
MOROIL
Mauritius Oil Refineries Ltd
ANNUAL REPORT 2021

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# OUR BRANDS


MOROIL
Rani
A BLEND OF VEGETABLE OILS
MOROIL
Tournesol
SANS CHOLESTÉROL
MOROIL
Soja
SANS CHOLESTÉROL


CASTELLINO
Lesieur
iSio 4
Lesieur
Sunflower Oil
Lesieur
Huile d'Olive Vierge extra
Lesieur
Ketchup
Lesieur
Cocktail
Vinegar
Vinegar


PUGET
PUGET Bio
PUGET


Fragata
GHERKINS
Fragata
Fragata


Olivor
MIAMI
DILL
CUCUMBERS
ROUND SLICED
Amadora
Amadora
Peeled Tomatoes
Golden Sweet
PINEAPPLE SLICES
Sweet
PIQUANTE
PEPPERS

# AT A GLANCE



## Corporate Profile

Mauritius Oil Refineries Limited (MOROIL) started its commercial operations in 1968. In line with the national import substitution policy, MOROIL set out to guarantee the Mauritian population a continuous supply of locally refined and packed edible oils of international quality, at competitive prices.

MOROIL's core business is the refining and marketing of edible oil. Besides the selling of crude oil and its by-products, the marketing of a selected range of quality food products; the administrative and investment operations form part of the other business activities of the company.

The MSB certificate mark has been awarded to MOROIL since 1983 and in the year 2000, the company became HACCP certified. MOROIL is also SA8000 (Social Accountability) compliant, demonstrating its commitment towards international human rights norms and national labour laws.

MOROIL's acknowledged competencies have also been conducive in the setting up of partnerships with renowned European producers, namely Lesieur from France, Sovena and Angel Camacho from Spain and Attianese from Italy for the representation and marketing of their products on the Mauritian market.

# Vision

A recognised regional leader in our field of expertise.

# Mission

We shall strive to achieve sustainable growth and to create value for our stakeholders through efficient:

**Production & Commercialisation**
of quality vegetable oils.

**Operation**
of diversified activities in compliance with international standards.

**Marketing**
of selected food products.

# Values

Integrity

Teamwork

Customer-Driven

Accountability

Fairness

Exemplarity

# KEY ASPECTS OF OUR BUSINESS & HIGHLIGHTS FOR 2021

## 3 sectors of activity


EDIBLE OILS

QUALITY FOOD PRODUCTS

METAL CANS & PLASTIC CONTAINERS

## Our Certifications

HACCP

MAURITIUS STANDARDS BUREAU

SA 8000: COMPLIANT

KOSHER CERTIFIED

HALAL CERTIFIED

**171** DEDICATED EMPLOYEES

**85** PRODUCTS

**Rs. 57.0M** PROFIT BEFORE TAX

**Rs. 1,214M** TOTAL ASSETS

**3** CSR PROJECTS

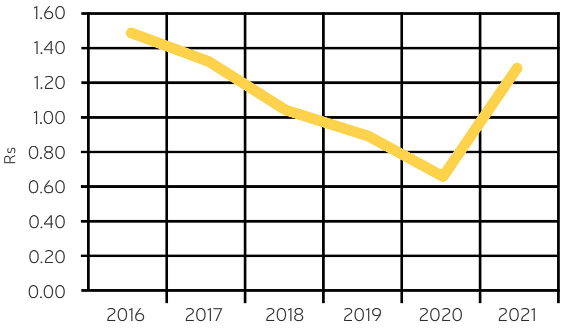
**4.90%** PROFIT BEFORE TAX TO REVENUE

# FINANCIAL HIGHLIGHTS

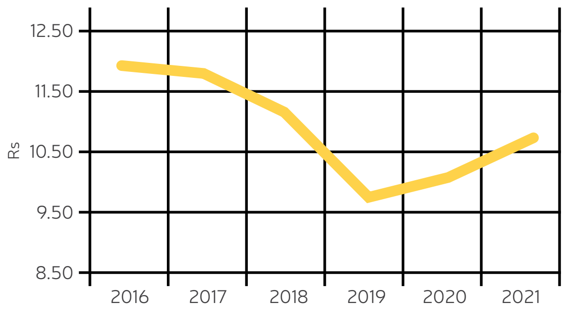
## GROUP FINANCIAL HIGHLIGHTS
AS AT JUNE 30, 2021

| | | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|
| **OPERATING RESULTS** | | | | Restated | | |
| Revenue | Rs'000 | **1,163,815** | **994,692** | **1,008,386** | 1,157,127 | 1,240,437 |
| Profit before taxation | Rs'000 | **57,028** | **27,320** | **35,323** | 45,029 | 55,616 |
| Earnings per share | Rs. | **1.34** | **0.64** | **0.87** | 1.03 | 1.32 |
| Dividend per share | Rs. | - | **0.80** | **1.15** | 1.20 | 1.30 |
| Dividend cover | (times) | - | **0.59** | **0.76** | 0.91 | 1.08 |
| Profit after taxation | Rs'000 | **47,594** | **22,394** | **29,246** | 36,172 | 46,921 |
| **STATEMENT OF FINANCIAL POSITION AND CASH FLOW** | | | | | | |
| Total assets | Rs'000 | **1,214,254** | **925,489** | **729,449** | 757,833 | 753,887 |
| Capital expenditure | Rs'000 | **27,633** | **23,168** | **22,523** | 18,801 | 21,029 |
| Cash generated from/(used in) operations | Rs'000 | **121,108** | **(68,056)** | **76,870** | 47,312 | 11,178 |
| **FINANCIAL RATIOS** | | | | | | |
| Net worth per share | Rs. | **10.67** | **10.07** | **9.75** | 11.02 | 11.68 |
| Profit before taxation to revenue | % | **4.90** | **2.75** | **3.50** | 3.89 | 4.48 |
| Profit before taxation to shareholders' interest | % | **17.02** | **8.15** | **10.89** | 12.28 | 14.31 |

