity
35	Statement of Cash Flows
37	Notes to the Financial Statements
105	Investor Information
107	Notice of Meeting
111	Form of Proxy
Inner Back	
Cover	Corporate Information

VISION

To inspire the world.

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



Odel at a Glance

Over 7 Bn

Net Asset

84

Number of Stores

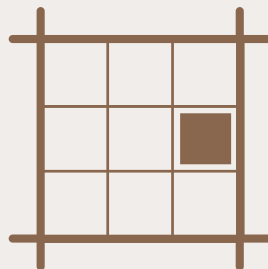


Sri Lanka is positioning itself as the primary shopping hub in the region with ODEL taking leading initiatives in these areas of crucial economic development.



Over 7.4 Bn

Turnover



Over 375,000 Sq.ft

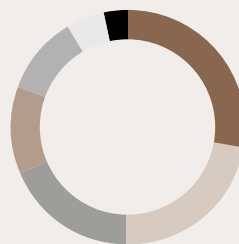
Floor Area



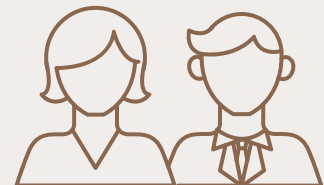
Total No.of Employees

1,100+

Age Analysis



- Age 20 - 25
- Age 25 - 30
- Age 30 - 35
- Age 35 - 40
- Age 40 - 45
- Age 45 - 50
- Above 50



38%

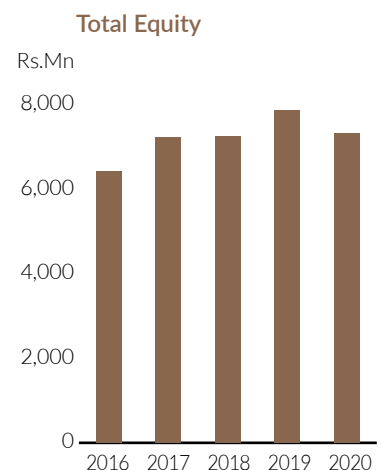
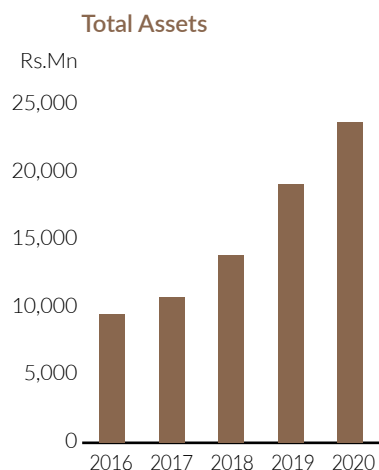
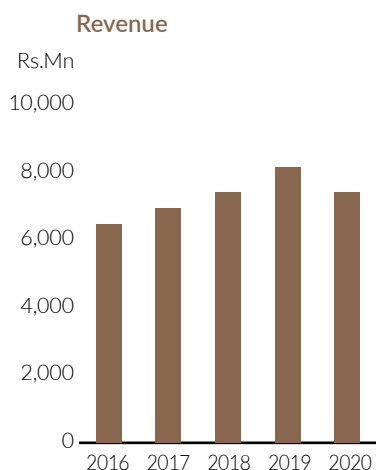
Female

62%

Male

2019/2020 in Brief

Year Ended 31 st March	2020 LKR	2019 LKR	Change %
RESULTS FOR THE YEAR			
Group Revenue	7,414,336,531	8,159,711,111	-9.13%
Results from Operating activities	(174,066,560)	924,359,603	-118.83%
Finance Cost	1,077,664,345	629,005,041	71.33%
Finance Income	11,404,500	6,255,699	82.31%
Profit (loss) before tax	(1,240,326,405)	301,610,262	-511.23%
Profit (loss) for the Year	(835,552,289)	244,652,393	-441.53%
Profit (loss) attributable to equity holders of the parent	(835,552,289)	244,652,393	-441.53%
FINANCIAL POSITION HIGHLIGHTS			
Equity attributable to equity holders of the parent	7,328,659,265	7,867,432,444	-6.85%
Total assets	23,677,842,524	19,098,073,887	23.98%
Total debt	11,511,418,302	8,244,541,539	39.62%
No. of Ordinary Shares	272,129,431	272,129,431	
Gearing (%)	61%	51%	19.41%
SHAREHOLDER INFORMATION			
Earnings/(loss) per share	(3.07)	0.90	-441.53%
Return on Equity	-11.4%	3.1%	-466.63%
Net asset per share	26.93	28.91	-6.85%
Market price as at 31st March	19.00	26.10	-27.20%
Market Capitalisation	5,170,459,189	7,102,578,149	-27.20%



“With Sri Lanka’s fashion world migrating to curated shopping experiences, branded fashion and data-led business models that maximize choices, ODEL is at a clear vantage point. We are making inroads into the rising opportunities in the digital retail space, coupled with the underlying support provided by our physical stores.

Ashok Pathirage
Chairman



Chairman's Message

Dear Shareholders,

ODEL is Sri Lanka's largest fashion retailer with an unrivalled retail presence in the local and international branded apparel sector. ODEL has an integrated portfolio of over 120 international fashion brands as well as a range of homegrown fashion labels retailed across 33 ODEL stores, 47 exclusive branded outlets (EBOs) and 4 multi-brand Galleria outlets in Colombo and other metropolitan regions. From design to distribution, ODEL has end-to-end capabilities across the fashion value chain.

Sri Lanka is positioning itself as the primary shopping hub in the region with ODEL taking leading initiatives in these areas of crucial economic development. We witnessed an improvement in the country's organized retail trade as two malls which opened in Colombo positively impacted our performance for a brief period. ODEL's leading market position in the fashion and retail business marks ODEL as the key anchor tenant in the malls with its unmatched international branded apparel portfolio.

Subdued Performance

2019/2020 financial year was one of the most challenging years in the history of business operations with two "black swan" events - Easter attacks and emergence of COVID-19 - impacting performance severely.

ODEL PLC reported an annual revenue of Rs. 7.4 Bn for 2019/2020, which is a degrowth of 9% from last year. We expected our revenues to double during the last quarter of the financial year given our recent expansion drive



ODEL opened a departmental ODEL store in One Galle Face Mall by Shangri-La in November 2019, comprising 52,000 sq.ft, spanning across three floors, while 22 EBOs occupy around 36,000 sq.ft. ODEL collectively occupy close to 56,000 sq.ft at the mall.

in tandem with economic growth stemming from political stability in the aftermath of the elections. However, the Easter bombings severely impacted performance during the first half of the year when Colombo City Centre and some of our outlets were closed, with store footfall slowing down after the Easter attacks over security concerns.

Tourism is a primary contributor to ODEL sales, making up circa 35% of topline. The April attacks slowed tourism, which resumed during the third quarter of the financial year in the aftermath of the elections which sent a positive signal to the burgeoning tourist sector. The dual shocks of the outbreak of the global pandemic and the emergence of COVID-19, in January 2020 yet again steeply impacted tourism and the last quarter performance was adversely affected. With the ongoing closure of the airport. However, on a positive note, ODEL must solely rely on local

shoppers deprived of overseas travel to patronise our branded apparel stores for their clothing requirements and hence an uptick in local demand was noteworthy.

Nonetheless, these two extraordinary events weighed heavily on the Company's financial performance during the year with administrative and interest cost being undercompensated by the revenue growth thus far. In light of these extraordinary events unfolding drastic rationalizing measures were taken subsequently to reduce costs wherever possible, so as to regain lost confidence by consumers in the external environment, promotions and discounts from time-to-time, though an expense in itself, were offered to stimulate demand with a view to restore normalcy thus prompting consolidation of footfall.

Chairman's Message

Overcoming hurdles of the economy

The financial year of 2020/2021 will be one of the most challenging years for businesses across the value chain, despite having taken drastic measures to follow health and safety measures, secure cash flows and maximize revenue. Although the future is uncertain, ODEL is reliant on domestic patronage and the significant savings from borrowing costs induced by policymakers to perform well in the new financial year.

Despite these visible setbacks, we have identified fast fashion and value fashion as high potential segments in apparel retailing in the country. ODEL now seeks to diversify its product offerings which would not only include a range of high-end international brands in the categories of fashion & leather goods, perfumes & cosmetics, watches and jewellery but also homegrown fashion labels. In line with the GoSL's imperative to boost local production, ODEL will be repositioning and rebuilding its own brands such as Tara, Closet, B-Iconic, Liberation, WYOS, Boys & Bear, Pinkabelle and LuvSL. We will launch a locally developed sportswear range of an international quality standard. With the fashion quotient spreading beyond metros, ODEL will gradually penetrate beyond Colombo, backed by a wide range of acceptable product pricing of its own brands.

ODEL launched a selected variety of teas in September 2020 and customer response has been positive thus far. We expect this product line to improve with resurgence of tourism. The ODEL Mall Project at Alexandra Place is speedily continuing with completion targeted for 2022.

Renewed criteria for demand planning, pricing and promotional strategies following the COVID-19 crisis has helped ODEL increase volumes solely driven by local shoppers. A data driven performance management for rewarding employees has been strictly adhered to.

Portfolio Transformation

ODEL opened a departmental ODEL store in One Galle Face Mall by Shangri-La in November 2019, comprising 52,000 sq.ft, spanning across three floors, while 22 EBOs occupy around 36,000 sq.ft. ODEL collectively occupy close to 56,000 sq.ft at the mall. The iconic ODEL department store at the mall, encompasses a total of 3 floors of extended retail space. All ODEL's departments are housed within this store, where a Beauty department with an upscale model hosting internationally-acclaimed brands was launched under Fragrances, Cosmetics and Skin Care categories. Other departments included ODEL Homes, Women's wear and an expanded range of kids wear including brands such as OVS Kids. ODEL also launched an exclusive range of bespoke, luxury men's formal wear by international retail giant based in Portugal, Sacoor Brothers, at the mall. ODEL also opened a range of EBOs including Longines, Tissot, Love Moschino, Armani Exchange, Diesel, Furla, Swarovski, Tommy Hilfiger, Mango, Yamamay, Aldo, Charles & Keith, COCO by Cotton Collection, Nike, Skechers, Adidas Originals, Adidas Performance, Mothercare & ELC, The Toy Store, Hallmark, Guess, Calvin Klein, Vero Moda and Carpisa.

“
We are grateful
to our customers,
shareholders and
business partners
for their support
and continuing
loyalty during
these hard times.
”

Capitalising on group synergies, ODEL opened its third department store under the concept of 'Shared Economy' in Kurunegala. This retail space is shared with other group retail entities such as the Consumer Electronics, Burger King and GLOMARK operations. This cost-conscious store model has reported encouraging results with growing footfall since opening in May 2019. The next all-in-one retail store will be opened in Mount Lavinia before Christmas.

ODEL Thalawathugoda store was further expanded during the year. We added a retail space of 4,700 sq.ft to accommodate ODEL Homes, kids and women's wear as well as several sports brands at this store.

With Sri Lanka's fashion world migrating to curated shopping experiences, branded fashion and data-led business models that maximise choices, ODEL is at a clear vantage point. We are poised to grow with our brand power and are expected to register a double-digit growth once tourism resumes. We are making inroads into the rising opportunities in the digital retail space, feeding into our well-established e-commerce platform via www.odel.lk coupled with the underlying support provided by our physical stores.

As we grow, we will record a turnaround in performance to become a profitable, integrated fashion player that focuses on current and future consumer aspirations, while retaining leadership in the industry.

Acknowledgements

We are mindful of taking carefully planned and measured decisions to secure the future of our business in a turbulent world where larger businesses and other principals also face similar difficulties we face. We appreciate our shareholder patience and are determined to accelerate the changes we are committed to and grow ODEL into the business we know it can become. We are grateful to our customers, shareholders and business partners for their support and continuing loyalty during these challenging hard times.

Similarly, we appreciate our employees for being committed to the Company during the difficult times, even as they faced temporary salary cuts and had to forego their annual pay increase for the overall good of all stakeholders. Their resilience and fortitude demonstrated a show of strength with purpose that is deeply rooted in ODEL's values.

The timely policy decisions by the authorities to protect businesses during the crisis and successfully manage the pandemic must be applauded. Our bankers deserve a special mention for the continued support they provide which underpins our recovery strategy. We will continue to follow our vision and are confident that the worst will soon be behind us ensuring profitable expansion and growth.



Ashok Pathirage
Chairman

“
The Board sets precedence in providing leadership, by setting strategic direction, risk appetite and for approving strategies.
”



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 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 10,000 employees. Mr. Pathirage gives strategic direction to the Group which has a leading market presence in four vertical sectors – Retail and Telecommunications, Healthcare Services, Financial Services and IT, Leisure and Automotive. The Asiri Hospital chain is the country's leading private healthcare provider which has achieved technological milestones in medical innovation in Sri Lanka's private healthcare. He is the Chairman/Managing Director of Softlogic Holdings PLC, Asiri Hospital Holdings PLC, and ODEL PLC. He also serves as the Chairman of Softlogic Capital PLC and Softlogic Life PLC in addition to the other companies of the Group. He is also the Chairman of NDB Capital Holdings Limited, SriLankan Airlines Limited and Sri Lankan Catering.

MR. HARESH KAIMAL

Non-Executive Director

Mr. Hareesh Kaimal is a co-founder of the Softlogic Group and a Director of Softlogic Holdings PLC since its inception. With over 30 years of experience in IT and operations, he currently heads the IT Division of the Group and has been instrumental in driving advancements in Information Technology and Enterprise Resource Management within Softlogic. He is also a Director of Softlogic Finance PLC and Softlogic BPO Services (Pvt) Ltd.

DR. RUANTHI DE SILVA

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

DR. S SELLIAH

Non-Executive Independent Director

Dr. Selliah holds an MBBS degree and a Master's Degree (M. Phil). He has over two decades of diverse experience in varied fields. Currently he is the Deputy Chairman of Asiri Hospitals Holdings PLC and the Deputy Chairman of Asiri Surgical Hospital PLC. He is a Director of HNB Assurance PLC, Lanka Tiles PLC, Softlogic Holdings PLC, ODEL PLC, Lanka Wall tiles PLC, ACL Cables PLC, Lanka Ceramic PLC, Swisstek (Ceylon) PLC and Swisstek Aluminium Pvt Ltd.

Dr. Selliah is also the Chairman of JAT Holdings (Pvt) Ltd, Cleanco Lanka (Pvt) Ltd, Greensands (Pvt) Ltd and Vydexa (Lanka) Power Corporation (Pvt) Ltd. He is also the Deputy Chairman of Central Hospital (Pvt) Ltd. He also serves on the following board sub committees of some of the companies listed above as a Member or Chairman: Human Resource and Remuneration Committee, Related Party Transaction Committee, Audit Committee, Investment Committee and Strategic Planning Committee.

MR. RANIL PRASAD PATHIRANA

Non-Executive Independent Director

Mr. Pathirana was appointed to the Board of Odel in November 2014. He is a Director of Hirdaramani Apparel (Private) Limited, Hirdaramani Leisure Holdings (Private) Limited and Hirdaramani Investments Holding (Private) Limited which are the holding companies of the Hirdaramani Group. He is also the Managing Director for Hirdaramani International Exports (Pvt) Limited. He is a Director of Star Packaging (Private) Limited and Windforce (Private) Limited and a Non-Executive Director of Sampath Bank PLC, Ceylon Hotels Corporation PLC, BPPL Holdings PLC, Alumex PLC & Ambeon Capital 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.

Corporate Governance

Corporate governance is defined as the manner in which companies are organized, managed and controlled in compliance with external regulations. In this context, corporate governance is deemed to be good, where directors and officers responsible for governance, proceed diligently, ethically and with transparency in the performance of their duties in the interests of the shareholders.

Odel in this context, acts consistently with a strong ethical compass across all markets that we operate whilst embodying the different challenges posed by the political environment, economic downturns and the changing ecosystem of consumer behaviour.

BOARD OF DIRECTORS

The Board of Directors performs its duties in accordance with corporate interest, to maximize the value of Odel within the long term for the mutual interest of all shareholders. The Board sets precedence in providing leadership, by setting strategic direction, risk appetite and for approving strategies. In order to strengthen governance, the Board has delegated authority to several committees to provide assistance in the form of reports and recommendations submitted to the Board on a periodic basis.

COMPOSITION OF THE BOARD

The Board comprises 5 Directors with a split between 1 Executive and 4 Non-executive Directors, with 3 of them being Independent Directors, all of who are distinguished professionals in their respective fields, with the skills and expertise necessary to constructively challenge the Management. They understand and appreciate the dynamism of the fashion trade and the global benchmarks. Directors act in the best interest of the shareholders avoiding any conflicts of interest. The composition of the Board is in compliance with the Corporate Governance Rules of the Colombo Stock Exchange.

RESPONSIBILITIES OF THE BOARD

The role of the Board and its responsibilities are set out as below:

- Exercise leadership, enterprise, integrity and judgment in directing the Company so as to achieve continuing prosperity in a manner based on transparency, accountability and responsibility
- Ensure a managed and effective process of Board appointments
- Determine the Company's purpose, values and strategy and ensure that procedures and practices are in place
- Monitor and evaluate the implementation of strategies and policies for better management performance
- Ensure compliance with the relevant laws, regulations and codes of best practice on corporate governance
- Communicate with shareholders effectively and serve the legitimate interest of the shareholders
- Periodic and timely reporting to shareholders of the progress and performance of the Company
- Review processes and procedures regularly and ensure that internal control is effective

APPOINTMENT AND RE-ELECTION TO THE BOARD

Odel adheres to a formal and transparent procedure for nomination of candidates for appointment as Directors. The appointment of new Directors is based on an annual assessment of the combined knowledge, experience and diversity of the Board in relation to Odel's strategic plans. The board members are elected by the shareholders at the Annual General Meeting (AGM) for the period up until the next AGM.

BOARD MEETINGS AND ATTENDANCE

The Board held 3 meetings during the year under review, with the said meetings conducted on a quarterly basis. When deemed necessary, additional meetings are convened.

Playing an integral role in strategy formulation, the Board provides clear directions to the Management to prepare and advise on the strategic plan for Odel. The plan is reviewed and approved at a meeting convened for the purpose.

Scheduled board meetings are planned well in advance to ensure, as far as possible, that Directors can manage their time commitments. All Directors are provided with supporting documents for each meeting, through which they can prepare themselves for and to attend all board meetings. Attendance is deemed strictly necessary for shareholders' meetings and all meetings of the committees on which they serve, unless there are exceptional circumstances that prevent them from doing so. Directors have full access to Group information and are entitled to obtain independent professional advice at the Group's expense in appropriate situations.

CHAIRMAN

The Chairman takes accountability in leading the Board of Directors and overseeing the effectiveness of corporate operations whilst fully discharging fiduciary and regulatory responsibilities. The Chairman promotes good corporate governance and the highest standards of integrity and probity throughout the Company/ Group. He ensures that the Board receives all information necessary for making informed decisions whilst protecting stakeholder interests. Within the Group, the Chairman also serves as the Managing Director and is responsible for recommending strategic directions to be followed by the Group and for implementing the decisions of the Board. The performance of the Managing Director is reviewed by the Board on an annual basis.

REMUNERATION OF THE BOARD

Remuneration for Directors is set out with reference to the Board and is disclosed on page 53 of this Annual Report.

COMPANY SECRETARY

Company Secretary, Messrs Softlogic Corporate Services (Pvt) Ltd which also function as Company Secretaries to the Group, has been assigned the responsibility for good corporate governance practices to be followed by the company whilst providing guidance to the Board as a whole and to individual directors with regard to how their responsibilities should be discharged. Ensuring that the Board is compliant with the applicable rules and regulations, the Company Secretary is also responsible for and that all activities of the Board are in line with stipulated appropriate procedures.

BOARD COMMITTEES

To fortify governance, the Board has delegated authority to three Board committees. All the Directors serve in a minimum of 3 committees. The committees operate under terms of reference approved by the Board. Audit Committee, Remuneration Committee and Related Party Transactions Review Committee function as the Board Sub Committees.

INDEPENDENCE OF DIRECTORS

Mr. R P Pathirana, Dr. S Selliah and Dr. R De Silva function as independent directors of the Company.

As per the Rules issued by the Colombo Stock Exchange, Mr. R P Pathirana and Dr. R De Silva meet all the criteria of independence. Dr. S Selliah meets all the criteria of independence except one.

Dr. S Selliah is a Director of Directors of Softlogic Holdings PLC which has a significant shareholding in the Company.

The Board having evaluated all the factors concluded that their independence has not been impaired due to him serving on the Board of other company which has a significant shareholding in the Company

Corporate Governance

COMPLIANCE WITH CORPORATE GOVERNANCE RULES OF THE CSE

The following disclosures are made in conformity with Section 7 of the Listing Rules and section 9.3.2 (b) of the related party transaction rules of the Colombo Stock Exchange:

SECTION	CRITERIA	HAS THE COMPANY MET THE CRITERIA
7.10.1	Non-executive Directors	Complied with. Out of 5 Directors 4 are Non-executive Directors.
7.10.2	Independent Directors	Complied with. There are three Independent Directors on the Board. All Non-executive Directors have submitted the declaration with regard to their independence/non-Independence.
7.10.3	Disclosures relating to Directors	As per the rules issued by the Colombo Stock Exchange, Mr. R P. Pathirana and Dr. R De Silva meet all the criteria of independence. Dr. S Selliah meets all the criteria except one.
7.10.5	Remuneration Committee	Complied with. Comprises of two independent Non-Executive Directors. The names of the members of the committee are given in the page 20 of the Annual Report.
7.10.6	Audit Committee	Complied with. Comprises of three Independent Non-Executive Directors. The names of the members of the Committee are given in the page 19 of the Annual Report. The report of the Committee is given on page 19. Group Director Finance and The Senior Manager – Finance attends all the meetings

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 achievement of Odel PLC'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 is 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.

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

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

ODEL PLC uses a risk management ranking methodology to identify key risks specific to our company. Risk ranking offers a potentially powerful means for gathering risk elements to

help set risk management priorities. The prioritization process assists in deciding which risks is to be treated as a priority in formulating the risk strategy. All the prioritized risks will be rated based on the likelihood of occurrence and impact it will have.

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

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

1

STRATEGIC RISKS

- Competitive risks
- Economic Risk
- Reputation Risk
- Marketing Risk
- Environmental Risk
- Regulatory Risk

2

FINANCIAL RISKS

- Interest rate risk
- Foreign Exchange risk
- Credit Risk
- Liquidity risk
- Investment risk

3

OPERATIONAL RISK

- Employee risk
- Legal risk
- Operation risk
- Fraud risk
- Technology risk

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

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

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

Risk Management

The process of Risk management

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

Risk Assessment Matrix

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

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

Risk Associated with Easter Terrorist Attack & COVID 19

There was an economic down turn during this financial year with the Easter terrorist attack & pandemic developed during early part of March 2020.

As government and public health systems manage the pandemic and reduce outbreaks, the society and business will need to adapt new trends and modified consumer habits. Accordingly purchasing pattern and value invest on consuming ODEL Brands was changed drastically. These trends can lead to important changes in product groups that consumers will demand thus, ODEL PLC keeps close attention on such emerging trends & consumer preferences.

Weak purchasing power will adversely impact both consumer & business confidence. Many industries are anticipating slower growth. The year ahead will probably be challenging specially for fashion industry. In the foreseeable future, consumers will spend more consciously based on their prime needs. Consumers respond positively when companies demonstrate social responsibility, give back to communities in need and prioritize environmental sustainability. Therefore, fair working conditions and ethical business actions

will be significant for the success of the entity. During this crisis, ODEL PLC has taken measures to safeguard our valued customers, staff and suppliers while sustaining our operations in an environment friendly manner.

Business interruptions were experienced, time to time, due to curfew imposed after Easter Sunday Terror Attack and later to prevent spreading of COVID 19. Clothing stores were in the non-essential category hence, were not allowed to keep open for customers, especially in western province. The tourism Sector was significantly impacted by the Easter Sunday Terror Attack in April 2019 which affected foreign tourist footfall overall to our outlets. The year under review was an extremely challenging year for our tourism focused product ranges and designated shops.

The biggest challenge of COVID-19 is that the time consumed to regain the market momentum after businesses restarted. Due to closure of physical store locations, consumers trend towards online shopping. Therefore, ODEL continued sales through its online channel, "ODEL.LK" website while improving the customer experience to a greater extent. Since regular face-to-face contact with

customers is minimum, ODEL PLC opt to use social media platform to stay connected and continued providing excellent information. For this purpose, the company has increased investing in social media presence, such as Facebook, YouTube, Instagram, Tweeter etc.

Consumers are also becoming more conscious of health and safety and due to COVID-19 epidemic as they have realized the importance of a healthy society. Employee Health & safety concerns are regularly elevated and we have implemented several safety measures under the guidelines of the Government Health Authorities. All business locations have taken measures to prevent spread of the virus by establishing health & safety committees and safety procedures such as mandating all staff to wear masks, all cashiers to wear gloves to minimize personal contact. We are performing our operations with minimum number of staff to facilitate social distancing. As per regulatory guidelines, customers without masks are not permitted to step into stores thus, we encourage customers to wear masks when they visit our stores. Regular cleaning and disinfection of high contact areas are carried out according to health guidelines.

Risk Category	Risk	Risk Management Strategies
Strategic Risk	Business is largely dependent upon our ability to predict accurately fashion trends, customer preferences and other fashion-related factors.	A dedicated buying department oversee trends in response to seasonal changes & international changes in the fashion industry lowering such impact through meticulous planning. Further the team receives weekly updates with regards to new developments in fashion from the Intercontinental Group of Department Stores (IGDS)
Strategic Risk	We rely on foreign sources of production and recognized local channels as well. The company could suffer due to increases in the price of products and freight & poor management of supply chain.	The company has established a separate department to monitor fluctuations in prices, favorable markets & distribution channels & it's managed under a dedicated director of logistics & imports linking with the buying department. Additionally, international brands are negotiated on continuous basis. Periodical reviews are done in terms of newly acquired brands. Senior Management will decide whether the company should continue/discontinue/enhance the investment of such brands

Risk Management

Risk Category	Risk	Risk Management Strategies
Strategic Risk	Risks from competitive actions from existing market participants and new entrants	The company is strongly committed to provide high quality products of unparalleled selection of fashion right & lifestyle products in an environment that is enjoyable & welcoming, stemming from its mission. Further leveraging the company's long-term relationship with recognized suppliers. Company has invested on an upcoming ODEL department store to combat the competition & continue to be the market leader.
Strategic Risk	Failure to implement strategic plans, Revenue improvement & cost saving initiatives and undertake profitable investments.	The company integrates risk awareness directly into strategic decision making by holding regular meetings of Board of Directors in order to formalize future strategies and plans and to revise and update plans, taking in to consideration the changing circumstances of the company.
Operational Risk (Compliance Risk)	Our business may be affected by regulatory, administrative and litigation developments.	A comprehensive internal control system is in place supplemented by regular audits from the internal audit department in collaboration with the legal division. Ensuring all statutory and legal obligations are met in all transactions. Compliances are continuously checked to ensure adherence at all types of regulations. Non-Disclosure Agreement (NDA) is implemented across all the staff levels signed & endorsed at ODEL PLC.
Operational Risk	Failure in management information systems may fail and cause disruptions in our business.	A dedicated IT team is in place to support all IT related aspects of the company. They make sure that contingency plans are in place to mitigate any short term loss on IT services. Further, the company is immensely supported by the group's comprehensive IT policy, in ensuring the safety and security of data.
Operational Risk (Reputational Risk)	Risks to the group's reputation and Brand image	<p>The Board ensures that the company strictly complies with all relevant laws and codes of best practices and is not involved in any unethical business practices. The employees of the company are well informed regarding the code of ethics both during the process of recruitment & during their work life.</p> <p>The company legal division oversee any possible matter that leads to litigation & make sure that the company invariably complies with the laws & regulations.</p> <p>A separate division for the purpose of development of employee's skills & technical know-how is in place. The internal Audit department with the collaboration of the training division, keeps the employees informed about the processes by way of introducing & updating Standard Operating Procedures (SOPs)</p> <p>The buying department with the collaboration of the import department makes sure that the sources of products are of high quality & invariably caters to the fulfilment of the company's vision & mission.</p>

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

Report of the Related Party Transactions Review Committee

PURPOSE

Related Party Transactions Review Committee was established by the Board during the financial year under review, in order to comply with the Listing Rules of the Colombo Stock Exchange, to govern related party transactions in respect of listed companies as per the Codes of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (SEC) (the "Code") and Section 9 of the Listing Rules of the Colombo Stock Exchange (the "Rules"). The Board Related Party Transactions Review Committee (the "Committee") assists the Board in reviewing all related party transactions carried out by the Company and its listed companies in the Group by early adopting of the Codes of Best Practice on Related Party Transactions as issued by the Securities and Exchange Commission of Sri Lanka.

COMPOSITION

The Related Party Transactions Review Committee is appointed by the Board of Directors of the Company and the following directors were served on the Committee as at 31st March 2020.

- Dr. I C R De Silva - Independent Non-Executive Director (Chairperson)
- Mr. R P Pathirana - Independent Non-Executive
- Director Mr. H K Kaimal - Non Executive Director

The committee held 3 meetings during the financial year. Information on the attendance of these meetings by the members of the committee is given below

Name	Meeting Attended
Dr. I C R De Silva	2/3
Mr. Ranil Pathirana	2/3
Mr. H K Kaimal	3/3

The Senior Manager - Finance attended all meetings by invitation. Softlogic Corporate Services (Pvt) Ltd, Secretaries of the Company function as the Secretary to the Related Party Transactions Review Committee.

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 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 Company.
4. If related party transactions are ongoing (recurrent related party transactions) the Committee establishes guidelines for senior management to follow in its ongoing dealings with the relevant related party.
5. Ensuring that no Director of the Company shall participate in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the related party transaction to the Committee.
6. If there is any potential conflict in any related party transaction, the Committee may recommend the

creation of a special committee to review and approved the proposed related party transaction.

7. Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules/regulations are made in a timely and detailed manner

COMPLIANCE WITH RELATED PARTY TRANSACTIONS RULES

Transactions of related parties (as defined in LKAS 24 - Related Parties Disclose) with the Company are set out in Note 33 to the Financial Statements. There are no related party transactions which exceed the threshold of 10% of the equity or 5% of the total assets, whichever is lower in relation to non-recurrent related party transactions or 10% of the gross revenue in relation to recurrent related party transactions except for the aggregate transaction value with Softlogic Holdings PLC (the ultimate parent) on working capital loans of LKR 5,146,869,691/- (113% of the revenue) that were obtained and the settlements of 5,293,769,691/- (116% of the revenue) that were done during the financial year.. The Company has complied with the requirements of the Listing Rules of the Colombo Stock Exchange on Related Party. The related party transactions of the Company for the financial year ended 31st March 2020 have been reviewed by the Committee and the activities and comments of the Committee have been communicated to the Board of Directors of the Company.

(Sgd.)

Dr. I C R De Silva
Chairman - Related party Transactions Review Committee

15th December 2020

Report of the Audit Committee

COMPOSITION OF THE AUDIT COMMITTEE

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

- Mr. Ranil Pathirana - Chairman- Non-Executive Independent Director
- Dr. S Selliah - Non-Executive Independent Director
- Dr. I.C.R De Silva - Non-Executive Independent Director

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

OBJECTIVES AND ROLE OF THE AUDIT COMMITTEE

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

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

MEETINGS

The Committee held 4 meetings during the year under review. The Group Director Finance, Senior Manager – Finance and the Head of Internal Audit – Retail Sector attended these meetings by invitation.

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

Name	Meeting Attended
Mr. Ranil Pathirana	4/4
Dr. S Selliah	4/4
Dr. I C R De Silva	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

The Committee reviewed the status of their independence.

Conclusion

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

The Audit Committee determined that Messrs Ernst & Young are independent on the basis that they do not participate in any management activity of the company and do not provide any non-audit services to the company and recommended to the Board of Directors that Messrs Ernst & Young be reappointed as statutory Auditors for the financial year ending 31st March, 2020, subject to approval by the Shareholders at the forthcoming Annual General Meeting.

(Sgd.)

Ranil Pathirana
Chairman - Audit Committee

15th December 2020

Report of the Remuneration Committee

The Remuneration Committee comprises the following Non- Executive Independent Directors at the year-end.

- Mr. Ranil Pathirana
- Dr. S Selliah

The responsibilities of the Remuneration Committee include

- Ensuring the remuneration policy of the company provides a competitive, attractive and reasonable remuneration package for employees at all levels on par with industry standards giving due consideration to business performance and long term shareholder returns.
- Ensuring the remuneration package of employee is linked to performance, responsibility, expertise and contribution.
- Ensuring formal and transparent procedure in implementing the remuneration policy of the Company.

REMUNERATION COMMITTEE MEETINGS

The Committee held a meeting in relation to the year under review. The aggregate remuneration paid to Directors is disclosed in Note 7 to the financial statements.

(Sgd.)

Ranil Pathirana

Chairman - Remuneration Committee

15th December 2020



Financial Information

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 Annual Report together with the Audited Financial Statements of the Company and the Group for the year ended 31 March 2020.

PRINCIPAL ACTIVITY

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. (Please check with the accounts)

FUTURE DEVELOPMENTS

An indication of likely future developments is set out in the Chairman's Review on Pages 5 to 7.

PERFORMANCE REVIEW

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

FINANCIAL STATEMENTS

Section 168 (b) of the Companies Act require that the Annual Report of the Directors include financial statements of the Company, in accordance with Section 151 of the Act and Group financial statements for the accounting period, in accordance with section 152 of the Act. The requisite financial statements of the Company are given on Pages 30 to 104 of the Annual Report.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of affairs. The Directors are of the view that these financial statements have

been prepared in conformity with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Financial Reporting Standards. A statement in this regard is given on Page 25.

AUDITOR'S REPORT

The Auditor's Report on the financial statements is given on Page 26 of the Annual Report.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are given on Pages 41 to 50 of the Annual Report. There was no change in the accounting policies adopted from the previous year except for the standards listed in Note 2.7.

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 58 to 65 (Please check with the accounts)

CAPITAL EXPENDITURE

The total capital expenditure incurred on the acquisition of property, plant and equipment for the Company and the Group amounted to Rs. 1,245 Mn (2019 - 797Mn) and Rs. 1,985 Mn (2019 - Rs.1184 Mn) respectively. Details of capital expenditure and their movements are given in Note 10 to the Financial Statements on Pages 58 to 65 of the Annual Report.

RESERVES

The reserves for the Company and Group amounted to Rs. 3,419 Mn (2019 Rs. 3,835 Mn) and Rs. 4,533 Mn (2019 - Rs. 5072Mn) respectively. The movement and composition of the Capital and Revenue reserves is disclosed in the Statement of Changes in Equity.

DONATIONS

During the year, donations made by the Company and Group amounted to Rs.152,040/- (2018/2019 -Rs.67,140/) and Rs. 152,040/- (2018/2019 - Rs. 72,140/-) respectively.

STATED CAPITAL

The stated capital of the Company as at 31 March 2020 was Rs. 2,795,513,620/-. There was no change in the stated capital of the Company during the year under review.

TAXATION

The information relating to income tax and deferred taxation is given in Note 8 and 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.

EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

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

DIRECTORATE

The following Directors held Office during the year under review. The biographical details of the Board members are set out on Page 9.

Mr. A K Pathirage
Dr. S Selliah
Mr. H K Kaimal
Mr. R P Pathirana
Dr. I C R De Silva

DIRECTORS' SHAREHOLDING

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

Name of Director	No. of Shares as at 31/03/2019	No. of Shares as at 31/03/2020
Mr. A K Pathirage	48,292	48,292
Dr. S Selliah	-	-
Mr. H K Kaimal	-	-
Mr. R P Pathirana	-	-
Dr. I C R De Silva	-	-

DIRECTORS' REMUNERATION

Directors' remuneration in respect of the Company for the financial year ended 31 March 2020 was Rs. 3,600,000/- (2019 - Rs. 3,600,000/=). The remuneration of the Directors is determined by the Board.

DIRECTORS' INTERESTS IN CONTRACTS AND PROPOSED CONTRACTS WITH THE COMPANY

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

INTERESTS REGISTER

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

MINIMUM PUBLIC HOLDING AS A CONTINUOUS LISTING REQUIREMENT

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

SHAREHOLDERS' INFORMATION

The distribution of shareholders is indicated on Page 105 of the Annual Report. There were 5128 registered shareholders as at 31 March 2020 (31 March 2019 - 5,151).

SHARE INFORMATION

Information on share trading is given on Page 105 of the Annual Report.

INTERNAL CONTROL

The Directors are responsible for the governance of the Company including the establishment and maintenance of the Company's system of internal control. Internal control systems are designed to meet the particular needs

of the organization concerned and the risk to which it is exposed and by their nature can provide reasonable, but not absolute assurance against material misstatement or loss. The Directors are satisfied that a strong control environment is prevalent within the Company and that the internal control systems referred to above are effective.