## EARNINGS / SHARE

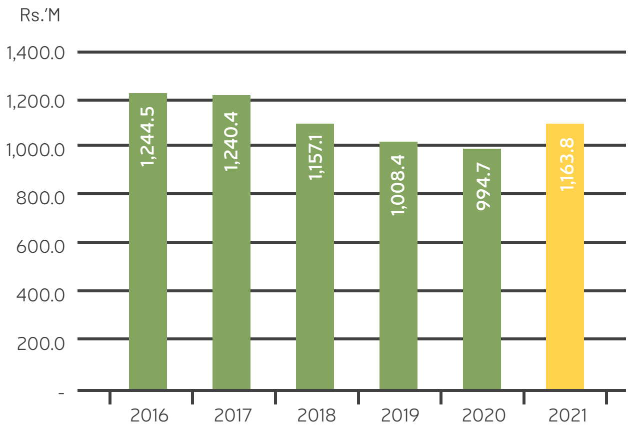



## NET WORTH / SHARE

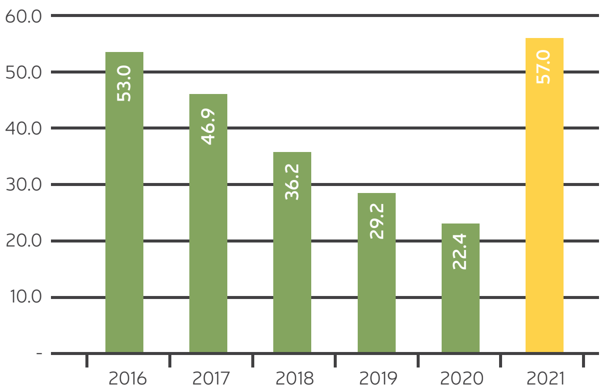



# The Group

## TURNOVER

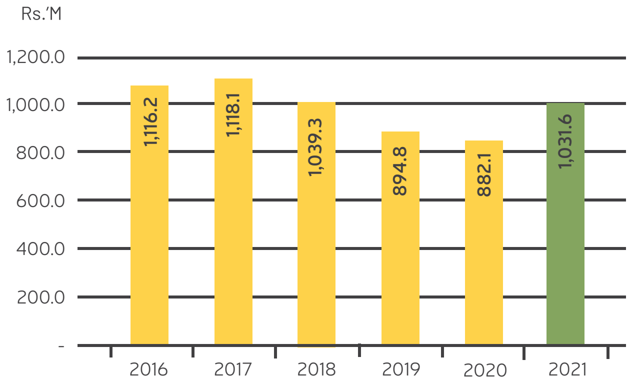



## PROFIT AFTER TAXATION

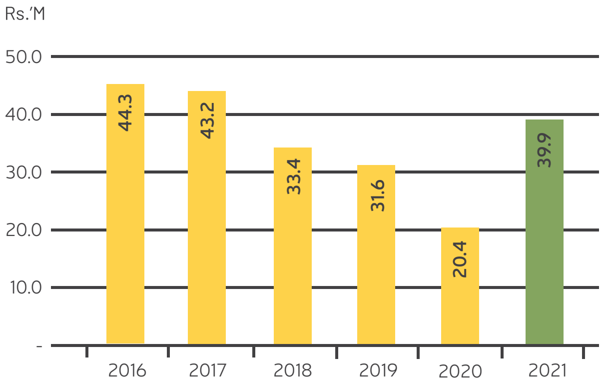



# The Company

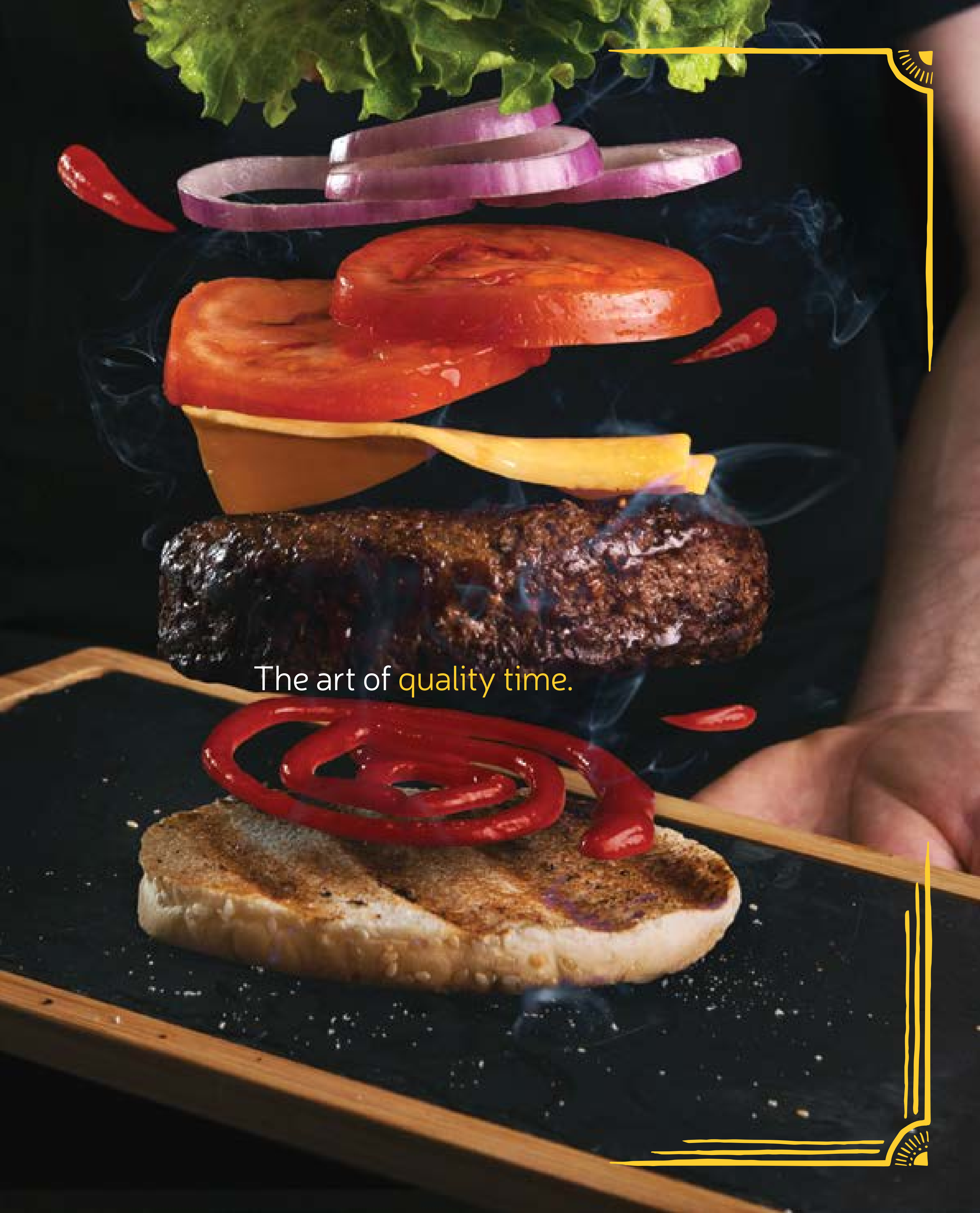
## TURNOVER




## PROFIT AFTER TAXATION



# CHAIRMAN'S REPORT


The art of quality time.

# CHAIRMAN'S REPORT

Dear Shareholders,

I am pleased to present, on behalf of the Board of Directors, the Annual Report of the Mauritius Oil Refineries Limited and the Group's Financial Statement for the year ended June 30, 2021.

The Group's and the Company's profit for the year amounted to Rs. 47.6Million and Rs. 39.9Million respectively; a satisfactory financial performance in a year of uncertainty and volatility on the financial and international commodities markets and a highly competitive local environment. However, no dividend was declared during the financial year in challenging times still clouded by the COVID-19.

I would like to express my gratitude to all members of the MOROIL group for their dedication in sustaining growth and success. A special word of thanks for the commendable effort put in during the second lockdown which ensured business continuity and demonstrated our pledge towards food security and food safety.

The surging cost of raw materials and other goods around the world, supply bottlenecks, increasing freight rates coupled with the depreciation of the rupee are all pushing inflation higher and are likely to weigh on the cost of living. The importance of local players like MOROIL is imperative for the nation. MOROIL will spare no effort in supplying the local market with vegetable oils at reasonable prices without compromising on the safety and quality standards of its products whilst capitalizing on its values and strengths and be respectful to its commitment to create wealth for all its stakeholders.