RISK MANAGEMENT

The Group's risk management objectives and policies and the exposure to risks, are set out in Page 13 of the Annual Report.

CORPORATE GOVERNANCE

The report on Corporate Governance is given on Page 10 of the Annual Report.

THE AUDITORS

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

The Auditors of the Company, Messrs Ernst & Young, Chartered Accountants were paid Rs. 1,433,500/- as audit fees for the financial year ended 31 March 2020 (2019 - Rs. 1,489,988/-) 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

Annual Report of the Board of Directors on the Affairs of the Company

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.

(Sgd.)
A K Pathirage
Chairman/Managing Director

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.

(Sgd.)
H K Kaimal
Director

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the Central Hospital Limited (4th floor), No. 114, Norris Canal Road, Colombo 10 on Friday the 15th day of January 2021 at 10.00 a.m. The Notice of the Annual General Meeting is on Page 107 of the Annual Report For and on behalf of the Board.

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

15th December 2020
Colombo

Statement of Directors' Responsibilities

The responsibilities of the Directors, in relation to the financial statements of the Company differ from the responsibilities of the Auditors, which are set out in the Report of the Auditors on Page 26.

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 30 to 104 of the Annual Report, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed. The Directors confirm that they have justified in adopting the going concern basis in preparing the financial statements since adequate resources are available to continue operations in the foreseeable future.

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

They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities. In this regard the

Directors have instituted an effective and comprehensive system of internal control.

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

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

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and other known statutory dues as were due and payable by the Company as at the date of the Statement of Financial Position have been paid or, where relevant provided for, in arriving at the financial results for the year under review except as specified in Note 32 to the Financial Statements covering contingent liabilities.

COMPLIANCE WITH RELATED PARTY TRANSACTIONS RULES

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

of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions. For and on behalf of the Board of ODEL PLC

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

15th December 2020
Colombo

Independent Auditor's Report



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

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

TO THE SHAREHOLDERS OF ODEL PLC

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Odel PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2020, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2020, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

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

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

Key audit matters common to both Group and the Company● **Revaluation of Land and Building**

Key Audit Matter	How our audit addressed the key audit matter
<p>Rationale:</p> <p>The Group carries freehold land and buildings under Property, Plant and Equipment and Investment Property at fair value. As of reporting date, such land and buildings within Property, Plant and Equipment and Investment Property amounted to Rs. 6.5 Bn & Rs. 1.6 Bn respectively of which represents 33% of total assets. The fair values of land and buildings were determined by the external valuer engaged by the Group.</p> <p>The valuation of freehold land and buildings was considered a key audit matter due to the use of significant estimates and assumptions, including the Management's judgments relating to possible effects of the COVID-19 outbreak on those significant assumptions and estimates disclosed in notes 10 and 11 to the financial statements.</p>	<p>Our audit procedures focused on the valuations performed by external valuer engaged by the Group and included the following:</p> <ol style="list-style-type: none"> 1. We assessed the competency, capability and objectivity of the external valuer engaged by the Group. 2. We Read the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the valuation of each property. 3. We engaged our internal specialised resources to assist us in assessing the appropriateness of the valuation techniques and reasonableness of the key assumptions used by the external valuer. 4. We have also evaluated the overall appropriateness of the related Financial Statement disclosures in Notes 10 and 11.

● **Inventory & Inventory provision**

Key Audit Matter	How our audit addressed the key audit matter
<p>Rationale:</p> <p>As at 31 March 2020, the carrying value of inventories amounted to Rs. 3,338 Mn representing 14% of the total assets, after considering a provision of Rs.76 Mn for slow moving inventory.</p> <p>Considering the nature and magnitude of inventories held coupled with possible effects of COVID-19 may have on purchasing power of consumers; management's assessment that the inventories are carried at lower of cost and net realizable value was considered a key audit matter.</p>	<p>Our audit procedures included amongst others, the following:</p> <ol style="list-style-type: none"> 1. We obtained an understanding of the management's process of assessing possible effects of COVID-19 on the sales or selling prices of inventories and ascertaining the provision for slow moving inventory. 2. We evaluated, on a sample basis, whether inventories were stated at the lower of cost and net realizable value at the reporting date by comparing the sales prices of inventories subsequent to the reporting date; focusing on products with thin margins. 3. We assessed, on a sample basis the realizability of inventories as at 31 March 2020 by analyzing the change in inventory turnover patterns in subsequent period and the sale forecasts done by management considering the COVID-19 Impact 4. We assessed the adequacy of the related disclosures given in Note 17 to the financial statements.

Independent Auditor's Report

Other Information included in the 2020 Annual Report

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

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

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

Responsibilities of the management and those charged with governance

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern

basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may

involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that

a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1697.



15 December 2020
Colombo

Statement of Income

	Note	Company		Group	
		For the year ended 31st March		For the year ended 31st March	
		2020	2019	2020	2019
		LKR	LKR	LKR	LKR
Revenue	3	4,573,845,301	5,531,143,563	7,414,336,531	8,159,711,111
Cost of sales		(2,160,322,713)	(2,565,558,015)	(3,884,356,204)	(4,003,730,090)
Gross profit		2,413,522,588	2,965,585,548	3,529,980,327	4,155,981,020
Other operating income	4	213,353,284	324,681,922	288,750,261	297,213,401
Distribution expenses		(305,200,430)	(350,335,603)	(451,893,673)	(459,310,251)
Administrative expenses		(2,420,049,510)	(2,133,510,311)	(3,540,903,476)	(3,069,524,567)
Operating profit/(loss)		(98,374,068)	806,421,556	(174,066,560)	924,359,603
Finance costs	5	(724,434,212)	(500,835,131)	(1,077,664,345)	(629,005,041)
Finance income	6	48,427,757	55,109,871	11,404,500	6,255,699
Profit/(Loss) before tax		(774,380,523)	360,696,296	(1,240,326,405)	301,610,262
Income tax expense	8	279,491,466	(11,615,811)	404,774,116	(56,957,869)
Profit/(Loss) for the year		(494,889,057)	349,080,485	(835,552,289)	244,652,393
Attributable to:					
Owners of the parent				(835,552,289)	244,652,393
Non controlling interest				-	-
				(835,552,289)	244,652,393
Earning per share					
Basic, profit for the year attributable to ordinary equity holders of the parent	30	(1.82)	1.28	(3.07)	0.90

The accounting policies and notes on page 37 through 104 form an integral part of the financial statements.

Statement of Comprehensive Income

	Note	Company		Group	
		For the year ended 31st March		For the year ended 31st March	
		2020	2019	2020	2019
		LKR	LKR	LKR	LKR
Profit/(loss) for the year		(494,889,057)	349,080,485	(835,552,289)	244,652,393
Other comprehensive income					
Actuarial loss on defined benefit plans	24	(20,551,422)	(4,614,786)	(27,474,126)	(6,830,583)
Income tax effect		5,754,398	1,292,140	5,943,673	2,239,123
		(14,797,024)	(3,322,646)	(21,530,453)	(4,591,460)
Revaluation of land and buildings	10	128,133,929	143,392,160	384,864,697	514,592,160
Income tax effect		(34,895,134)	(38,067,451)	(66,555,134)	(72,667,451)
		93,238,795	105,324,709	318,309,563	441,924,709
Other comprehensive income/(loss) for the year, net of tax		78,441,771	102,002,063	296,779,110	437,333,249
Total comprehensive income/(loss) for the year, net of tax		(416,447,286)	451,082,548	(538,773,179)	681,985,642
Attributable to:					
Equity holders of the parent				(538,773,179)	681,985,642
Non-controlling interests				-	-
				(538,773,179)	681,985,642

The accounting policies and notes on page 37 through 104 form an integral part of the financial statements.

Statement of Financial Position

As at 31st March	Note	Company		Group	
		2020	2019	2020	2019
		LKR	LKR	LKR	LKR
ASSETS					
Non-Current Assets					
Property, plant & equipment	10	4,220,793,670	3,256,885,854	10,061,020,647	8,293,125,786
Investment property	11	3,827,000,000	3,614,000,000	1,638,000,000	1,364,000,000
Other non current assets	12	-	-	4,396,970,628	2,596,486,932
Intangible assets	13	1,344,188	1,359,011	324,055,249	393,180,924
Right of use assets	14	655,769,661	-	1,567,126,588	-
Investment in subsidiaries	16	3,167,642,874	2,797,642,874	-	-
Other financial assets	19	178,416,072	206,595,965	315,126,922	206,595,965
Goodwill	13	-	-	445,565,053	445,565,053
Deferred tax asset	9	-	-	179,869,908	42,927,502
		12,050,966,465	9,876,483,704	18,927,734,995	13,341,882,162
Current Assets					
Inventories	17	1,657,062,137	1,946,205,132	3,337,826,328	3,798,958,795
Trade and other receivables	18	422,120,252	716,614,681	860,660,230	1,315,031,780
Amounts due from related parties	22	328,925,537	347,444,539	102,709,975	98,744,950
Income Tax Refund Due		117,180,045	81,225,154	173,327,421	114,874,317
Other current assets	12	-	-	103,939,130	309,912,404
Other financial assets	19	19,172,889	1,440,000	19,172,889	1,440,000
Cash and bank balances	27	81,200,363	22,435,869	152,471,556	117,229,478
		2,625,661,223	3,115,365,375	4,750,107,529	5,756,191,723
Total Assets		14,676,627,687	12,991,849,079	23,677,842,524	19,098,073,887
EQUITY AND LIABILITIES					
Equity					
Stated capital	28	2,795,513,620	2,795,513,620	2,795,513,620	2,795,513,620
Revaluation surplus		2,187,954,808	2,094,716,013	3,289,720,919	2,971,411,356
Retained earnings		1,230,639,860	1,740,325,941	1,243,424,726	2,100,507,468
Total Equity		6,214,108,288	6,630,555,574	7,328,659,265	7,867,432,444
Non-Current Liabilities					
Interest bearing borrowings	23	1,891,960,213	586,409,642	5,198,116,362	3,045,059,407
Deferred tax liabilities	9	573,388,327	823,739,055	750,815,211	964,396,437
Operating lease liability	15	512,749,093	-	1,346,629,682	-
Contract liabilities	20	-	52,703,679	-	72,521,173
Other non current liabilities	21	-	-	677,497,100	412,029,017
Retirement benefit liability	24	84,082,026	60,947,905	110,986,448	75,956,192
		3,062,179,659	1,523,800,281	8,084,044,803	4,569,962,226

As at 31st March	Note	Company		Group	
		2020	2019	2020	2019
		LKR	LKR	LKR	LKR
Current Liabilities					
Trade and other payables	25	598,591,059	702,536,531	1,174,310,624	1,258,471,823
Amounts due to related parties	26	158,665,537	731,079,059	350,476,506	184,595,386
Income tax payable		-	-	861,997	1,496,632
Interest bearing borrowings	23	4,372,847,842	3,395,576,404	6,313,301,941	5,199,482,131
Operating lease liability	15	269,197,411	-	425,149,497	-
Contract liabilities	20	1,037,892	8,301,230	1,037,892	16,633,244
		5,400,339,741	4,837,493,224	8,265,138,455	6,660,679,216
Total Equity and Liabilities		14,676,627,687	12,991,849,079	23,677,842,524	19,098,073,887
Net asset per share		22.84	24.37	26.93	28.91

These financial statements are in compliance with the requirements of the Companies Act No 7 of 200



S L R Piyal
Senior Manager - Finance Operations & Compliance

The board of directors is responsible for these financial statements.

Signed for and on behalf of the board by



A K Pathirage
Chairman/Managing Director



H K Kaimal
Director

The accounting policies and notes on page 37 through 104 form an integral part of the financial statements.

15th December 2020
Colombo

Statement of Changes in Equity

Company	Revaluation Reserve LKR	Stated Capital LKR	Retained Earnings LKR	Total Equity LKR
As at 01st April 2018	1,989,391,305	2,795,513,620	1,465,321,753	6,250,226,678
Net profit for the year	-	-	349,080,485	349,080,485
Other comprehensive income/(loss)	105,324,709	-	(3,322,646)	102,002,063
	2,094,716,014	2,795,513,620	1,811,079,592	6,701,309,226
Dividends	-	-	(70,753,652)	(70,753,652)
As at 31st March 2019	2,094,716,013	2,795,513,620	1,740,325,941	6,630,555,574
Net profit/(loss) for the year	-	-	(494,889,057)	(494,889,057)
Other comprehensive income/(loss)	93,238,795	-	(14,797,024)	78,441,771
	2,187,954,808	2,795,513,620	1,230,639,860	6,214,108,288
As at 31st March 2020	2,187,954,808	2,795,513,620	1,230,639,860	6,214,108,288

Group	Attributable to equity holders of the parent			Total Equity LKR
	Revaluation Reserve LKR	Stated Capital LKR	Retained Earnings LKR	
As at 01st April 2018	2,529,486,647	2,795,513,620	1,931,200,187	7,256,200,454
Net profit for the year	-	-	244,652,393	244,652,393
Other comprehensive income/(loss)	441,924,709	-	(4,591,460)	437,333,249
	2,971,411,356	2,795,513,620	2,171,261,120	7,938,186,096
Dividends	-	-	(70,753,652)	(70,753,652)
As at 31st March 2019	2,971,411,356	2,795,513,620	2,100,507,468	7,867,432,444
Net profit/(loss) for the year	-	-	(835,552,289)	(835,552,289)
Other comprehensive income/(loss)	318,309,563	-	(21,530,453)	296,779,110
	3,289,720,919	2,795,513,620	1,243,424,726	7,328,659,265
As at 31st March 2020	3,289,720,919	2,795,513,620	1,243,424,726	7,328,659,265

The accounting policies and notes on page 37 through 104 form an integral part of the financial statements.

Statement of Cashflows

	Note	Company		Group	
		For the year ended 31st March		For the year ended 31st March	
		2020	2019	2020	2019
		LKR	LKR	LKR	LKR
CASH FLOWS FROM/(USED IN)					
OPERATING ACTIVITIES					
Net profit/(loss) before Income tax expense		(774,380,523)	360,696,296	(1,240,326,405)	301,610,262
Adjustments for					
Depreciation	10.1.3	363,385,888	255,607,413	590,382,355	393,454,338
Intangible assets amortization	13	414,823	242,604	69,525,675	84,763,126
Amortization of right of use assets		301,620,489	-	521,643,962	-
Finance costs	5	724,434,212	500,835,131	1,077,664,345	629,005,041
Lease Interest	5	-	-	15,336	29,396
Finance income	6	(48,427,757)	(55,109,871)	(11,404,500)	(6,255,699)
Fair value (gain)/loss on investment property	4	(213,000,000)	(319,000,000)	(274,000,000)	(234,000,000)
(Profit)/loss on disposal of property, plant & equipment	4	1,281,812	(3,853,951)	1,281,812	(4,171,223)
Provision for define benefit plans	24.1	16,121,528	12,787,376	22,795,993	6,020,450
Operating profit before working capital changes		371,450,472	752,204,998	757,578,573	1,170,455,690
Decrease/(Increase) in inventories		289,142,995	(51,319,090)	461,132,467	(617,806,882)
Decrease/(Increase) in trade and other receivables		294,494,429	(31,376,449)	454,371,549	(219,565,543)
Decrease/(Increase) in dues from related parties		56,660,476	229,262,923	(3,965,025)	10,329,880
Decrease/(Increase) in other non current/current assets		-	-	205,973,274	(204,744,770)
Decrease/(Increase) in other current financial assets		10,447,005	(99,238,055)	(126,263,845)	(64,634,345)
(Decrease)/Increase in dues to related parties		(541,579,064)	346,218,632	165,881,120	52,883,189
(Decrease)/Increase in trade and other payables		(103,945,472)	101,291,687	(84,161,199)	14,126,281
(Decrease)/Increase in other non current liabilities		-	-	265,468,083	281,107,445
(Decrease)/Increase in contract liabilities		(2,748,243)	(6,244,406)	(42,717,025)	7,068,543
Cash generated from operations		373,922,599	1,240,800,240	2,053,297,972	429,219,489
Finance costs paid	5	(637,216,878)	(553,637,559)	(859,661,341)	(629,005,041)
Defined benefit plan costs paid	24	(13,538,829)	(11,775,527)	(15,239,863)	(15,414,119)
Income tax paid/Dividend tax paid		(1,059,756)	(18,516,117)	(65,448,715)	(99,045,578)
Net cash from/(used in) operating activities		(277,892,865)	656,871,038	1,112,948,052	(314,245,248)

Statement of Cashflows

	Note	Company		Group	
		For the year ended 31st March		For the year ended 31st March	
		2020	2019	2020	2019
		LKR	LKR	LKR	LKR
CASH FLOWS FROM/(USED IN)					
INVESTING ACTIVITIES					
Acquisition of property, plant & equipment	10	(1,245,402,067)	(797,566,967)	(1,984,759,677)	(1,183,950,255)
Investment in equity shares of subsidiaries	16	(370,000,000)	(510,670,444)	-	(509,182,969)
Acquisition of intangible assets	13	(400,000)	(1,601,615)	(400,000)	(1,464,440)
Investment in capital projects	12.1	-	-	(1,800,483,696)	(1,977,079,962)
Finance income	6	10,286,283	5,583,551	11,404,500	6,255,699
Proceed from disposal of fixed assets		10,065,346	5,529,331	10,065,346	5,846,603
Net cash flows from/(used in) investing activities		(1,595,450,438)	(1,298,726,145)	(3,764,173,528)	(3,659,575,324)
CASH FLOWS FROM/(USED IN)					
FINANCING ACTIVITIES					
Repayment of interest bearing borrowings	23	(6,723,230,710)	(744,377,272)	(7,157,964,777)	(3,206,510,795)
Proceeds from interest bearing borrowings	23	8,972,864,187	1,505,131,027	10,309,923,640	7,013,413,158
Repayment of lease rentals		-	-	(394,623)	(342,646)
Operating lease rent paid		(350,714,212)	-	(580,393,874)	-
Dividends paid	33	-	(70,753,652)	-	(70,753,652)
Net cash flows from/(used in) financing activities		1,898,919,265	690,000,103	2,571,170,367	3,735,806,065
Net increase/(decrease) in cash and cash equivalents		25,575,962	48,144,996	(80,055,108)	(238,014,508)
Cash and cash equivalents at the beginning of the year		(609,985,425)	(658,130,421)	(887,820,498)	(649,805,990)
Cash and cash equivalents at the end of the year	27	(584,409,463)	(609,985,425)	(967,875,606)	(887,820,498)

The accounting policies and notes on page 37 through 104 form an integral part of the financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

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

Subsidiaries

Odel Apparels (Pvt) Ltd

Odel Apparels (Pvt) Ltd is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No.475/32, Kotte Road, Rajagiriya and the principal place of business is situated at No. 18 & 20, Sama Mawatha, Boralesgamuwa.

Odel Properties (Pvt) Ltd.

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

Odel Lanka (Pvt) Ltd.

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

Odel Information Technology Services (Pvt) Ltd

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

BSL International (Pvt) Ltd

BSL International (Pvt) Ltd is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No.38 Dickmens Road, Colombo 05.

Greenfield Trading (Pvt) Ltd

Greenfield Trading (Pvt) Ltd is a limited liability company incorporated and domiciled in Sri Lanka. The registered office and the principle place of business is situated at No 475/32, Kotte Road, Rajagiriya.

Softlogic Brands (Pvt) Ltd

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

Odel Properties One (Pvt) Ltd

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

Odel Restaurants (Pvt) Ltd

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

Cotton Collections (Pvt) Ltd

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

1.2 Principal Activities and Nature of Operations

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

Parent Company

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

Subsidiaries

Odel Apparels (Pvt) Ltd

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

Notes to the Financial Statements

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

BSL International (Pvt) Ltd

No activities were carried out during the year, and it is in the process of liquidation.

Greenfield Trading (Pvt) Ltd

No activities were carried out during the year, and it is in the process of liquidation.

Softlogic Brands (Pvt) Ltd

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

Odel Properties One (Pvt) Ltd

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

Odel Restaurants (Pvt) Ltd

Newly incorporated company. Hence no activities were carried out during the year.

Cotton Collections (Pvt) Ltd

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

1.3 Date of Authorization for issue

The consolidated financial statements of Odel PLC and Its Subsidiaries for the year ended 31st March 2020 were authorized for issue in accordance with a resolution of the directors on 20 September 2020.

2. STATEMENT OF COMPLIANCE

The consolidated 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 2020 are prepared in accordance with Sri Lanka Accounting Standards (SLFRSs) as laid down by the Institute of Chartered Accountants of Sri Lanka.

2.1 Basis of Preparation and Measurement

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

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

2.2 Going Concern

The management have adequately evaluated the existing and anticipated effects of COVID-19 outbreak on the Group and the appropriateness of using going concern assumption when determining the basis of preparing financial statements for the year ended 31st March 2020, based on the available information.

In the said evaluation, Group assessed its ability to continue as going concern considering a wide range of factors under multiple stress tested scenarios. The last 2 weeks of year 2019-20 and the early part of 2020-21 is expected to end with minimum income to the group and therefore, the management has already implemented a series of cost saving initiatives to secure the cash reserves. Moreover, Group has also looked at the potential sources of funding that can use if required.

Having such a comprehensive evaluation of the existing and possible outcome of COVID-19 pandemic to the business model of the Group, the Directors have concluded that the use of the going concern assumption is appropriate and the Group has adequate resources to continue its operations for the foreseeable future.

2.3 Comparative Information

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

2.4 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the group and its subsidiaries as at 31st March 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

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

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

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

2.5 Significant Judgements, Estimates and Assumptions

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

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

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

Notes to the Financial Statements

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 2.5.7 for useful lives used in depreciating Property. Useful life of finite intangible assets such as Brand Names have been estimated based on the average period of contractual right that the company is entitling to enjoy the future economic benefits. Refer Note 2.5.11 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 29th February 2020 for investment properties and Property plant and Equipment. Comparison method and Open market value method was used to assess the fair value of Investment Properties. In addition, it measures the Land and Buildings at revalued amounts, with changes in fair value being recognized in OCI. Land and Buildings were valued by reference to transactions involving properties of a similar nature, location and condition. Comparison method, DRC method, Investment method and Check method- Residual method were used to assess the fair value of Land & Buildings. For more details refer Note 10.3.1, 10.3.2 & Note 11.3.1, 11.3.2.

Retirement Benefit Obligations

The cost of defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the assumptions used are provided in Note 22.

Impairment of Non-Financial Assets

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

Impairment of Goodwill

Potential impairment of goodwill on business combination is periodically tested. The recoverable amounts of the CGU have been determined based on the value in use (VIU) calculation. value in use calculated based on the discounted cash flows of CGU..The recoverable amount of the Branded Apparel CGU, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 14%. The key assumptions used to determine the recoverable amount for the CGU is disclosed and further explained in note 13.4.

Deferred Tax

Deferred tax liability as reflected in Note 09 are recognized for unused tax losses to the extent that is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with the future tax planning strategies.

Estimating stand-alone selling price – loyalty programme

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

patterns as the main input. The redemption rate is updated annually and the liability for the unredeemed points is adjusted accordingly.

2.6 Summary Of Significant Accounting Policies

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

2.6.1 Business combinations and goodwill

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

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

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

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

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

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

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

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

2.6.2 Foreign currency translation

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

Transactions and balances

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

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

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

Notes to the Financial Statements

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

2.6.3 Revenue recognition

Revenue from contracts with customers

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

Sale of goods

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

Rendering of services

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

Variable Consideration

If the consideration in a tenant contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for

transferring the service to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Loyalty Point Programme

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

2.6.3.1 Other Income

Interest income

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

Dividends

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

2.6.4 Expenditure recognition

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

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

2.6.5 Taxes

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

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

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

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

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.

Notes to the Financial Statements

- Receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

2.6.7 Property, plant and equipment

Initial recognition

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

Subsequent Measurement

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

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

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

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

on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation

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

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

De-recognition

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

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

2.6.8 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. 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.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

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 respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.6.10 Investment Properties

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

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

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

2.6.11 Intangible assets

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

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

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

Notes to the Financial Statements

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

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

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

2.6.12 Financial instruments – initial recognition and subsequent measurement.

(i) Financial Assets

Recognition, Initial Measurement and Derecognition

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

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

Classification and Subsequent Measurement of Financial Assets

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

- Financial Assets measured at amortised cost.

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

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

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

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

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

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

Initial Measurements of Financial Instruments

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

"Day One" Profit or Loss

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

Financial Assets measured at Amortised Cost Debt Instruments

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

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

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

(ii) Reclassification of Financial Assets

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

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

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

Impairment of financial assets

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

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

(iii) Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

Derecognition

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

Notes to the Financial Statements

Fair value measurement

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

- In the principal market for the asset or liability

Or

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

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

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable for the purpose of fair value disclosures, the Company has determined classes of assets and

liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.6.13 Impairment of non-financial assets

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

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

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication

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

2.6.14 Inventories

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

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

2.6.15 Cash and short-term deposits

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

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

2.6.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

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

2.6.17 Construction work in progress

Construction work in progress has been classified to state as other non-current assets at cost during the construction period based on the value of work certified.

2.6.18 Post-employment benefits

Defined Benefit Plan - Gratuity:

Gratuity is a post-employment benefit plan. Provisions have been made for retirement gratuities from the first year of service for all employees in conformity with LKAS 19. However, under the Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service, The Company is liable to pay gratuity in terms of relevant statute. In order to meet this liability, the Group uses an actuarial valuation method in accordance with LKAS 19.

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

The gratuity benefits of the Group in unfunded.

Notes to the Financial Statements

Defined Contribution Plans

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

2.6.19 Lease

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

Right-of-use assets

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

Lease liability

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

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate

implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced

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

2.7 Changes in Accounting Policies and Disclosure

The accounting policies adopted by the Company are consistent with those of the previous financial year except for the following;

New and amended standards and interpretation.

The Group applied SLFRS 16 and changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019/2020, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2.7.1 SLFRS -16 Leases

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company adopted SLFRS 16 using the modified retrospective method of adoption, without restating comparative information. Instead, it has recognized the cumulative effect of initially applying this standard as an adjustment to the opening balance of Retained earnings at the date of initial application, as permitted under the specific transitional provisions in the standard. The impact on adoption of SLFRS 16 is reflected in Note 22 to the Financial Statements. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Leases previously accounted for as operating leases

The Company recognised right of use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right of use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liability was recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients where in it;

- Used a single discount rate
- Relied on its assessment of whether lease is onerous immediately before the date of initial application.
- Applied the short term lease exception to lease with lease term that ends with 12 months of the date of initial application
- Excluded the initial direct cost from the measurement of the right of use asset at the date of initial application
- Used hindsight in determining the lease term where the contact contained options to extend or terminate the lease

2.8 Standards Issued but not yet Effective

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

Amendments to LKAS 1 and LKAS 8: Definition of Materiality

Amendments to LKAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, Changes in accounting Estimates and Errors are made to align the definition of “material” across the standard and to clarify certain aspects of the definition. The new definition states that, “information is material if omitting or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are applied prospectively for the annual periods beginning on or after 1 January 2020 with early application permitted.

Amendments to SLFRS 3: Definition of a Business

Amendments to the definition of a business in SLFRS 3 Business Combinations are made to help the entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definition of a business and of outputs, and introduce an optional fair value concentration test.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

Amendments to references to the conceptual framework in SLFRS standards

Revisions to the Conceptual Framework were made because some important issues were not covered, and some guidance was unclear or out of date. The revised Conceptual Framework includes: a new chapter on measurement; guidance on reporting financial performance; improved definitions of an asset and a liability, and guidance supporting these definitions; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting

The amendments are effective for annual periods beginning on or after 1 January 2020, with early application is permitted.

Notes to the Financial Statements

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

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	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Sales - Fashionable Retail	4,049,389,589	5,012,789,279	7,184,589,175	7,829,028,325
Rental income	411,138,487	460,313,068	194,672,651	307,177,351
Advertising income	264,286	148,571	264,286	148,571
Net Income from Restaurant (3.1)	-	13,124,736	5,917,559	13,124,736
Commission income	-	-	26,752,034	7,471,921
Service income	113,052,939	44,767,909	2,140,826	2,760,207
Total revenue from contracts with customers	4,573,845,301	5,531,143,563	7,414,336,531	8,159,711,111
Timing of revenue recognition				
Goods transferred at a point in time	4,049,389,589	5,012,789,279	7,184,589,175	7,829,028,325
Service transferred over time	524,455,712	518,354,284	229,747,356	330,682,786
Total revenue from contracts with customers	4,573,845,301	5,531,143,563	7,414,336,531	8,159,711,111

3.1 Net Restaurant Income

Sales - Restaurant	-	101,355,027	42,090,807	101,355,027
Less - Management fees	-	(78,422,448)	(36,173,248)	(78,422,448)
Net Income	-	22,932,579	5,917,559	22,932,579

Comparative figures were recorded under LKAS 18 and the current period figures were recorded under SLFRS 15

4 OTHER OPERATING INCOME

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Fair value gain/(loss) on investment property	213,000,000	319,000,000	274,000,000	234,000,000
Profit/(Loss) on disposal of property, plant & equipment	(1,281,812)	3,853,951	(1,281,812)	4,171,223
Sundry income	1,635,096	1,827,971	4,791,093	46,253,937
Unclaimed creditors written back	-	-	-	12,788,241
Exchange gain/(loss)	-	-	11,240,980	-
	213,353,284	324,681,922	288,750,261	297,213,401

5 FINANCE COSTS

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Interest on overdrafts	70,867,695	82,253,348	101,692,234	98,585,816
Interest on loans & borrowings	472,699,728	349,433,887	725,973,232	513,769,947
Interest on intercompany borrowings	60,451,653	68,590,389	29,617,195	15,787,961
Interest on leases	-	-	15,336	29,396
Interest on operating lease (ROU)	118,051,792	-	218,003,004	-
Guarantee fees	2,363,344	557,507	2,363,344	831,921
	724,434,212	500,835,131	1,077,664,345	629,005,041

6 FINANCE INCOME

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Interest income	1,996,771	259,634	3,114,988	931,782
Fair value adjustment on refundable deposits	8,289,512	5,323,917	8,289,512	5,323,917
Intercompany interest	38,141,474	49,526,320	-	-
	48,427,757	55,109,871	11,404,500	6,255,699

7 PROFIT BEFORE TAX

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Administration Expenses				
Directors' emoluments	3,600,000	3,600,000	3,600,000	3,600,000
Depreciation	363,385,888	255,615,004	590,382,355	393,461,929
Amortisation of intangible assets	414,823	242,604	69,525,675	84,763,126
Personnel costs includes -				
- Gratuity	16,130,524	12,787,376	22,797,777	6,177,304
- EPF & ETF	73,511,650	71,820,655	102,223,244	92,861,690
- Other staff costs	650,937,784	643,822,283	879,989,650	862,201,061
Donations	152,040	67,140	152,040	72,140
Audit fees and other related expenses	1,920,000	1,489,988	3,195,468	2,510,941
Selling and Distribution Expenses				
Transport cost	21,843,754	35,435,326	21,843,754	42,305,093
Marketing & promotions	160,075,949	165,510,389	160,075,949	207,646,732

Notes to the Financial Statements

8 INCOME TAX EXPENSE

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Current income tax				
Current tax expense on ordinary activities for the year	-	-	6,222,835	9,924,840
Under/(over) provision of current taxes in respect of prior year	-	-	(564,617)	(2,916,682)
Deferred income tax				
Deferred taxation charge/(reversal)	(279,491,466)	11,615,811	(410,432,334)	49,949,710
Income tax expense/(income) reported in the income statement	(279,491,466)	11,615,811	(404,774,116)	56,957,869
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	34,895,134	38,067,451	66,555,134	72,667,451
Actuarial losses on defined benefit plans	(5,754,398)	(1,292,140)	(5,943,673)	(2,239,123)
Income tax charged/(reversed) directly to OCI	29,140,736	36,775,311	60,611,461	70,428,328

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	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Accounting profit before tax	(774,380,523)	360,696,296	(1,240,326,405)	301,610,262
	(774,380,523)	360,696,296	(1,240,326,405)	301,610,262
Income tax rate of 28% (2019 : 24% & 28%)	(216,826,546)	100,994,963	(347,291,393)	84,450,873
Under/(over) provision for previous year	-	-	(564,617)	(2,916,682)
Allowable expenses	(273,556,969)	(90,918,682)	(417,295,388)	(131,732,876)
Income exempt from tax	(59,640,000)	(89,320,000)	(55,180,689)	20,615,385
Non deductible expenses	245,489,091	86,969,803	431,032,015	60,946,240
Tax loss claimed	304,534,424	(7,726,083)	394,958,290	(24,354,783)
Dividend tax	-	-	-	-
Effect on deferred tax	(279,491,466)	11,615,811	(410,432,334)	49,949,710
	(279,491,466)	11,615,811	(404,774,116)	56,957,869
The effective income tax rate	36.09%	3.22%	32.63%	18.88%
Income tax expense reported	(279,491,466)	11,615,811	(404,774,116)	56,957,869

The Company and its subsidiary are liable to pay income tax at the rate of 28% of its taxable profits in accordance with the provisions of the Inland Revenue Act, No 24 of 2017 and subsequent amendments thereto. In the current year, there is no income tax expense recognised in the company for the trading income due to the tax losses produced and the tax expense recognised on interest income has been off set with the taxable loss from trading.

Notes to the Financial Statements

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

9.1 Statement of Financial Position

	Company		Group	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019
	LKR	LKR	LKR	LKR
Deferred Tax Liability				
Capital allowances for tax purposes	84,084,973	54,254,725	143,316,165	209,344,600
Revaluation of property, plant and equipment	840,901,675	806,006,539	840,901,675	806,006,539
Fair valuation on investment property	58,700,000	37,400,000	228,528,448	69,800,000
	983,686,648	897,661,264	1,212,746,288	1,085,151,139
Deferred Tax Assets				
Defined benefit plans	(23,542,967)	(17,065,413)	(31,628,257)	(21,509,894)
Provision for bad debts	-	-	(721,415)	(721,415)
Deferred revenue	(290,610)	(657,613)	(290,610)	(657,613)
Tax losses	(345,663,099)	(47,498,745)	(518,906,700)	(123,100,361)
Net impact on ROU asset/Operating lease liability	(35,329,516)	-	(68,980,977)	-
Provision for Inventory	(5,472,130)	(8,700,439)	(21,273,026)	(17,692,921)
	(410,298,321)	(73,922,209)	(641,800,985)	(163,682,204)
Net Deferred Tax Liability/(Assets)	573,388,327	823,739,055	570,945,303	921,468,935
9.1.1 Total net deferred tax liability by entities	573,388,327	823,739,055	750,815,211	964,396,437
9.1.2 Total net deferred tax asset by entities	-	-	(179,869,908)	(42,927,502)
	573,388,327	823,739,055	570,945,303	921,468,935

9.2 Statement of Income/Comprehensive Income

	Company		Group	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019
	LKR	LKR	LKR	LKR
Deferred Tax Liability				
Capital allowances for tax purposes	29,830,248	(11,723,948)	(66,028,435)	100,486,217
Revaluation of property, plant and equipment	34,895,136	38,067,451	34,895,136	(64,400,997)
Fair valuation on investment property	21,300,000	22,000,000	158,728,448	60,800,000
	86,025,384	48,343,503	127,595,149	96,885,220
Deferred tax assets				
Defined benefit plans	(6,477,554)	(1,575,458)	(10,118,363)	(2,848,857)
Provision for Bad Debts	-	-	-	(1,782)
Deferred revenue	367,003	1,894,239	367,003	1,894,239
Tax losses	(298,164,354)	1,757,061	(395,806,339)	25,368,826
Net impact on ROU asset/Operating lease liability	(35,329,516)	-	(68,980,977)	-
Provision for Inventory	3,228,309	(2,028,223)	(3,580,104)	(919,606)
	(336,376,112)	47,619	(478,118,780)	23,492,820
Deferred income tax charge/(reverse)	(250,350,728)	48,391,122	(350,523,631)	120,378,040

10.1.2 In the Course of Constructions

	Balance As at 1-Apr-19		Incurred during the year/		Revaluation		Disposals		Transfer Out		Balance As at 31-Mar-20	
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Capital work in progress	85,648,712	1,220,187,425	-	(1,298,875,450)	-	(1,298,875,450)	-	(1,298,875,450)	-	(1,298,875,450)	6,960,687	6,960,687
Total gross carrying amount	85,648,712	1,220,187,425	-	(1,298,875,450)	-	(1,298,875,450)	-	(1,298,875,450)	-	(1,298,875,450)	6,960,687	6,960,687
Total gross carrying value	4,113,720,683	2,447,348,455	128,133,929	(22,855,119)	(22,855,119)	(1,298,875,450)	(1,298,875,450)	(1,298,875,450)	(1,298,875,450)	(1,298,875,450)	5,367,472,497	5,367,472,497