In 2018, we embarked on a journey to elaborate a comprehensive action plan focusing on optimisation, productivity and investment to sustain the ongoing development of the Company. The significant investment in human and infrastructural resources, as well as the continuing improvement of our operational efficiency, have been at the heart of our strategic plan during the previous three years. As we continue on our path, the Company is totally committed to investing in order to improve its operational capabilities while also looking for further long-term growth prospects.

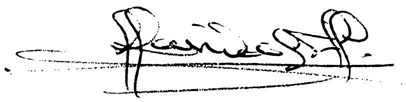
As regards the issue of imported oils, a case was filed before the COMESA Court of Justice, by a local importer in February 2019, contesting the decision of the Mauritian government to impose a one-year safeguard measure in the form of customs duty on imports of edible oil products originating from COMESA member states. In January 2020, MOROIL has been granted leave to intervene in the case but following a recent ruling, subsequent to a procedural issue raised by the importer, our intervention application will have to be heard anew.

The Board members were deeply saddened by the news of the demise of two former Directors, Messrs. Yacoob Ebrahim Dawood and Issa Muddine Sayed Hassen, and of late Mr. Hansraj Ruhee who was one of us till June 20, 2021. The Directors want to put on record their sincere appreciation for their dedication and immense contribution in MOROIL's accomplishments during their long years of service and present their heartfelt condolences to their families.

The Board is working on an effective director succession planning and board composition with the right mix of knowledge, skills and experience. On this basis, I am pleased to welcome Mrs. Su Lin Ong as Independent Non-Executive Director on the Board as from May 7, 2021. Mrs. Ong has had a long and fruitful career in finance, risk management and Information Technology, and I have no doubt that she will bring a valuable contribution to the Board.