10.1.3 Depreciation

	Balance As at 1-Apr-19		Incurred during the year/		Revaluation		Disposals		Transfer Out		Balance As at 31-Mar-20	
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
At cost	884,560	-	-	-	-	-	-	-	-	-	884,560	884,560
Landscaping	91,213,015	-	49,778,545	-	49,778,545	-	-	-	-	-	140,991,560	140,991,560
Building - leasehold	515,780,636	-	176,811,918	(3,096,580)	176,811,918	(3,096,580)	-	-	-	-	689,495,974	689,495,974
Fixtures and fittings	12,003,232	-	9,940,584	-	9,940,584	-	-	-	-	-	21,943,816	21,943,816
Fixtures - air conditions	39,335,214	-	4,364,502	(2,537,793)	4,364,502	(2,537,793)	-	-	-	-	41,161,923	41,161,923
Furniture	3,701,294	-	11,778,862	-	11,778,862	-	-	-	-	-	15,480,156	15,480,156
Computer equipments	179,066,379	-	34,934,379	(5,873,588)	34,934,379	(5,873,588)	-	-	-	-	208,127,170	208,127,170
Office equipment- other	14,850,499	-	6,819,341	-	6,819,341	-	-	-	-	-	21,669,840	21,669,840
Motor vehicles	856,834,829	-	294,428,131	(11,507,961)	294,428,131	(11,507,961)	-	-	-	-	1,139,754,999	1,139,754,999

	Balance As at 1-Apr-19		Incurred during the year/		Revaluation		Disposals		Transfer Out		Balance As at 31-Mar-20	
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
At valuation	-	-	-	-	-	-	-	-	-	-	6,923,828	6,923,828
Building	-	-	68,957,757	(62,033,929)	68,957,757	(62,033,929)	-	-	(62,033,929)	(62,033,929)	6,923,828	6,923,828
Total depreciation	856,834,829	-	363,385,888	(11,507,961)	363,385,888	(11,507,961)	-	-	(62,033,929)	(62,033,929)	1,146,678,827	1,146,678,827

Notes to the Financial Statements

10.1.4 Net Book Value - Company

	2020	2019
	LKR	LKR
At Cost		
Landscaping	-	-
Building - lease hold	787,829,269	266,507,518
Fixtures and fittings	1,067,838,349	695,175,759
Fixtures - air conditions	67,170,663	17,344,900
Furniture	10,394,379	14,749,425
Computer equipment	21,189,254	22,261,861
Office equipment- other	188,995,809	137,139,250
Motor vehicles	15,839,088	22,658,429
	2,159,256,811	1,175,837,142
At valuation		
Land	1,794,000,000	1,676,000,000
Building	260,576,172	319,400,000
	2,054,576,172	1,995,400,000

10.1.5 In the course of constructions

Capital work in progress	6,960,687	85,648,712
Total gross carrying amount	6,960,687	85,648,712
Total	4,220,793,670	3,256,885,854

10.1.6 The company uses the revaluation model for measurement of land and buildings. The company engaged chartered valuer M/S G.W.G. Abeygunawardene an accredited independent valuer, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence. Valuations are based on comparison method/DRC method, adjusted for any difference in the nature, location or condition of the specific property. The date of the most recent revaluation was on 29th February 2020. The previous revaluation was on 31 March 2019.

The following items were indicated in the valuation reports to the Company

The outbreak of COVID 19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted both local and global markets. Consequently, as at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in valuers' considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

Class of asset	Cost LKR	Cumulative depreciation If assets were carried at cost LKR	Net carrying amount	Net carrying amount
			2020 LKR	2019 LKR
Building	312,463,128	175,872,142	136,590,986	200,918,478
Land	680,661,992	-	680,661,992	680,661,992

10.1.7 Land and buildings with a carrying value of LKR 1,931,374,586 (2019 - LKR 1,828,000,000) have been pledged as security for term loans obtained, and details of which are disclosed in Note 21.3.

10.1.8 Property plant and equipment include fully depreciated assets having a gross carrying amount of LKR 526,716,887 (2019 - LKR 404,769,578)

10.1.9 The amount of borrowing costs capitalised during the year ended 31st March 2020 was LKR. 81,700,569 (2019 - LKR 21,610,751).

10.2 Group

10.2.1 Gross carrying amount

At cost	Balance As at		Incurred during the year/		Revaluation		Disposals		Transfer Out		Balance As at	
	1-Apr-19	LKR	Transfers In	LKR	LKR	LKR	LKR	LKR	LKR	LKR	31-Mar-20	LKR
Landscaping	884,560		-		-		-		-		884,560	
Building - leasehold	881,367,933		1,084,856,904		-		-		-		1,966,224,837	
Fixtures and fittings	1,352,889,166		646,340,798		-	(10,208,688)	-		-		1,989,021,276	
Fixtures - air conditions	41,619,137		59,766,348		-		-		-		101,385,485	
Furniture	602,980,950		221,465,387		-	(4,151,837)	-		-		820,294,499	
Computer equipment	146,770,114		19,296,074		-		-		-		166,066,188	
Office equipment	448,299,591		91,098,249		-	(8,494,594)	-		-		530,903,246	
Motor vehicles	55,441,578		-		-		-		-		55,441,578	
Motor vehicles - lease	2,574,404		-		-		-		-		2,574,404	
	3,532,827,434		2,122,823,759		-	(22,855,119)	-		-		5,632,796,073	

At valuation	Balance As at		Incurred during the year/		Revaluation		Disposals		Transfer Out		Balance As at	
	1-Apr-19	LKR	Transfers In	LKR	LKR	LKR	LKR	LKR	LKR	LKR	31-Mar-20	LKR
Land	5,640,000,000		-		373,000,000		-		-		6,013,000,000	
Building	494,400,000		(68,764,697)		11,864,697		-		-		437,500,000	
	6,134,400,000		(68,764,697)		384,864,697		-		-		6,450,500,000	

Notes to the Financial Statements

10.2.2 In the course of constructions

	Balance	Incurring	Revaluation	Disposals	Transfer Out	Balance
	As at 1-Apr-19 LKR	Transfers In during the year/ LKR	LKR	LKR	LKR	As at 31-Mar-20 LKR
Building work in progress	-	-	-	-	-	-
Capital work in progress	115,697,344	1,269,483,779	-	-	(1,298,875,450)	86,305,672
Total gross carrying amount	115,697,344	1,269,483,779	-	-	(1,298,875,450)	86,305,672
Total gross carrying value	9,782,924,777	3,323,542,841	384,864,697	(22,855,119)	(1,298,875,450)	12,169,601,746

10.2.3 Depreciation

	Balance	Incurring	Revaluation	Disposals	Transfer Out	Balance
	As at 1-Apr-19 LKR	Transfers In during the year/ LKR	LKR	LKR	LKR	As at 31-Mar-20 LKR
At cost	884,560	-	-	-	-	884,560
Landscaping	264,010,455	108,672,410	167,611,413	-	-	540,294,279
Building - leasehold	560,838,598	-	195,667,883	(3,096,580)	-	753,409,901
Fixtures and fittings	19,224,540	-	10,846,036	-	-	30,070,577
Fixtures - air conditions	226,984,810	-	71,001,163	(2,537,793)	-	295,448,180
Furniture	114,476,098	-	14,352,739	-	-	128,828,837
Computer equipment	271,942,207	-	46,126,309	(5,873,588)	-	312,194,928
Office equipment	29,258,295	-	8,470,105	-	-	37,728,400
Motor vehicles	2,179,428	-	-	-	-	2,179,428
Motor vehicles -lease	1,489,798,991	108,672,410	514,075,649	(11,507,961)	-	2,101,039,089

	Balance	Incurring	Revaluation	Disposals	Transfer Out	Balance
	As at 1-Apr-19 LKR	Transfers In during the year/ LKR	LKR	LKR	LKR	As at 31-Mar-20 LKR
At valuation	-	-	76,306,706	-	(68,764,697)	7,542,009
Building	-	-	76,306,706	-	(68,764,697)	7,542,009
Total depreciation	1,489,798,991	108,672,410	590,382,355	(11,507,961)	(68,764,697)	2,108,581,098

10.2.4 Net book value - Group

	2020	2019
At Cost	LKR	LKR
Landscaping	-	-
Building - leasehold	1,425,930,559	617,357,479
Fixtures and fittings	1,235,611,375	792,050,568
Fixtures - air conditions	71,314,908	22,394,596
Furniture	524,846,319	375,996,140
Computer equipment	37,237,351	32,294,016
Office equipment	218,708,317	176,357,384
Motor vehicles	17,713,178	26,183,283
Motor vehicles -lease	394,976	394,976
	3,531,756,984	2,043,028,442
At valuation		
Land	6,013,000,000	5,640,000,000
Building	429,957,991	494,400,000
	6,442,957,991	6,134,400,000

10.2.5 In the course of constructions

	2020	2019
At Cost	LKR	LKR
Building work in progress	-	-
Capital work in progress	86,305,672	115,697,344
Total gross carrying amount	86,305,672	115,697,344
Total	10,061,020,647	8,293,125,786

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 29th February 2020. The previous revaluation was on 31 March 2019.

Notes to the Financial Statements

10.2.6 (Contd.)

The following items were indicated In the valuation reports to the Group

The outbreak of COVID 19, declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted both local and global markets. Consequently, as at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in valuers’ considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

Class of asset	Cost LKR	Cumulative depreciation If assets were carried at cost LKR	Net carrying	Net carrying
			amount 2020 LKR	amount 2019 LKR
Building	433,610,820	211,186,481	222,424,339	290,489,551
Land	2,178,317,202	-	2,178,317,202	2,178,317,202

10.2.7 Land and buildings with a carrying value of LKR 6,283,374,586 (2018 - LKR 5,967,000,000) have been pledged as security for term loans obtained, and details of which are disclosed in Note 23.1.

10.2.8 Property plant and equipments included fully depreciated assets having a gross carrying amount of LKR 500,496,948 (2019 - LKR 544,052,990)

10.2.9 The amount of borrowing costs capitalised during the year ended 31st March 2020 was LKR 101,492,072 (2019 - LKR 43,635,197).

10.3 Valuation information - Land and building

10.3.1 Company

Property	Extent	Method of valuation	Effective date of valuation	Property valuer	Significant unobservable inputs		Sensitivity of fair value to unobservable inputs	Fair Value as at	
					2020	2019		29-Feb-2020	31-Mar-2019
No. 10, Ward Place, Colombo 07.	Land - R 2, P 15 Buildings - Sqft 14,491	Comparison Method/DRC Method	29-Feb-20	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	Estimated price per perch is LKR 17 Mn & estimated price per Square foot- LKR 3,500 to LKR 3,700	Estimated price per perch is LKR 16 Mn & estimated price per Square foot- LKR 4,000 to LKR 4,250	Positively correlated	Land - 1,615 Mn Building - 52 Mn	Land - 1,520 Mn Building - 58 Mn
C.W.W Kamangara Mawatha & Ward Place, Colombo 07	Building - Sqft 14,768	Comparison Method/DRC Method	29-Feb-20	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	Estimated price per Square foot- LKR 10,000 to LKR 10,500	Estimated price per Square foot- LKR 10,000 to LKR 10,500	Positively correlated	Building - 68 Mn	Building - 109 Mn
No 29A, Jayathilaka Mawatha, Panadura	Land - R 1, P 2.16 Building - Sqft 33,272	Comparison Method/DRC Method	29-Feb-20	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	Estimated price per perch is LKR 2.8 Mn & estimated price per Square foot is LKR 2,350 to LKR 4,750	Estimated price per perch is LKR 2.6 Mn & estimated price per Square foot is LKR 2,450 to LKR 4,850	Positively correlated	Land - 139 Mn Building - 126 Mn	Land - 120 Mn Building - 130 Mn
No 18 & 20, Sama Mawatha, Boraesgamuwa	Land - P 20.00 Building - Sqft 5,155	Comparison Method/DRC Method	29-Feb-20	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	Estimated price per perch is LKR 1,985 Mn & estimated price per Square foot- LKR 4,125 to LKR 4,650	Estimated price per perch is LKR 1.8 Mn & estimated price per Square foot- LKR 4,250 to LKR 4,750	Positively correlated	Land - 40 Mn Building - 21.5 Mn	Land - 36 Mn Building - 22 Mn

10.3.2 Group

Property	Extent	Method of valuation	Effective date of valuation	Property valuer	Significant unobservable inputs		Sensitivity of fair value to unobservable inputs	Fair Value as at	
					2020	2019		29-Feb-2020	31-Mar-2019
No. 475/32, Kotte Road, Rajagiriya	Land - R.1, P 7.42 Building Sqft- 32,080	Comparison Method/DRC Method	29-Feb-20	G.W.G. Abeygunawardene, Chartered Valuation Surveyor	Estimated price per perch LKR 8 Mn & estimated price per Square foot- LKR 2,750 to LKR 5,950	Estimated price per perch LKR 7 Mn & estimated price per Square foot- LKR 5,350 to LKR 6,100	Positively correlated	Land - 392 Mn Building - 170 Mn	Land - 350 Mn Building - 175 Mn

Notes to the Financial Statements

11 INVESTMENT PROPERTY

11.1 Company

	Balance As at 1-Apr-19 LKR	Transfer In LKR	Adjustment for fair value LKR	Transfers Out LKR	Impairment LKR	Balance As at 31-Mar-20 LKR
Land	3,614,000,000		213,000,000	-	-	3,827,000,000
Total	3,614,000,000	-	213,000,000	-	-	3,827,000,000

11.1.1 Net book value

	2020 LKR	2019 LKR
At fair value		
Land	3,827,000,000	3,614,000,000
Total at fair value	3,827,000,000	3,614,000,000

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

11.2 Group

	Balance As at 1-Apr-19 LKR	Transfer In LKR	Adjustment for fair value LKR	Transfers Out LKR	Impairment LKR	Balance As at 31-Mar-20 LKR
Land	1,364,000,000	-	274,000,000	-	-	1,638,000,000
Total	1,364,000,000	-	274,000,000	-	-	1,638,000,000

11.2.1 Net book value

	2020 LKR	2019 LKR
At fair value		
Land	1,638,000,000	1,364,000,000
Total at fair value	1,638,000,000	1,364,000,000

11.2.2 Land with a carrying value of LKR 1,638,000,000 (2019 - LKR 1,364,000,000) have been pledged as security for term loans obtained, details of which are disclosed in Note 21.3.

11.3 Valuation information - Land and building

11.3.1 Company

Property	Extent	Method of valuation	Effective date of valuation	Property valuer	2019		Fair Value as at	
					Significant unobservable inputs	2020	29-Feb-2020	31-Mar-2019
No. 15, C.WW. Kannangara Mawatha, Colombo 07.								
No. 21/5, C.WW.Kannangara Mawatha, Colombo 07.								
No.25/2,3,5,6 & 6B.C.WW.Kannangara Mawatha,Colombo 7.	Land - A 1, R 1, P 12.58	Comparison Method	29-Feb-20	G W G Abeygunawardene, Chartered Valuation Surveyor	Estimated price per perch is LKR 18 Mln	Estimated price per perch is LKR 17 Mln	Land 3,827 Mln	Land 3,614 Mln
No.17,17/1,17/1A,19 & 19A, C.WW. Kannangara Mawatha,Colombo 7.								
No. 25, C.WW. Kannangara Mawatha, Colombo 07.								

11.3.2 Group

Property	Extent	Method of valuation	Effective date of valuation	Property valuer	2019		Fair Value as at	
					Significant unobservable inputs	2020	29-Feb-2020	31-Mar-2019
No 197/C, Kalapaluwawa Road & No 271, Kaduwela Road, Thalagama	A 1-R 1-P 35.24	Comparison Method	29-Feb-20	G W G Abeygunawardene, Chartered Valuation Surveyor	Estimated price per perch LKR 6.5 Mln	Estimated price per perch LKR 4.8 Mln	Land 1,638 Mln	Land 1,364 Mln

Notes to the Financial Statements

12 OTHER CURRENT/NON CURRENT ASSETS

12.1 Other Non Current Assets

	Company		Group	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Work in progress				
Balance as at 01 st April	-	-	2,596,486,932	619,406,970
Addition during the period	-	-	1,800,483,696	1,977,079,962
Transfers during the period	-	-	-	-
Balance as at 31 st March	-	-	4,396,970,628	2,596,486,932

12.1.1 Odel Properties one (Pvt) Ltd, fully owned subsidiary of Odel PLC commenced the construction of a shopping mall with apartments as a BOI project. Above balance represent the value of the work done for the said project in progress. This mainly consist of the construction cost of the project.

12.2 Other Non Current Assets

	Company		Group	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Advance paid on constructions (12.2.1)	-	-	654,000,000	654,000,000
Less - Work recovered from Advance	-	-	(550,131,712)	(344,158,438)
	-	-	103,868,288	309,841,562
Withholding Tax refund due	-	-	70,842	70,842
Current portion of the ground rent paid in advance	-	-	-	-
	-	-	103,939,130	309,912,404

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

13 INTANGIBLE ASSETS

13.1 Company

13.1.1 Gross carrying amounts

	Balance As at 1-Apr-19	Incurred during the year/ Transfers In	Revaluation	Disposals	Transfer Out	Balance As at 31-Mar-20
At cost	LKR	LKR	LKR	LKR	LKR	LKR
Computer software	1,601,615	400,000	-	-	-	2,001,615
Total	1,601,615	400,000	-	-	-	2,001,615

13.1.2 Amortization

	Balance As at 1-Apr-19	Acquisitions/ Transfers	Charge for the year	Disposals	Transfer Out	Balance As at 31-Mar-20
At cost	LKR	LKR	LKR	LKR	LKR	LKR
Computer software	242,604	-	414,823	-	-	657,427
	242,604	-	414,823	-	-	657,427

13.1.3 Net book value

	2020	2019
At cost	LKR	LKR
Computer software	1,344,188	1,359,011
Total	1,344,188	1,359,011
Total	1,344,188	1,359,011

13.1.4 Intangible Assets include fully amortised assets having a gross carrying amount of LKR 0 (2019 - 0)

13.2 Group

13.2.1 Gross carrying amounts

	Balance As at 1-Apr-19	Incurred during the year/ Transfers In	Revaluation	Disposals	Transfer Out	Balance As at 31-Mar-20
At cost	LKR	LKR	LKR	LKR	LKR	LKR
Computer software	142,937,975	400,000	-	-	-	144,237,975
Brand names	672,974,584	-	-	-	-	672,974,584
Total	815,912,559	400,000	-	-	-	817,212,559

Notes to the Financial Statements

13.2.2 Amortization

At cost	Balance	Incurred		Disposals	Transfer Out	Balance
	As at	during the year/				As at
	1-Apr-19	Transfers In	Revaluation			31-Mar-20
	LKR	LKR	LKR	LKR	LKR	LKR
Computer software	140,765,338	-	717,388	-	-	142,382,726
Brand names	281,966,297	-	68,808,287	-	-	350,774,584
	422,731,635	-	69,525,675	-	-	493,157,310

13.2.3 Net book value

At cost	2020	2019
	LKR	LKR
Computer software	1,855,249	2,172,637
Brand names	322,200,000	391,008,287
Total	324,055,249	393,180,924

13.2.4 Intangible Assets include fully amortised assets having a gross carrying amount of LKR 306,875,556 (2019 - LKR 155,746,640)

13.3 Goodwill

The balance represents the Goodwill computed on the acquisition of,

	2020	2019
	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 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 - 12%

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

14 RIGHT OF USE ASSETS**14.1 Company**

	01-Apr-19	SLFRS 1 Initial Recognition	Additions/ Charge	Transfers In	Transfers Out	31-Mar-20
	LKR	LKR	LKR	LKR	LKR	LKR
Gross carrying amounts	-	1,014,608,924	-	(58,656,293)	1,437,519	957,390,150
Amortisation	-	-	(301,620,489)	-	-	(301,620,489)
Net carrying amount	-	1,014,608,924	(301,620,489)	(58,656,293)	1,437,519	655,769,661

14.2 Group

	01-Apr-19	SLFRS 1 Initial Recognition	Additions/ Charge	Transfers In	Transfers Out	31-Mar-20
	LKR	LKR	LKR	LKR	LKR	LKR
Gross carrying amounts	-	2,102,376,102	-	(13,309,038)	(296,514)	2,088,770,550
Amortisation	-	-	(521,643,962)	-	-	(521,643,962)
Net carrying amount	-	2,102,376,102	(521,643,962)	(13,309,038)	(296,514)	1,567,126,588

15 LEASE LIABILITY**15.1 Company**

	01-Apr-19	SLFRS 1 Initial Recognition	Additions	Interest	Payments	31-Mar-20
	LKR	LKR	LKR	LKR	LKR	LKR
Lease hold properties	-	1,014,608,924	-	118,051,792	(350,714,212)	781,946,504
	-	1,014,608,924	-	118,051,792	(350,714,212)	781,946,504

15.1.1 Following is the maturity lease liability for future periods

	Gross LKR	Interest LKR	Liability LKR
0-3 Months	80,525,356	1,682,103	78,843,252
3-12 Months	206,947,611	16,593,453	190,354,158
Current balance	287,472,967	18,275,557	269,197,411
1 to 5 Years	528,926,673	148,153,350	380,773,323
5 Year and above	367,506,054	235,530,284	131,975,770
Non Current balance	896,432,727	383,683,634	512,749,093
Total	1,183,905,694	401,959,190	781,946,504

Notes to the Financial Statements

15.2 Group

	01-Apr-19	SLFRS 1 Initial Recognition	Additions	Interest	Payments	31-Mar-20
	LKR	LKR	LKR	LKR	LKR	LKR
Lease hold properties	-	2,092,585,147	41,584,902	218,003,003	(580,393,874)	1,771,779,179
	-	2,092,585,147	41,584,902	218,003,003	(580,393,874)	1,771,779,179

15.2.1 Following is the maturity lease liability for future periods

	Gross LKR	Interest LKR	Liability LKR
0-3 Months	134,385,297	34,321,952	100,063,344
3-12 Months	432,847,582	107,761,429	325,086,152
Current balance	567,232,878	142,083,382	425,149,497
1 to 5 Years	1,368,920,558	324,671,287	1,192,136,745
5 Year and above	391,249,944	236,757,007	154,492,937
Non Current balance	1,760,170,502	413,540,820	1,346,629,682
Total	2,327,403,380	555,624,201	1,771,779,179

16 INVESTMENT IN SUBSIDIARIES

	% Holding	Company		Group	
		2020 LKR	2019 LKR	2020 LKR	2019 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	-	-
BSL International (Pvt) Ltd	100%	1,000,000	1,000,000	-	-
Greenfield Trading (Pvt) Ltd	100%	10	10	-	-
Softlogic Brands (Pvt) Ltd	100%	1,719,288,000	1,719,288,000	-	-
Odel Properties One (Pvt) Ltd	100%	769,253,834	399,253,834	-	-
Odel Restaurant (Pvt) Ltd	100%	1,000,000	1,000,000	-	-
Cotton Collection (Pvt) Ltd	100%	300,000,000	300,000,000	-	-
		3,168,642,874	2,798,642,874	-	-
Impairment of investment - BSL International (Pvt) Ltd		(1,000,000)	(1,000,000)	-	-
		3,167,642,874	2,797,642,874	-	-

17 INVENTORIES

	Company		Group	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Finished Goods	1,676,605,457	1,977,278,129	3,413,801,420	3,870,838,953
Provision for obsolete and slow moving items	(19,543,320)	(31,072,997)	(75,975,092)	(71,880,158)
Total inventories at the lower of cost and NRV	1,657,062,137	1,946,205,132	3,337,826,328	3,798,958,795

18 TRADE AND OTHER RECEIVABLES

	Company		Group	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Financial Assets - At Amortized Cost				
Trade Debtors (18.1)	24,823,806	87,929,604	27,237,643	91,071,071
Other Debtors	40,218,646	105,249,071	169,207,153	242,240,008
Provision for impairment on trade receivable	-	-	(2,576,483)	(2,576,483)
	65,042,452	193,178,675	193,868,313	330,734,597
Non Financial Assets				
Deposits & Prepayments	357,077,800	523,436,006	666,791,917	984,297,183
	422,120,252	716,614,681	860,660,230	1,315,031,780

18.1 Trade debtors aging analysis

	Company		Group	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Aging brackets (Days)				
0-30	91,101	53,214,841	2,504,939	56,356,308
31-60	3,471,719	11,822,408	3,471,719	11,822,408
61-90	13,729,612	4,879,235	13,729,612	4,879,235
91-120	2,375,095	6,140,746	2,375,095	6,140,746
120 <	5,156,279	11,872,374	5,156,279	11,872,374
Total	24,823,806	87,929,604	27,237,643	91,071,071

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

Notes to the Financial Statements

19 OTHER FINANCIAL ASSETS

	Company		Group	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Financial assets at fair value through profit and loss				
Investment in unit trust	248,959	248,959	248,959	248,959
Other Receivable				
Staff loan	902,634	902,634	902,634	902,634
Refundable deposit	196,437,367	206,884,372	333,148,217	206,884,372
	197,588,960	208,035,965	334,299,810	208,035,965
19.1 Total current	19,172,889	1,440,000	19,172,889	1,440,000
19.2 Total Non current	178,416,072	206,595,965	315,126,922	206,595,965
	197,588,960	208,035,965	334,299,810	208,035,965

20 CONTRACT LIABILITIES

20.1 Deferred Revenue

	Company		Group	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Loyalty programme				
Balance as at 01 st April	2,348,617	9,113,757	2,348,617	9,113,757
Points awarded during the period	33,522,076	35,049,881	33,522,076	35,049,881
Released to the income statement	(34,832,801)	(41,815,021)	(34,832,801)	(41,815,021)
Balance as at 31 st March	1,037,892	2,348,617	1,037,892	2,348,617

20.2 Deferred Expenditure

	Company		Group	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Operating lease				
Balance as at 01 st April	58,656,292	58,135,558	86,805,799	72,972,116
Transferred to ROU asset (SLFRS 16)_Note 14	(58,656,292)	-	(86,805,799)	-
Charged to the income statement	-	520,734	-	13,833,683
Balance as at 31 st March	-	58,656,292	-	86,805,799
Total Deferred Liability	1,037,892	61,004,909	1,037,892	89,154,416
20.2.1 Total current	1,037,892	8,301,230	1,037,892	16,633,244
20.2.2 Total non current	-	52,703,679	-	72,521,173
	1,037,892	61,004,909	1,037,892	89,154,416

21 OTHER NON CURRENT LIABILITIES

	Company		Group	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Retained from payments on constructions (21.1)	-	-	298,500,000	182,883,703
Advances received on apartment sales (21.2)	-	-	373,873,994	229,145,314
Refundable deposit (21.3)	-	-	5,123,106	-
	-	-	677,497,100	412,029,017

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

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

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

Notes to the Financial Statements

22 AMOUNTS DUE FROM RELATED PARTIES

	Relationship	Company		Group	
		2020 LKR	2019 LKR	2020 LKR	2019 LKR
Amount due from subsidiary companies					
Odel Properties (Pvt) Ltd	Subsidiary	35,560,942	74,064,647	-	-
Odel Properties One (Pvt) Ltd	Subsidiary	23,937,433	75,927,673	-	-
Odel Apparels (Pvt) Ltd	Subsidiary	38,496,403	20,009,821	-	-
Odel Lanka (Pvt) Ltd	Subsidiary	192,566,279	172,715,116	-	-
Cotton Collection (Pvt) Ltd		14,417,077	-	-	-
		304,978,134	342,717,257	-	-
Less: Provision for doubtful debt - Odel Lanka	Subsidiary	(65,532,013)	(65,532,013)	-	-
		239,446,121	277,185,244	-	-
Amount due from Other companies					
Softlogic Retail (Pvt) Ltd	Other Related	27,430,484	20,858,602	39,549,279	43,371,594
Softlogic Mobile Distribution (Pvt) Ltd	Other Related	-	-	(75,434)	2,504,609
Softlogic BPO Services (Pvt) Ltd	Other Related	-	20,036,750	-	20,059,150
Softlogic Holdings PLC	Ultimate Parent	-	-	210,600	2,928,283
Softlogic Restaurants (Pvt) Ltd	Other Related	40,314,105	28,113,210	40,398,401	28,113,210
Softlogic City Hotels (Pvt) Ltd	Other Related	637,914	722,264	637,914	722,264
Softlogic Life Insurance PLC	Other Related	-	88,550	-	88,550
Central Hospital Ltd	Other Related	-	-	-	247,264
Softlogic Communication (Pvt) Ltd	Other Related	48,960	48,960	48,960	48,960
Softlogic Retail Holdings (Pvt) Ltd	Immediate Parent	255,775	255,775	359,755	359,755
Softlogic Supermarkets (Pvt) Ltd	Other Related	17,328,770	135,184	17,606,389	135,184
Softlogic Rewards (Pvt) Ltd	Other Related	3,463,408	-	3,463,408	-
Asiri Hospital Holdings PLC	Other Related	-	-	217,515	166,127
Central Hospital (Pvt) Ltd	Other Related	-	-	247,264	-
Asiri Hospital Galle (Pvt) Ltd	Other Related	-	-	45,925	-
		89,479,416	70,259,295	102,709,975	98,744,950
		328,925,537	347,444,539	102,709,975	98,744,950

23 INTEREST BEARING LOANS AND BORROWINGS

23.1 Company

		2020		2020		2019		2019	
		Repayable within 1 year LKR	Repayable after 1 year LKR	Total LKR	Repayable within 1 year LKR	Repayable after 1 year LKR	Total LKR	Repayable within 1 year LKR	Total LKR
Bank loan	23.1.3	3,378,543,942	1,891,960,213	5,270,504,155	2,281,410,272	586,409,642	2,867,819,914		
Bank overdraft	27.2	665,609,826	-	665,609,826	632,421,294	-	632,421,294		
Related Party Loans	23.1.3	328,694,074	-	328,694,074	481,744,838	-	481,744,838		
		4,372,847,842	1,891,960,213	6,264,808,055	3,395,576,404	586,409,642	3,981,986,046		

23.1.1 Short Term Loans

		2019		2020	
		Obtained LKR	Repayment LKR	Obtained LKR	Repayment LKR
Bank Loans		1,956,123,872	1,175,994,496	(744,603,322)	2,387,515,045
Related party loans- Softlogic Holdings PLC		481,744,838	5,146,869,691	(5,299,920,455)	328,694,074
		2,437,868,710	6,322,864,187	(6,044,523,778)	2,716,209,119

23.1.2 Medium Term Loans

Bank Loans		911,696,042	2,650,000,000	(678,706,932)	2,882,989,110
------------	--	-------------	---------------	---------------	---------------

23.1.3 Summary

Total bank loans		2,867,819,914	3,825,994,496	(1,423,310,254)	5,270,504,155
Total related party loans (23.1.4)		481,744,838	5,146,869,691	(5,299,920,455)	328,694,074
Grand total		3,349,564,752	8,972,864,187	(6,723,230,710)	5,599,198,229
Short term working capital loans		1,956,123,872	1,175,994,496	(744,603,322)	2,387,515,045
Medium term project loans		911,696,042	2,650,000,000	(678,706,932)	2,882,989,110
		2,867,819,914	3,825,994,496	(1,423,310,254)	5,270,504,155

23.1.4 Related Party Loans

Short term working capital loans		481,744,838	5,146,869,691	(5,299,920,455)	328,694,074
Softlogic Holdings		481,744,838	5,146,869,691	(5,299,920,455)	328,694,074

Notes to the Financial Statements

		2020		2020		2019		2019		
		Repayable within 1 year LKR	Repayable after 1 year LKR	Total LKR	Repayable within 1 year LKR	Repayable after 1 year LKR	Total LKR	Repayable within 1 year LKR	Repayable after 1 year LKR	
Bank loan	23.2.4	4,286,096,066	5,198,116,362	9,484,212,427	3,422,054,351	3,045,059,407	6,467,113,758			
Lease creditors	23.4	-	-	-	379,287	-	379,287			
Bank overdraft	27.2	1,120,347,163	-	1,120,347,163	1,005,049,976	-	1,005,049,976			
Related Party Loans	23.2.4	906,858,712	-	906,858,712	771,998,518	-	771,998,518			
		6,313,301,941	5,198,116,362	11,511,418,302	5,199,482,131	3,045,059,407	8,244,541,539			
Bank Loans										
				2019 LKR	Obtained LKR	Repayment LKR	2020 LKR			
Short term working capital loans			3,096,767,951	1,175,994,496	(977,695,278)	3,295,067,169				
Medium term project loans			3,370,345,807	3,583,894,815	(765,095,364)	6,189,145,258				
			6,467,113,758	4,759,889,311	(1,742,790,642)	9,484,212,427				
23.2.1 Short Term Loans										
Bank Loans			3,096,767,951	1,175,994,496	(977,695,278)	3,295,067,169				
Related party loans- Softlogic Holdings PLC			596,998,518	5,550,034,330	(5,415,174,135)	731,858,712				
Related party loans- Softlogic Finance PLC			175,000,000	-	-	175,000,000				
			3,868,766,468	6,726,028,825	(6,392,869,413)	4,201,925,881				

23.2.2 Related Party Loans**Bank Loans**

	2019 LKR	Obtained LKR	Repayment LKR	2020 LKR
Short term working capital loans				
Softlogic Holdings PLC	596,998,518	5,550,034,330	(5,415,174,135)	731,858,712
Softlogic Finance PLC	175,000,000	-	-	175,000,000
	771,998,518	5,550,034,330	(5,415,174,135)	906,858,712

23.2.3 Medium Term Loans**Bank Loans**

Softlogic Holdings	481,744,838	5,146,869,691	(5,299,920,455)	328,694,074
	481,744,838	5,146,869,691	(5,299,920,455)	328,694,074

23.2.4 Summary

Total bank loans	6,467,113,758	4,759,889,311	(1,742,790,642)	9,484,212,427
Total related party loans	771,998,518	5,550,034,330	(5,415,174,135)	906,858,712
Grand total	7,239,112,276	10,309,923,640	(7,157,964,777)	10,391,071,139

Notes to the Financial Statements

23.3 Terms of the loan

23.3.1 Company

Lending institution	Loan/Facility value	Nature of facility	Security
BOC	450Mn	Medium term loan	First and additional legal mortgage over the property depicted as Lot No. 01 in Plan No. 012166 dated 10.07.2012 made by K D W D Perera, LS of the property situated at a Kotte Road, Rajagiriya, within the Administrative Limits of the Municipal Council of Sri Jayawardenapura Kotte, in the District of Colombo, Western Province.
BOC	100Mn	Medium term loan	Corporate Guarantee of Softlogic Holdings PLC
Commercial Bank	500Mn	Medium term loan	Credit card & debit card sales except for BIA
Commercial Bank	500Mn	Medium term loan	Credit card & debit card sales except for BIA
Commercial Bank	350Mn	Medium term loan	Credit card & debit card sales except for BIA
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).
State Bank of India	350Mn	Medium term loan	Asset Backed Trust Certificates secured by a primary mortgage over the Merchant fee Income
Indian Bank	250Mn	Medium term loan	Asset Backed Trust Certificates secured by a primary mortgage over the Merchant fee Income
HNB	1000Mn	Medium term loan	Registered Primary Mortgage Over Credit Card Receivables
HNB	375Mn	Short term Loan	Concurrent Mortgage Bond, Stock in Trade & Book debts
HNB	32Mn	Short term Loan	Clean
NTB	28.5Mn	Short term Loan	None
NTB	40Mn	Short term Loan	Short Term Loan Agreement
Cargills Bank	250Mn	Short term Loan	Corporate Guarantee for 250Mn to be obtained from Softlogic Holdings PLC together with the supporting board Resolution
Seylan Bank	750Mn	Short term Loan	Loan Agreement Form for LKR 750Mn, Series of Loans for LKR 750 Mn, Facility Commitment Letter, Board Resolutions for borrowings
Seylan Bank	1000Mn	Short term Loan	Corporate Guarantee of Softlogic Holdings PLC, Loan Agreement Form, Series of Loans, Accepted Facility Committed Letter
Union Bank	400Mn	Short term Loan	Concurrent Mortgage Bond
DFCC Bank	150Mn	Short term Loan	Primary Concurrent Mortgage Bond
BOC	200Mn	Short term Loan	Loan Agreement
Nations Trust Bank	101.5Mn	Import Loan	Mortgage over Stocks and Books Debts
Sampath Bank	75Mn	Import Loan	Import Loan Agreement
DFCC Bank	100Mn	Import Loan	Primary Concurrent Mortgage Bond
Commercial Bank		Import Loan	None
Hatton National Bank	150Mn/400Mn	Bank Overdraft	Concurrent mortgage over stock and book debts