On behalf of the Board of Directors and in my own name, I would like to thank the Managing Director, his Management Team and the personnel at large for the good work performed during the year.

My thanks also go to members of the Board for their support and advice.



G. Allain D. DE SPEVILLE

October 18, 2021

# CORPORATE INFORMATION

## Company Secretary

Speville Secretarial Services Ltd, Chancery House,

Lislet Geoffroy Street,

Port Louis

## Business Registration Number

C09001521

## Registered Office

Mauritius Oil Refineries Ltd, Quay Road

Port Louis, Mauritius

## Registry

Harel Mallac Corporate Services, 18 Edith Cavell Street,

Port Louis

## Bankers

**Mauritius Commercial Bank Ltd**

**Absa Bank**

**State Bank of Mauritius Ltd**

**HongKong & Shanghai Banking Corporation Ltd**

**Habib Bank Limited**

**Afrasia Bank Ltd**

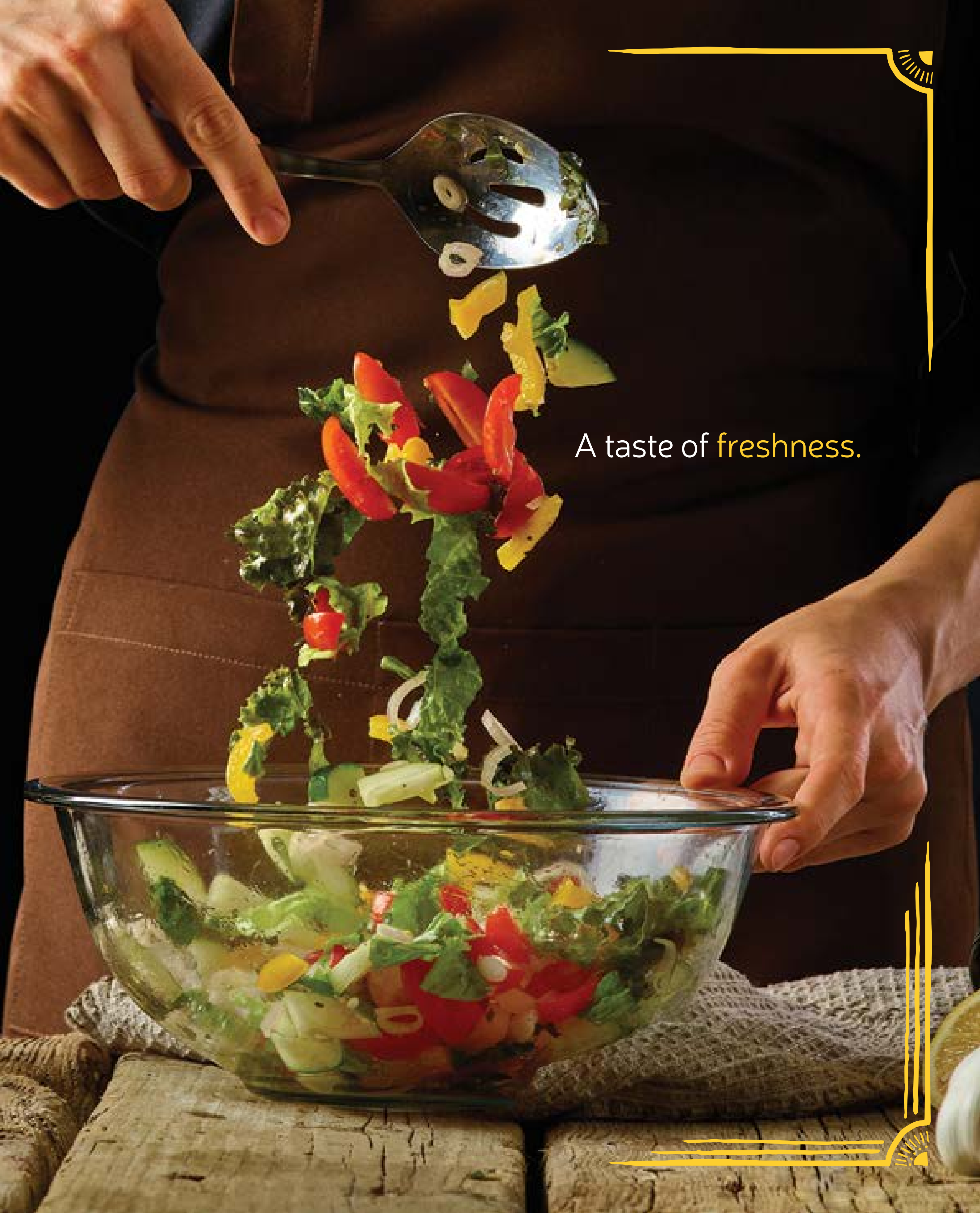
## Legal Adviser

**Me Yves Hein**

## Auditor

**Deloitte**

# CORPORATE GOVERNANCE REPORT


A taste of freshness.

# CORPORATE GOVERNANCE REPORT
YEAR ENDED JUNE 30, 2021



## APPLICATION OF THE CODE OF CORPORATE GOVERNANCE

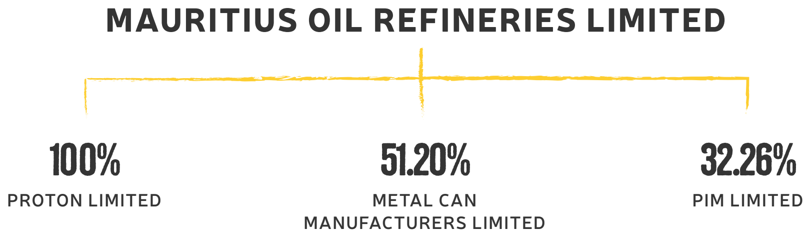
The Board has assessed its corporate governance in terms of the eight principles.

### PRINCIPLE 1: GOVERNANCE STRUCTURE

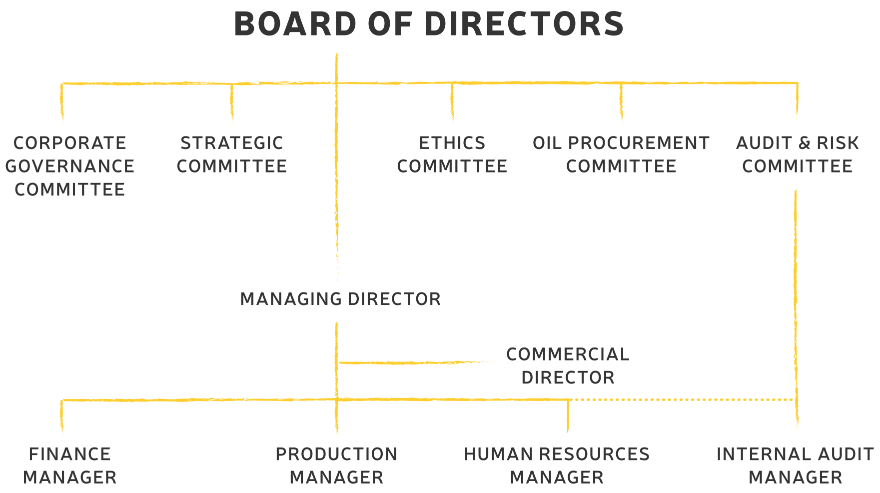
Mauritius Oil Refineries Limited is a public interest entity as defined by law. The Company is committed to the highest standards of business integrity, transparency and professionalism in all its activities to ensure that the Company's operations and affairs are managed ethically and responsibly to enhance business value for its stakeholders. As an essential part of this commitment, the Board subscribes to and is fully committed to complying with The National Code of Corporate Governance (2016) for Mauritius (the "Code").

The Board of Directors recognises that the Code is regarded as best practice and therefore uses its best endeavours to ensure compliance with the principles set out therein. Relevant areas in connection with the principles and implementation guidance have been applied and adhered to.

## Holding Structure
AS AT JUNE 30, 2021




## Organisational Structure
AS AT JUNE 30, 2021



### THE ROLE OF THE BOARD

The Board is responsible for the stewardship of the Company, overseeing its conduct and affairs to create sustainable value for the benefit of its stakeholders. It acknowledges its responsibility for leading and controlling the Company, ensuring that strategic directions and management structures are in place to meet legal and regulatory requirements.

The Board has approved a Board Charter on November 12, 2018, and a Statement of Major Accountabilities providing a clear definition of the roles and responsibilities of the Chairperson, the Company Secretary and the Managing Director. These documents are available on the website of the company (www.moroil.mu).

### CODE OF ETHICS

An updated version of the Code of Ethics in French is nearing completion. It explicitly sets out the guiding principles and values that underpin our behaviour and spells out the standards expected of us when dealing with all our stakeholders. The Code of Ethics, once approved by the Board, will be published on our website by June 30, 2022.

## PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

### THE BOARD OF DIRECTORS

The Company's constitution provides that the Board of the Company shall consist of a minimum of 8 and a maximum of 15 directors. The Directors ordinarily reside in Mauritius.

The roles of the Chairman and the Managing Director are held by Mr. G. Allain D. de Spéville and Mr. M.D.P. André Espitalier Noël respectively.

The Company is led by a unitary Board. Of the twelve members serving during the year, three were executive directors, seven were non-executive and the remaining two were independent. The non-executives and independent directors come from diverse business backgrounds and possess the necessary knowledge, skills, objectivity, integrity, experience and commitment to make sound judgements on various key issues relevant to the business of the Company independent of management. The independent directors bring a valuable contribution in terms of experience, expertise, professionalism, integrity and objectivity. They are free from any business or other relationships which would materially affect their ability to exercise independent judgement, constructively challenge and scrutinise the performance of management in achieving objectives and monitor the reporting of performance.

# CORPORATE GOVERNANCE REPORT (CONT'D)

YEAR ENDED JUNE 30, 2021

### THE BOARD OF DIRECTORS (CONT'D)

## Common Directors

AS AT JUNE 30, 2021

| List of Directors | MAURITIUS OIL REFINERIES LIMITED | PROTON LIMITED | METAL CAN MANUFACTURERS LIMITED |
|---|---|---|---|
| Mr. G. Allain D. DE SPEVILLE | ● | ● | ● |
| Mr. M.D.P. André ESPITALIER NOEL | ● | | ● |
| Mr. R.J. Paul CLARENC | ● | ● | ● |
| Mr. Akhtar N.Y. DAWOOD | ● | | |
| Mr. Ashraf M. CURRIMJEE | ● | | |
| Mr. Hansraj RUHEE *(Passed away on June 20, 2021)* | ● | | |
| Mr. J.H. Maurice de MARASSE ENOUF | ● | | |
| Mr. Yakub M.K. MORIA | ● | | |
| Mr. Jérôme P.E CLARENC | ● | | |
| Mr. S. Rehaz A. SAYED HASSEN | ● | | |
| Mrs. Madhavi RAMDIN-CLARK | ● | | |
| Mrs. Su Lin ONG *(Appointed on May 7, 2021)* | ● | | |