Repayment term	Loan Balance as at 31 March 2020	Loan Balance as at 31 March 2019
66 Months including 6 Months Grace Period	390,166,203	450,000,000
30 Months including 6 Months Grace Period	52,576,220	97,500,042
5 Years	-	124,970,000
3 Years	-	27,774,000
4 Years	-	211,452,000
Capital to be repaid in 59 equal monthly instalments of Rs. 16,666,667/= and final installment of Rs. 16,666,647/- after a grace period of 06 months from the date of grant	1,000,000,000	-
48 Monthly instalments after the grace period - Starting from 04th February 2020	337,302,000	-
48 Monthly instalments after the grace period - Starting from 04th February 2020	240,930,000	-
To be settled in 48 Months	862,010,688	-
Maximum of 90 days subject to roll over	250,000,000	375,000,000
Under Moratorium till 30/09/2020	32,000,000	-
Maximum of 60 days subject to roll over	-	28,500,000
Maximum of 90 days subject to roll over	23,418,959	-
01 Year	233,988,722	-
Maximum of 90 days subject to roll over	-	750,000,000
Bullet Payment within 90 days from the date of disbursement	1,000,000,000	-
Monthly	300,000,000	400,000,000
Maximum of 90 days subject to roll over	150,000,000	150,000,000
Maximum of 90 days subject to roll over	200,000,000	157,000,000
Maximum of 90 days	85,756,405	20,482,818
Maximum of 90 days	75,434,364	32,127,021
Maximum of 90 days	36,916,594	6,434,042
Maximum of 90 days	-	36,579,991
On demand	295,886,970	235,805,150

Notes to the Financial Statements

Lending institution	Loan/Facility value	Nature of facility	Security
Sampath Bank	75Mn	Bank Overdraft	Existing Concurrent Mortgage Bond for Rs.300Mn over stocks and book debts of the Company
Union Bank	100Mn	Bank Overdraft	Concurrent Mortgage Bond totalling to Rs. 1.650 Bn over stocks and book debts
DFCC Bank	135/175Mn	Bank Overdraft	Primary Concurrent Mortgage Bond No. 1066/4744/1439/1174 for Rs. 210,000,000.00 over stocks
Bank of Ceylon		Bank Overdraft	
Seylan Bank		Bank Overdraft	
Nations Trust Bank	20Mn	Bank Overdraft	Mortgage Over Stocks & Book debts for Rs. 100Mn
Commercial Bank	50Mn	Bank Overdraft	Primary Mortgage Bond over credit and debit card sales of all outlets of the Company(excluding the outlet at BIA) routed through 3 Acquiring Banks (HSBC, Sampath, NTB- (Amex)
Softlogic Holding PLC		Short term Loan	None

23.3.2 Group (together with No 23.3.1)

23.3.2.1 Odel Properties One (Pvt) Ltd

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

Repayment term	Loan Balance as at 31 March 2020	Loan Balance as at 31 March 2019
On demand	73,367,131	75,457,775
On demand	112,316,698	102,328,280
On demand	152,982,540	136,546,435
On demand	6,023,993	3,709,287
On demand	-	4,323,233
On demand	24,350,936	31,038,572
On demand	679,600	43,212,562
On demand (Related party)	328,694,074	481,744,838

Repayment term	Loan Balance as at 31 March 2020	Loan Balance as at 31 March 2019
120 months including a grace Period of 36 months	2,950,044,631	2,016,149,815

Notes to the Financial Statements

23.3.2.2 Softlogic Brands (Pvt) Ltd

Lending institution	Loan/Facility value	Nature of facility	Security
BOC	450 Mn	Medium term loan	Corporate Guarantee from Softlogic Holdings PLC & a mortgage over the property called "Madanagahawatta"
Commercial Bank	200 Mn	Overdraft/Letter of Credit/Short term Loan	Corporate Guarantee RS. 100 Mn executed by ODEL
DFCC	150 Mn	Overdraft/Letter of Credit/Short term Loan/Import Loan	A Corporate Guarantee from Odel PLC for 100 Million
Union Bank	300 Mn	Letter of Credit/Import Loan	A Corporate Guarantee from Odel PLC for 200 Million & a negative pledge over stock & Book Debts
NTB	50 Mn	Overdraft/Letter of Credit/Short term Loan	A negative pledge over stocks & Book Debts
Seylan Bank PLC	300 Mn	LC/Import Loan/OD	A Corporate Guarantee from ODEL PLC for Rs.300M & a negative pledge for LKR 300M.
Cargills Bank PLC	40 Mn	Temporary Short Term Loan	
Softlogic Holding PLC	-	Short term Loan	None
Softlogic Finance PLC	-	Short term Loan	None

23.3.2.3 Cotton Collections (Pvt) Ltd

Lending institution	Loan/Facility value	Nature of facility	Security
NTB	50 Mn	Import Loan	Primary mortgage over stocks for Rs 80 Mn

Repayment term	Loan Balance as at 31 March 2020	Loan Balance as at 31 March 2019
66 months including 6 months grace period	356,111,518	442,499,950
90 Days	97,794,600	80,275,526
180 Days	161,912,151	153,377,291
120 Days	292,518,195	317,255,800
90 Days	22,091,680	63,623,162
90 Days	272,819,245	242,019,239
90 Days	40,000,000	
On demand (Related party)	403,164,639	115,253,680
On demand (Related party)	175,000,000	175,000,000

Repayment term	Loan Balance as at 31 March 2020	Loan Balance as at 31 March 2019
Within 120 Days of granting each loan	20,416,253	61,093,061

Notes to the Financial Statements

23.4 Group

	2020			2019		
	Repayable	Repayable	Total	Repayable	Repayable	Total
	Within 1 year	After 1 year		Within 1 year	After 1 year	
	LKR	LKR	LKR	LKR	LKR	LKR
Future minimum lease payment	-	-	-	382,924	-	382,924
Finance cost allocated to future period	-	-	-	(3,637)	-	(3,637)
Net liability	-	-	-	379,287	-	379,287

24 RETIREMENT BENEFIT LIABILITY

	Company		Group	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Defined Benefit Plan Costs - Gratuity				
As at the beginning of the year	60,947,905	55,321,269	75,956,192	69,888,564
Balance acquired	-	-	-	4,242,019
Charge for the year (24.1)	16,121,528	12,787,376	22,795,993	10,409,145
Payment made during the year	(13,538,829)	(11,775,527)	(15,239,863)	(15,414,119)
Actuarial loss/(Gain) on obligation	20,551,422	4,614,786	27,474,126	6,830,583
Defined Benefit Obligation as at the end of the year	84,082,026	60,947,905	110,986,448	75,956,192

24.1 Charge for the year

Current service cost	9,417,259	7,255,250	14,832,446	7,504,104
Interest cost	6,704,269	5,532,126	7,963,547	6,115,231
Gratuity	16,121,528	12,787,376	22,795,993	13,619,335
Recognized in other comprehensive income				
Experience losses/(Gain) arising during the year	2,308,759	8,779,847	9,231,463	12,537,831
Losses/(Gain) due to change in assumption	18,242,663	(4,165,061)	18,242,663	(5,707,248)
	20,551,422	4,614,786	27,474,126	6,830,583

24.2 The Retirement benefit liability of Odel PLC is valued by Mr. Piyal Goonatilleke, who is a fellow member of the society of actuaries (USA) and a member of the American Academy of Actuaries. Defined liability is valued as at 31st March 2019 and the principal actuarial assumptions used are as follows.

Principal actuarial assumptions

	Company		Group	
	2020	2019	2020	2019
Discount rate	9.20%	11.00%	10%, 10.16% & 10.36%	10%, 10.16% & 10.36%
Salary increases	8.0%	8.0%	8.0%	8.0%
Staff turnover				
Age	Turnover	Turnover	Turnover	Turnover
20	40%	40%	40%	40%
25	40%	40%	40%	40%
30	30%	30%	30%	30%
35	20%	20%	20%	20%
40	11%	11%	11%	11%
45	6%	6%	6%	6%
50	1%	1%	1%	1%
Retirement Age	55 Years	55 Years	55 Years	55 Years
Weighted average duration of define benefit obligation	7.5 Years	7.3 Years	7.5, 11.8 & 12.5 Years	7.5, 11.8 & 12.5 Years

24.3 Sensitivity of Assumptions Employed in Actuarial Valuation

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

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

Assumptions	Discount rate		Salary increment rate	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Impact on defined benefit obligation - Company	(5,355,933)	5,986,006	5,823,847	(5,314,281)
Impact on defined benefit obligation - Group	(16,204,148)	17,718,238	17,598,209	(16,114,355)

Notes to the Financial Statements

24.4 Maturity Analysis

Year	Retirement	Term	Death	Disable	Total
2020/2021	2,047,005	12,311,727	156,326	261,342	14,776,400
2021/2022	5,078,710	11,118,679	183,472	298,782	16,679,643
2022/2023	3,848,338	10,087,119	197,537	323,347	14,456,341
2023/2024	1,487,450	9,477,868	231,043	374,689	11,571,050
2024/2025	2,324,880	8,961,252	286,247	470,205	12,042,584
2025/2026	3,972,687	8,167,873	341,902	572,504	13,054,966
2026/2027	13,544,578	7,002,007	392,705	675,061	21,614,351
2027/2028	13,771,570	5,991,277	405,669	715,805	20,884,321
2028/2029	19,179,040	5,803,940	459,620	768,128	26,210,728
2029/2030	23,226,007	4,183,952	697,208	1,248,866	29,356,033
2019/2020 Actual Benefit Pay-out					13,538,829

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

25 TRADE AND OTHER PAYABLES

	Company		Group	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Financial Liabilities				
Trade payables	62,415,961	140,902,607	452,125,366	534,466,558
Sundry creditors	248,832,481	236,050,378	295,339,381	431,832,078
Accrued expenses	99,033,965	52,934,012	162,931,785	77,502,468
Unredeemed vouchers	35,129,490	61,604,388	35,129,490	61,604,388
Work certified on constructions	-	-	274,642,446	141,152,565
Deposits & Advances	225,713,853	227,332,595	19,736,264	24,641,379
	671,125,750	718,823,980	1,239,904,732	1,271,199,435
Non Financial Liabilities				
Tax & Statutory	(72,534,691)	(16,287,449)	(65,594,108)	(12,727,613)
	598,591,059	702,536,531	1,174,310,624	1,258,471,823

26 AMOUNTS DUE TO RELATED PARTIES

	Relationship	Company		Group	
		2020	2019	2020	2019
		LKR	LKR	LKR	LKR
Amount due to subsidiary companies					
Odel Information Technology Services (Pvt) Ltd	Subsidiary	8,253,417	9,000,082	-	-
Odel Restaurant (Pvt) Ltd	Subsidiary	3,961,056	950,000	-	-
Softlogic Brands (Pvt) Ltd	Subsidiary	23,156,464	643,622,188	-	-
Cotton Collection (Pvt) Ltd	Subsidiary	-	41,099,377	-	-
		35,370,937	694,671,647	-	-
Amount due to other companies					
Softlogic Retail (Pvt) Ltd	Other related	-	-	129,380,835	125,146,295
Softlogic BPO Services (Pvt) Ltd	Other related	13,294,310	-	14,643,098	-
Softlogic Corporate Services (Pvt) Ltd	Other related	1,720,508	1,173,836	5,008,526	2,397,911
Softlogic Destination Management Ltd	Other related	212,400	1,354,251	212,400	1,356,751
Softlogic Holdings PLC	Ultimate parent	84,546,023	13,678,538	177,527,592	35,162,322
Softlogic Information Technologies (Pvt) Ltd	Other related	23,281,556	32,500	23,281,556	52,000
Softlogic Restaurants (Pvt) Ltd	Other related	-	-	-	222,124
Softlogic Communications (Pvt) Ltd	Other related	-	-	18,904	18,904
Softlogic Retail One (Pvt) Ltd	Other related	-	-	70,792	70,792
Nextage (Pvt) Ltd	Other related	75,682	-	75,682	-
Ceysand Resorts (Pvt) Ltd	Other related	150,000	150,000	150,000	150,000
Future Automobiles (Pvt) Ltd	Other related	-	14,437	-	14,437
Softlogic Computers (Pvt) Ltd	Other related	-	3,850	-	3,850
Softlogic Mobile Distribution (Pvt) Ltd	Other related	-	20,000,000	-	20,000,000
Softlogic Supermarkets (Pvt) Ltd	Other related	-	-	93,000	-
Softlogic Automobiles (Pvt) Ltd	Other related	14,121	-	14,121	-
		123,294,600	36,407,412	350,476,506	184,595,387
		158,665,537	731,079,059	350,476,506	184,595,386

Notes to the Financial Statements

27 CASH AND CASH EQUIVALENTS

27.1 Favourable cash & cash equivalents balance

	Company		Group	
	2020	2019	2020	2019
Components of Cash and Cash Equivalents	LKR	LKR	LKR	LKR
Cash & bank balances	81,200,363	22,435,869	152,471,556	117,229,478

27.2 Unfavourable cash & cash equivalents balance

	Company		Group	
	2020	2019	2020	2019
Components of Cash and Cash Equivalents	LKR	LKR	LKR	LKR
Bank overdraft	(665,609,826)	(632,421,294)	(1,120,347,163)	(1,005,049,976)
	(584,409,463)	(609,985,425)	(967,875,607)	(887,820,498)

28 STATED CAPITAL

	Company		Group	
	2020	2020	2019	2019
	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

29 FINANCIAL ASSETS & LIABILITIES - FAIR VALUES

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

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

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

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

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

29.2 Fair value hierarchy

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

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

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

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

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

Company	Carrying Amount		Fair value	
	2020	2019	2020	2019
Interest bearing loans and Borrowings	LKR	LKR	LKR	LKR
Floating Rate Borrowings	5,270,504,155	2,867,819,914	5,270,504,155	2,867,819,914
	5,270,504,155	2,867,819,914	5,270,504,155	2,867,819,914

Group	Carrying Amount		Fair value	
	2020	2019	2020	2019
Interest bearing loans and Borrowings	LKR	LKR	LKR	LKR
Floating Rate Borrowings	9,484,212,427	6,467,113,758	9,484,212,427	6,467,113,758
	9,484,212,427	6,467,113,758	9,484,212,427	6,467,113,758

Company	Carrying Amount		Fair value	
	2020	2019	2020	2019
Loans and receivables	LKR	LKR	LKR	LKR
Staff loan	902,634	2,779,318	902,634	2,779,318
Refundable deposit	218,937,907	57,121,823	218,937,907	57,121,823
	219,840,541	59,901,141	219,840,541	59,901,141

Group	Carrying Amount		Fair value	
	2020	2019	2020	2019
Loans and receivables	LKR	LKR	LKR	LKR
Staff loan	902,634	2,779,318	902,634	2,779,318
Refundable deposit	298,982,089	72,351,943	298,982,089	72,351,943
	299,884,723	75,131,261	299,884,723	75,131,261

Notes to the Financial Statements

29.2 Fair value hierarchy (Contd.)

As at 31 March 2020, the Group held the following assets carried at fair value in the statement of financial position:

Assets measured at fair value - 2020	LKR	Level 1 LKR	Level 2 LKR	Level 3 LKR
Financial assets at fair value through profit and loss				
Investment in unit trust	248,959	248,959	-	-
Non-Financial Assets				
Free hold lands	6,013,000,000	-	-	6,013,000,000
Free hold buildings	437,500,000	-	-	437,500,000
Investment Property	1,638,000,000	-	-	1,638,000,000
Assets measured at fair value - 2019				
Financial assets at fair value through profit and loss				
Investment in unit trust	248,959	248,959	-	-
Non-Financial Assets				
Free hold lands	5,640,000,000	-	-	5,640,000,000
Free hold buildings	494,400,000	-	-	494,400,000
Investment Property	1,364,000,000	-	-	1,364,000,000

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

Note numbers 10.3 & 11.3 set out information about significant unobservable inputs used as at 31st March 2020 in measuring non-financial assets categorised as level 3 in the fair value hierarchy

30 EARNINGS 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

	2020	2019
	LKR	LKR
Amounts used as the numerators:		
Net profit/(loss)	(835,552,289)	244,652,393
Net profit/(loss) attributable to ordinary shareholders for basic earnings per share	(835,552,289)	244,652,393
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 earnings per share	(3.07)	0.90

31 ASSETS PLEDGED - COMPANY/GROUP

The following assets have been pledged as security for liabilities.

Nature of asset	Mortgage type	Bank	2020	2019	Address
Odel PLC					
Land & building	Primary	Union	-	460 Mn	No. 10, Ward Place, Colombo 7
Land & building	Primary	DFCC	-	41 Mn	No. 15, C.W.W. Kannangara Mawatha, Colombo 7
Land & building	Primary	DFCC	-	55 Mn	No 29A, Jayathilaka Mawatha, Panadura
Land & building	Primary	BOC	450 Mn	275 Mn	No. 475/32, Kotte Road, Rajagiriya. Owned by Odel Properties (Pvt) Ltd
Land & building	Primary	HNB	-	200 Mn	No 271-271F, Kaduwala Road, Thalangama, Battaramulla. owned by Odel Lanka (Pvt) Ltd
Land & building	Primary	Union	1,000 Mn	-	No 271-271F, Kaduwala Road, Thalangama, Battaramulla. owned by Odel Lanka (Pvt) Ltd
Stock & debts	Primary Concurrent	Sampath	-	150 Mn	
Stock & debts	Primary Concurrent	HNB	450 Mn	475 Mn	
Stock & debts	Primary Concurrent	DFCC	400 Mn	210 Mn	
Stock & debts	Primary Concurrent	NTB	150 Mn	100 Mn	
Softlogic Brands (Pvt) Ltd					
Land & building	Primary	BOC	230 Mn	230 Mn	No 29A, Jayathilaka Mawatha, Panadura
Odel Properties One (Pvt) Ltd					
Land & building	Primary	HNB/Sampath/BOC	5,400 Mn	5,400 Mn	No. 15, C.W.W. Kannangara Mawatha, Colombo 7

Notes to the Financial Statements

32 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

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

32.1 Capital Commitments

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

- a) Access Engineering PLC for Rs 570 Mn to construct the diaphragm wall and piling work of the proposed Odel department store. As at 31st March 2020, estimated value of the work done is Rs 450Mn.
- b) China Construction Third Engineering Bureau Co, Ltd for 7,017 Mn on commercial development at Ward Place. As at 31st March 2020, the estimated value of the work done is Rs 2,917 Mn
- c) Non contracted capital commitments

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

32.2 Contingent Liabilities

Letter of credits executed for LKR 78,678,945 (USD 19,116 & EUR 351,186) and refer note no 21.3.2.1 and 21.3.2.2 to this financial statements for the details of the corporate guarantees given by Odel PLC.