## Board and Committee Attendance

| Directors | CATEGORY | BOARD OF DIRECTORS | CORPORATE GOVERNANCE COMMITTEE | AUDIT AND RISK COMMITTEE | ETHICS COMMITTEE | STRATEGIC COMMITTEE |
|---|---|---|---|---|---|---|
| Mr. G. Allain D. DE SPEVILLE | NED | 4/4 | 2/2 | - | - | - |
| Mr. M.D.P. André ESPITALIER NOEL | ED | 4/4 | - | - | 1/1 | 2/2 |
| Mr. R.J. Paul CLARENC | NED | 4/4 | 2/2 | - | 0/1 | 2/2 |
| Mr. Akhtar N.Y. DAWOOD | NED | 4/4 | - | 3/4 | - | 2/2 |
| Mr. Yakub M.K. MORIA | NED | 3/4 | 2/2 | - | - | - |
| Mr. Hansraj RUHEE | NED | 4/4 | 2/2 | 3/4 | 1/1 | - |
| Mr. J.H. Maurice de MARASSE ENOUF | NED | 4/4 | - | 4/4 | - | 2/2 |
| Mr. Ashraf M. CURRIMJEE | NED | 0/4 | - | - | - | - |
| Mr. Jérôme P.E CLARENC | ED | 4/4 | - | - | - | 2/2 |
| Mr. S. Rehaz A. SAYED HASSEN | ED | 4/4 | - | - | 1/1 | 2/2 |
| Mrs. Madhavi RAMDIN-CLARK | ID | 4/4 | - | - | - | - |
| Mrs. Su Lin ONG | ID | 0/1 | - | - | - | - |

ED - Executive Director    NED - Non-Executive Director    ID - Independent Director

The charters of the above four Board Committees are now available on the Corporate Governance webpage of the company (www.moroil.mu).

## Board Committees

The Board has five standing Board Committees as described on pages 21 to 25, which meet regularly under terms of reference set by the Board. All chairpersons of the different Board Committees are chosen according to their expertise and background to effectively carry out the specific tasks of these Committees.

## Corporate Governance Committee

The Corporate Governance Committee, which includes the Nomination and Remuneration Committees, consists of four members namely: Mr. G. Allain D. DE SPEVILLE (Chairman), Mr. R.J. Paul CLARENC, Mr. Yakub M.K. MORIA and Mr. Hansraj RUHEE (till June 20, 2021).

The Board members consider that the actual chairman is the most suitable person to assume both the Chairmanship of the Board and that of the Corporate Governance Committee as he possesses the necessary knowledge, legal competence, skills and experience.

The main objects of the Committee are:

- to determine, agree and develop the Company's general policy on corporate governance in accordance with the applicable Code of Corporate Governance;
- to advise and make recommendations to the Board on all aspects of corporate governance, remuneration and appointments; and
- to prepare the Corporate Governance Report.

The Committee met twice during the year and is satisfied that it has discharged its responsibilities in compliance with its terms of reference.

The Board has delegated to the Committee the responsibility to establish a framework for an effective and orderly succession of Directors to effectively fulfill the Board's responsibilities. The Committee in its capacity as Nomination Committee is finalising a Board of Directors' Succession Planning Policy and is also ensuring that the Company is in line with the requirement of the Mauritius Companies Act 2001 regarding independent directors.

The Committee recommended a Statement of Major Accountabilities, defining clearly the roles and responsibilities of the Chairperson, the Managing Director and the Company Secretary, to the Board and which has been approved.

The Board shall review the Corporate Governance Committee charter every two years.

## PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

### THE BOARD OF DIRECTORS (CONT'D)

#### Audit and Risk Committee

The Audit and Risk Committee is appointed by the Board of Directors and is governed by a charter updated and adopted by the Board and which shall be reviewed every five years. The Committee consists of three non-executive directors namely:

- Mr. Akhtar N.Y. Dawood (Chairman);
- Mr. J.H. Maurice de Marasse Enouf; and
- Mr. Hansraj Ruhee (till June 20, 2021).

The Code requires that the majority of the members should be independent. However, MOROIL's Audit and Risk Committee consists of 3 non-executive directors and the Board is re-assessing its committee composition to ensure compliance to the Code's requirements.

The Board considers that each member brings broad experience and professional knowledge of financial reporting to the Committee's deliberations. The main objective of the Audit and Risk Committee is to assist and recommend to the Board of Directors on accounting aspects and financial reporting and ensure that risks are properly identified and managed.

The Committee also assists the Board in fulfilling its obligation with respect to safeguarding of assets, and the operation of an adequate system and control process for the company and its subsidiaries.

The Audit and Risk Committee focuses on:

- the functioning and effectiveness of internal control systems and the internal audit;
- the constant identification of actual and potential risks both operational and non-operational;
- the proper implementation of the Company's risk management policies;
- the reliability, accuracy, integrity and transparency of financial reporting;
- the Company's compliance with applicable laws, regulatory requirements, accounting standards and best corporate governance practices;
- the evaluation of the independence, effectiveness, objectivity of both the internal and external auditors; and
- the constant reviews of the Audit and Risk Committee charter to remain in compliance with and achieve high standards of reporting.

In attendance:

- Mr. M.D.P. André Espitalier Noël, Managing Director;
- Mr. S. Rehaz A. Sayed Hassen, Finance Manager;
- Mr. Jérôme P.E. Clarenc, Commercial Director;
- Mr. Lynden Lareine, Internal Audit Manager; and
- Mrs. Deena Kooball Gujadhur, Cost Accountant.

The Committee also invites the External Auditors to attend meetings and any member of management and that of subsidiaries when so required.

During the year, the Committee examined and made recommendations to the Board on:

- the Group's audited financial statements for the year ended June 30, 2020, prior to filing and publication;
- the quarterly unaudited financial statements for the quarters ended September 2020, December 2020, and March 2021;
- the management letter issued by the external auditors in respect of the audited accounts for the financial year ended June 30, 2020;
- the risk register of the Group and made recommendations to the Board for appropriate action;
- the internal audit reports issued by the internal audit manager in respect of the Company and its subsidiaries;
- the External Auditors' Audit plan for the financial Year 2020/2021 and on the adoption of new International Financial Reporting Standards (IFRS).

The Committee met four times during the year ended June 30, 2021 and fulfilled its responsibilities for the year under review, in compliance with its formal terms of reference.

## Ethics Committee

The Ethics Committee was set up on May 14, 2010 with the following objectives:

- assist the Board in overseeing that the Company is committed to the highest ethical standards;
- promote an organisational culture that encourages law abiding and ethical conduct; and
- review the effectiveness of the compliance and enforcement frame work as provided in the code.

Members serving on the Committee are as follows:

Messrs Hansraj RUHEE (Non-Executive Director) Chairman, till June 20, 2021, M.D.P. André ESPITALIER NOEL (Managing Director), R.J. Paul CLARENC (Non-Executive Director), S. Rehaz A. SAYED HASSEN (Secretary).

The Committee is assisted by Mrs. Myrna AREKION (Group Human Resource Manager) as Compliance Officer and Mr. Lynden LAREINE (Internal Audit Manager).

The Board shall nominate a new Chairperson during the next financial year following the demise of Mr. Hansraj RUHEE.

## Code of Ethics

The Committee has finalised the Code of Ethics in French and updated the Ethics Committee Charter; both documents have been forwarded to the Board for approval. The Code will be applicable to MOROIL and all its subsidiaries.

## PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

### THE BOARD OF DIRECTORS (CONT'D)

#### Disciplinary Measures

A few cases of misbehaviour were reported and appropriate disciplinary actions were taken. It is good to note that there has been a decrease in the number of disciplinary cases during the year.

#### COVID-19

The Committee wishes to place on record its deep appreciation for the commendable effort put in by MOROIL's team during the second lockdown to stand up to the challenge to cope with the exigencies of service. This praiseworthy gesture, once again, has enabled the Company to meet its commitment to supply edible oil to the country.

#### Strategic Committee

The Strategic Committee Charter was approved by the Board of Directors on September 30, 2016 and shall be reviewed as and when required. The purpose of the Committee is to assist the Board in fulfilling its responsibilities to monitor the development of and ultimately approve the Company's strategies and strategic plan.

The Committee consists of three non-executive directors namely Messrs. R.J. Paul CLARENC who is also the Chairman of the Committee, Akhtar N.Y. DAWOOD, J.H. Maurice DE MARASSE ENOUF and three executive directors Messrs. M.D.P. André ESPITALIER NOEL, Jérôme P.E. CLARENC and S. Rehaz A. SAYED HASSEN.

During the last financial year, the Committee met twice to mainly assess the progress in the implementation of the Company's strategies. The Board of Directors has been constantly appraised of the proceedings of the Committee.

The Company is fully embarked in an investment plan to optimise its operational capabilities and to modernise the refining and packaging plant. We are also giving due consideration to investments in prospective mergers and acquisitions within our field of expertise together with the development of our present activities with particular focus on marketing projects.

Moreover, the Committee is confident that the training with our strategic vegetable oil supplier is working satisfactorily with the oil procurement team.

## Oil Procurement Committee

The Board established the Oil Procurement Committee as a Board Committee on July 16, 2018 with executive responsibilities. The Committee is composed of Mr. R.J. Paul CLARENC (Chairman), and three executive directors, namely Messrs. M.D.P. André ESPITALIER NOEL, Jérôme P.E. CLARENC and S. Rehaz A. SAYED HASSEN. During the year, Mr. Ravish MUSRUCK, the Production Manager, has been co-opted upon the recommendation of the Corporate Governance Committee.

The main objective of the Committee is to purchase oils of international standards at the most favourable price and ensure continuity of supply.

MOROIL affirms its commitment to ethical and efficient purchasing practices. To this end, the Company endorses an Oil Procurement Policy, a framework of sound operational practices that establishes the guidelines by which the oil purchase transactions are to be conducted whilst sustaining the Company's credibility and reputation with recognised suppliers and renowned financial institutions.

To fulfil its responsibilities, the Committee meets on a regular basis to continuously monitor market information, diligently identify and assess the oil procurement risks and take appropriate actions to mitigate them and approve the issuance and payment of internationally recognised and accepted oil procurement contracts. The oil procurement training programme is ongoing and during the financial year 2021/22 a succession plan for the Committee will be submitted to the Board.

# PRINCIPLE 3: DIRECTOR APPOINTMENT PROCEDURES

## APPOINTMENT AND RE-ELECTION

New directors are appointed to the Board on the recommendation of the Corporate Governance Committee acting as Nomination Committee.