33 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	
	2020	2019
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%
BSL International (Pvt) Ltd	100%	100%
Greenfield Trading (Pvt) Ltd	100%	100%
Softlogic Brands (Pvt) Ltd	100%	100%
Odel Properties One (Pvt) Ltd	100%	100%
Odel Restaurants (Pvt) Ltd	100%	100%
Cotton Collections (Pvt) Ltd	100%	100%

33.1 Transaction with the parent Entity

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

	2020	2019
Transactions between the Company and subsidiaries	LKR	LKR
Nature of Transaction		
Balance as at 1 April (Before Provision)	(351,954,390)	52,051,444
Loan Granted	-	(419,440,087)
Purchase of Goods/Services	(288,369,843)	(706,856,020)
Sale of goods/services	(56,423,021)	197,026,999
Investment in equity shares	-	-
Sister Store Sales	(120,937,105)	-
Settlements/Receipts	(114,997,654)	-
Balance Transfer	619,419,541	
Settlement of liabilities on behalf of the Company	582,869,668	525,263,274
Balance as at 31 March (Before Provision)	269,607,197	(351,954,390)
	2020	2019
Transactions between the Company and other related entities	LKR	LKR
Nature of Transaction		
Balance as at 1 April (Before Provision)	33,851,883	102,998,856
Loan Granted/Advance Paid	(290,403,060)	(104,949,012)
Purchase of goods/services	-	(286,284,181)
Sale of goods/services	77,356,963	78,655,114
Sister Store Sales	159,050	
Settlements/Receipts	92,051,980	243,431,106
Balance Transfer	23,864,092	
Settlement of liabilities on behalf of the Company	29,303,908	-
Balance as at 31 March (Before Provision)	(33,815,184)	33,851,883

Notes to the Financial Statements

33.2 Transactions with immediate parent company - Softlogic Retail Holding (Pvt) Ltd.

During the year, no transactions have been incurred by Odel PLC on behalf of Softlogic Retail Holding (Pvt) Ltd.

Transactions with ultimate parent company - Softlogic Holding PLC

Working capital loans of LKR 5,146,869,691/- (113% of the revenue) were obtained and the settlements of 5,293,769,691/- (116% of the revenue) were done during the financial year. Further LKR 83,535,777/- worth of services were received and LKR 892,034 services were provided 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 20 and 24 to the financial statements

Terms and conditions of transactions with related parties

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

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

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

	2020	2019
	LKR	LKR
a) Key Management Personnel Compensation		
Short-term employee benefits	3,600,000	3,600,000
Post-employment benefits	-	-
Other long term benefits	-	-
Termination benefit	-	-
Share based payments	-	-
	3,600,000	3,600,000
b) Advances received for purchase of goods/services		
	31,442,015	19,401,406
	35,042,015	23,001,406

34 DIVIDENDS PAID AND PROPOSED

	2020	2019
	LKR	LKR
Declared and paid during the year:		
Dividends on ordinary shares:		
Final dividend for 2020: 0 cents per share (2019: 0 cents per share)	-	-
Interim dividend paid for 2020: 0 cents per share (2019: 0.26 cents per share)	-	70,753,652
	-	70,753,652

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

Interest rate risk

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

35.1 Interest rate sensitivity

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

	Increase/decrease in basis points	Effect on profit before tax	
		Company LKR	Group LKR
2020			
Loan interest	+100	(51,233,971)	(98,779,799)
Loan interest	-100	51,233,971	98,779,799
2019			
Loan interest	+100	(33,092,025)	(28,377,057)
Loan interest	-100	33,092,025	28,377,057

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.

Notes to the Financial Statements

35.2 Credit exposure

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

35.2.1 Company

As at 31 March 2020	Neither past-due nor impaired				Past-due but not impaired	Total
	Risk free	AAA to AA-	A+ to A-	BBB+ to BB-		
	LKR	LKR	LKR	LKR	LKR	LKR
Loans and receivables						
Trade debtors	-	-	-	5,247,380	19,576,426	24,823,806
Other debtors	-	-	-	40,218,646	-	40,218,646
Deposits & prepayments				357,077,800		357,077,800
Staff loan				902,634		902,634
Refundable deposit				196,437,367		196,437,367
Investment in unit trust				248,959		248,959
Amounts due from related parties				328,925,537		328,925,537
Total	-	-	-	929,058,323	19,576,426	948,634,749
As at 31 March 2019	Neither past-due nor impaired				Past-due but not impaired	Total
	Risk free	AAA to AA-	A+ to A-	BBB+ to BB-		
	LKR	LKR	LKR	LKR	LKR	LKR
Loans and receivables						
Trade debtors	-	-	-	65,087,215	22,842,389	87,929,604
Other debtors	-	-	-	105,249,071	-	105,249,071
Deposits & prepayments				523,436,006		523,436,006
Staff loan				902,634		902,634
Refundable deposit				206,884,372		206,884,372
Investment in unit trust				248,959		248,959
Amounts due from related parties				347,444,539		347,444,539
Total	-	-	-	1,249,252,796	22,842,389	1,272,095,185

Notes to the Financial Statements

35.3 Liquidity Risk

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

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

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

35.3.1 Company

Year ended 31 March 2020	On demand		Less than 3 months		3 to 12 months		1 to 5 years		> 5 years		Total	
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Interest-bearing loans and borrowings	-	2,850,167,418	1,156,988,814	2,422,820,864	86,505,319	6,516,482,415						
Bank Overdrafts	665,609,826	-	-	-	-	665,609,826						
Trade and other payables	35,129,490	563,461,569	-	-	-	598,591,059						
Corporate Guarantee	600,000,000	-	-	-	-	600,000,000						
	1,300,739,316	3,413,628,987	1,156,988,814	2,422,820,864	86,505,319	8,380,683,300						
Year ended 31 March 2019	On demand		Less than 3 months		3 to 12 months		1 to 5 years		> 5 years		Total	
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Interest-bearing loans and borrowings	-	2,858,630,788	133,906,147	563,072,489	-	3,555,609,424						
Bank Overdrafts	632,421,294	-	-	-	-	632,421,294						
Trade and other payables	61,604,388	640,932,143	-	-	-	702,536,531						
Corporate Guarantee	600,000,000	-	-	-	-	600,000,000						
	1,294,025,682	3,499,562,931	133,906,147	563,072,489	-	5,490,567,249						

35.3.2 Group

Year ended 31 March 2020	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	-		4,864,643,103		2,711,880,155		3,645,326,747		86,505,319		11,308,355,325	
Bank Overdrafts	1,120,347,163		-		-		-		-		1,120,347,163	
Trade and other payables	35,129,490		1,139,181,134		-		-		-		1,174,310,624	
Other non current liabilities	-		-		-		677,497,100		-		677,497,100	
	1,155,476,653		6,003,824,238		2,711,880,155		3,645,326,747		86,505,319		13,603,013,112	
Year ended 31 March 2019												
Interest-bearing loans and borrowings	-		4,399,228,200		458,202,486		3,482,447,850		386,227,344		8,726,105,880	
Bank Overdrafts	1,005,049,976		-		-		-		-		1,005,049,976	
Trade and other payables	61,604,389		1,196,867,434		-		-		-		1,258,471,823	
Other non current liabilities	-		-		-		412,029,017		-		412,029,017	
	1,066,654,365		5,596,095,634		458,202,486		3,894,476,867		386,227,344		10,989,627,679	

Notes to the Financial Statements

35.4 Capital Management

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

The gearing ratio at the reporting date was as follows

	Company		Group	
	2020	2019	2020	2019
	LKR	LKR	LKR	LKR
Interest bearing borrowings - Current	4,291,647,479	3,373,140,535	6,160,830,385	5,082,252,654
Interest bearing borrowings - Non Current	1,891,960,213	586,409,642	5,198,116,362	3,045,059,407
Total Borrowings	6,183,607,692	3,959,550,177	11,358,946,747	8,127,312,061
Total Equity	6,214,108,288	6,630,555,574	7,328,659,265	7,867,432,444
Total Equity and Debt	12,397,715,980	10,590,105,751	18,687,606,011	15,994,744,505
Gearing Ratio (Total Debt/Total Capital)	50%	37%	61%	51%

36 SIGNIFICANT TRANSACTIONS AND EVENTS

36.1 Odel PLC invested Rs 370,000,000/= additionally in the ordinary shares of Odel Properties One (Pvt) Ltd, a fully owned subsidiary, of which the business is to carry out a special project under the agreement with the Board of Investment.

37 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

37.1 Current Status of Response to COVID-19 Pandemic

The impact of COVID-19 pandemic on our business is unprecedented. The Company understands the importance of the safety measures implemented by world leaders. The Company is closely monitoring the liquidity position and have requested banks for debt moratoriums and working capital loans as per the Central Bank guidelines, which would give the Company comfort in managing future cashflows of the business. In addition to managing the financial impact of COVID-19, the Company has also put in place strict guidelines for future operations based on the advice of the World Health Organization and the Ministry of Health and Indigenous Medical Services. With the ease of the curfew during the daytime and the gradual reanimation of economic activities, we have witnessed a recommencement of our operations. While steadily gaining momentum, we are aware of the unpredictable nature of the current climate of the country and the globe and therefore, wish to further observe the impacts and take proactive measures to ensure the smooth functioning of the business.

37.2 The curfew imposed in March 2020 and in November 2020 with the outbreak of the first wave of COVID 19 and the second wave respectively, impacted our revenue adversely and with the incidence of fixed costs negatively affected performance during the first quarter of the ensuing year. To counter these temporary setbacks, various cost management measures were taken to minimize the impact on our bottom line. Our bankers have lent us their support in managing our cash flow, and given the nature of our business we do not expect any long term adverse impact from the pandemic.

Notes to the Financial Statements

38 SEGMENT INFORMATION (Contd.)

Year ended 31 March 2020	Fashion Retail	Investment Property	Other	Total Segments	Adjustments and Elimination	Consolidated Financial Statements
	LKR	LKR	LKR	LKR	LKR	LKR
Revenue	7,041,255,402	371,315,687				7,412,571,089
Revenue						
External Customers	7,041,255,402	371,315,687	7,412,571,089			7,412,571,089
Inter Company	473,299,075	105,231,997	578,531,072	(578,531,072)		-
Total Revenue	7,514,554,477	476,547,684	7,991,102,161	(578,531,072)		7,412,571,089
Other Operating Income	11,394,920	189,000,000				200,394,920
EBIT	455,102,402	188,060,245				643,162,647
Amortisation and depreciation	359,741,550					359,741,550
Segment Profit	38,083,922	161,257,986				199,341,908
Non-Current Assets (excluding financial assets, goodwill and deferred tax assets)	8,066,624,112	1,130,000,000				9,196,624,112
Total Liabilities	6,456,096,915	161,589,101				6,617,686,016

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

Investor Information

The percentage of shares held by the public as at 31 March 2020 was 2.26% (2019-2.26%). The number of shareholders representing the public holding was 5125 (2019-5,148)

Market Capitalization of public share holding is LKR 117,045,149 (2019-LKR 160,783,073)

DISTRIBUTION OF SHAREHOLDING AS AT 31 ST MARCH 2020

There were 5,128 registered shareholders as at 31st March 2020

NO. OF SHARES HELD	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	TOTAL HOLDING	% OF TOTAL HOLDING
1-1000	4635	90.39	1,144,359	0.42
1001-10,000	431	8.41	1,310,292	0.48
10001-100,000	53	1.03	1,544,564	0.57
100001-1,000,000	7	0.14	2,209,348	0.81
Over- 1,000,000	2	0.03	265,920,868	97.72
Total	5128	100.	272,129,431	100

ANALYSIS REPORT OF SHAREHOLDERS AS AT 31 ST MARCH 2020

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

CATEGORY	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	TOTAL HOLDING	% OF TOTAL HOLDING
Individual	5031	98.11	4,182,225	1.54
Institutional	97	1.89	267,947,206	98.46
Total	5128	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 TOTAL HOLDING
Resident	5101	99.47	271,977,699	99.94
Non-resident	27	0.53	151,732	0.06
Total	5128	100	272,129,431	100

SHARE TRADING INFORMATION

	2019/20	2018/19
Highest	33.30	32.50
Lowest	19.00	22.10
Closing	19.00	26.10
Dividend per share (cents)	-	0.26
Dividend pay out (%)	-	20%

Investor Information

TWENTY LARGEST SHAREHOLDERS OF THE COMPANY AS AT 31 MARCH 2020 ARE AS FOLLOWS

No.	Name	Shares	%
1	SOFTLOGIC RETAIL HOLDINGS (PRIVATE) LIMITED	240,920,868	88.53
2	COMMERCIAL BANK OF CEYLON PLC/SOFTLOGIC RETAIL HOLDINGS (PVT) LTD	25,000,000	9.19
3	AYENKA HOLDINGS PRIVATE LIMITED	605,209	0.22
4	MRS. ELAINE BRYNHILDE HELGA ANIL PERERA	527,000	0.19
5	MERCANTILE INVESTMENTS AND FINANCE PLC	300,000	0.11
6	TANGERINE TOURS (PVT) LIMITED	225,600	0.08
7	BANK OF CEYLON NO. 1 ACCOUNT	222,295	0.08
8	MR. INDIKA PRASAD GALHENAGE	179,144	0.07
9	ASHA FINANCIAL SERVICES LIMITED/MR.C.N.PAKIANATHAN	150,100	0.06
10	MR. NAYANAKA ARJUNA SAMARAKOON	100,000	0.04
11	MISS NEESHA HARNAM	99,800	0.04
12	PEOPLE'S LEASING & FINANCE PLC/DR.H.S.D.SOYSA & MRS.G.SOYSA	90,000	0.03
13	COMMERCIAL BANK OF CEYLON PLC/ANDARADENIYA ESTATE (PVT) LTD	79,501	0.03
14	MR. AMARAKOON MUDIYANSELAGE WEERASINGHE	66,200	0.02
15	Mr. MADHURA SUPUN HIRIPITIYA	60,805	0.02
16	Mr. SARATH KUSUM WICKREMESINGHE	55,000	0.02
17	DFCC BANK PLC/MR.M.C.FERNANDO	54,191	0.02
18	Mr. DILIP SUDHIRA JAYAWICKRAMA	50,000	0.02
19	BANSEI SECURITIES CAPITAL (PVT) LTD/M.A.U. GNANATILAKE	49,677	0.02
20	PEOPLES BANK/ASOKA KARIYAWASAM PATHIRAGE	48,292	0.02

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Odel PLC will be held at the Central Hospital Limited (4th floor), No.114, Norris Canal Road, Colombo 10 on Friday the 15th day of January 2021 at 10.00 a.m. for the following purposes:

- 1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company and of the Group for the year ended 31st March 2020 together with the Report of the Auditors thereon.
- 2) To re-appoint the retiring Auditors, Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.
- 3) To authorize the Directors to determine and make donations for the year ending 31st March 2021 and up to the date of the next Annual General Meeting.

By Order of the Board

**SOFTLOGIC CORPORATE SERVICES
(PVT) LTD**

(Sgd.)

Softlogic Corporate Services (Pvt) Ltd
Secretaries

15th December 2020
Colombo

Note:

A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a member, to attend on behalf of him/her.

The Form of Proxy is enclosed in this Report.

The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 475/32, Kotte Road, Rajagiriya not later than forty eight (48) hours before the time appointed for the holding of the meeting.

Form of Proxy

**I/We of
 Being *a member/members of ODEL PLC, do hereby appoint
(holder of N.I.C No.)
 of or (whom failing)

- Mr A K Pathirage of Colombo (whom failing)
- Dr S Selliah of Colombo (whom failing)
- Mr H K Kaimal of Colombo (whom failing)
- Mr R P Pathirana of Colombo (whom failing)
- Dr I C R De Silva of Colombo

as *my/our Proxy to represent *me/us and to speak and vote for *me/us on *my/our behalf at the ANNUAL GENERAL MEETING OF THE COMPANY to be held at the Central Hospital Limited, (4th floor), No. 114 Norris Canal Road, Colombo 10 on Friday the 15th day of January 2021 at 10.00 a.m. and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	For	Against
1. To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company for the year ended 31st March 2020 together with the Report of the Auditors Theron.	<input type="radio"/>	<input type="radio"/>
2. To re-appoint Messrs Ernst & Young, as Auditors and to authorize the Directors to determine their remuneration.	<input type="radio"/>	<input type="radio"/>
3. To authorize the Directors to determine and make Donations	<input type="radio"/>	<input type="radio"/>

*Signature/S

Date

Note:

1. *Please delete the inappropriate words.
2. Instructions as to completion are noted on the reverse hereof.

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name, address and the National Identity Card number and signing in the space provided and filling in the date of signature.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a member, to attend and vote on behalf of him. Please indicate with an "X" in the boxes provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.
3. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
4. In the case of a Corporate Member, the Form of Proxy must be executed in the manner prescribed by the Articles of Association/Statute.
5. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 475/32, Kotte Road, Rajagiriya not later than forty eight (48) hours before the time appointed for the holding of the meeting.

Corporate Information

Name of company

Odel PLC

Legal form

Public Limited Liability Company
Incorporated in Sri Lanka in 1990

Registered office of the company

475/32,
Kotte Road,
Rajagiriya.

Company registration No.

PV 7206 PQ

Directors

Mr A K Pathirage
Chairman/Executive Director

Mr H.K Kaimal
Non Executive Director

Dr S Selliah
Independent Non Executive Director

Mr R.P Pathirana
Independent Non Executive Director

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

Audit Committee

Mr R.P Pathirana - Chairman
Dr S Selliah
Dr I.C.R De Silva

Remuneration Committee

Mr R.P Pathirana
Dr S Selliah

Related Party Transactions Review Committee

Dr I.C.R De Silva - Chairperson
Mr R.P Pathirana
Mr H.K Kaimal

Secretaries and registrars

Softlogic Corporate Services (Pvt) Ltd
No 14, De Fonseka Place,
Colombo 5.

Auditors

Ernst & Young
Chartered Accountants,
201 De Saram Place,
P.O. Box 101,
Colombo.

Bankers

Bank of Ceylon
Commercial Bank
DFCC Bank
Hatton National Bank
Nation Trust Bank
Sampath Bank
Seylan Bank
Union Bank
National Development Bank
Cargill's Bank

Investor Relations

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