Three directors are required to submit themselves for re-election every year retiring by rotation according to Section 100 of the constitution of the Company.

## NEW DIRECTOR

Upon the recommendation of the Corporate Governance Committee, the Board approved the appointment of Mrs. Su Lin Ong as Independent Non-Executive Director on May 7, 2021. Her appointment will be ratified at the next Annual Meeting of the Company.

## INDUCTION OF THE DIRECTORS

Newly appointed directors go through an induction programme to familiarise them with the Company's operations, the business environment and senior management. They are also made aware of their roles, responsibilities and legal duties.

# DIRECTORS' PROFILES

## G. ALLAIN D. DE SPEVILLE [69]

**NON-EXECUTIVE**

Mr. G. Allain D. DE SPEVILLE aged 69 joined the Board of Directors of Mauritius Oil Refineries Limited on September 29, 1995, and was appointed Chairman of the Company on March 23, 2007. He is a Notary Public and is currently a director of the following listed company:
- Mauritius Chemical & Fertilizer Industry Ltd

## MR. M.D.P ANDRÉ ESPITALIER NOEL [60]

**EXECUTIVE**

Mr. M.D.P André ESPITALIER NOEL aged 60, joined the Board of Directors of Mauritius Oil Refineries Limited on March 31, 2007, and is the Managing Director since January 1, 2015. He is also the Director of the following listed company:
- PIM Limited

## MR. JÉRÔME P.E. CLARENC [44]

**EXECUTIVE**

Mr. Jérôme P.E. CLARENC aged 44 joined the Board of Directors of Mauritius Oil Refineries Limited on September 29, 2014. He is currently the Commercial Director of the Company.

## MR. R.J. PAUL CLARENC [77]

**NON-EXECUTIVE**

Mr. R.J. Paul CLARENC aged 77, joined the Board of Directors of the Mauritius Oil Refineries Limited on September 26, 1987, and is currently the director of the following listed company:
- PIM Limited (Chairman)

## MR. ASHRAF M. CURRIMJEE [59]

**NON-EXECUTIVE**

Mr. Ashraf M. CURRIMJEE aged 59 joined the Board of Directors of Mauritius Oil Refineries Limited on June 22, 1994, and is the Managing Director of Soap & Allied Industries Limited.

## MR. AKHTAR N.Y. DAWOOD [63]

**NON-EXECUTIVE**

Mr. Akhtar N.Y. DAWOOD aged 63 joined the Board of Directors on March 10, 2004, and is the Managing Director of ED Electronics Limited.

## MR. S. REHAZ A. SAYED HASSEN [59]

**EXECUTIVE**

Mr. S. Rehaz A. SAYED HASSEN aged 59, joined the Board of Directors of Mauritius Oil Refineries Limited on September 28, 2011. He is currently the Finance Manager of the Company.

## MRS SU LIN ONG [61]

**INDEPENDENT**

Mrs. Su Lin ONG aged 61 joined the Board of Directors of Mauritius Oil Refineries Limited on May 7, 2021, and is currently the director of Les Moulins de la Concorde Ltée and Tropical Paradise Co Ltd.

## MRS. MADHAVI RAMDIN-CLARK [43]

**INDEPENDENT**

Mrs. Madhavi RAMDIN-CLARK aged 43 joined the Board of Directors of Mauritius Oil Refineries Limited on July 1, 2019, and is the Head of ACCA Mauritius.

## MR. J.H. MAURICE DE MARASSE ENOUF [76]

**NON-EXECUTIVE**

Mr. J.H. Maurice de MARASSE ENOUF aged 76 joined the Board of Directors on February 26, 1986, and is the Director of the following listed company:

- Innodis Ltd

## MR. YAKUB M.K. MORIA [62]

**NON-EXECUTIVE**

Mr. Yakub MORIA aged 62 joined the Board of Directors of Mauritius Oil Refineries Limited on June 8, 1998.

## PRINCIPLE 3: DIRECTOR APPOINTMENT PROCEDURES (CONT'D)

### PROFILE OF COMPANY SECRETARY

Incorporated in 1992, Speville Secretarial Services Limited provides corporate secretarial services in Mauritius. Its core business includes incorporation of companies, business registration, full corporate secretarial and administrative services. The company has a portfolio of clients including a listed company on the Stock Exchange of Mauritius.

### PROFESSIONAL DEVELOPMENT

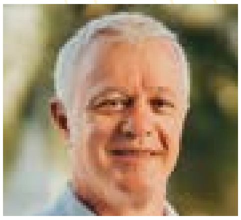
The Company Secretary ensures that the Board members receive appropriate training as necessary. Independent professional advice would be available to directors in appropriate circumstances, at the Company's expense.

### SUCCESSION PLAN

The Board does not have a formal succession plan. However, the Corporate Governance Committee in its capacity as Nomination Committee identifies and nominates candidates for approval by the Board to fill Board vacancies as and when they arise. The Board also assumes the responsibilities regarding succession planning for senior executives. A Board of Directors' Succession Planning Policy is in preparation.

## PROFILE OF SENIOR MANAGEMENT

### The Company



### MR. ANDRÉ ESPITALIER NOËL [60]

Mr. André Espitalier Noël, aged 60, is a Food Engineer of ENITA, Dijon, France. He has been appointed Managing Director on January 1, 2015 and was previously the Managing Director of PIM Limited.

### MR. JÉRÔME CLARENC [44]

Mr. Jérôme Clarenc, aged 44, holds a Diploma in Marketing and Management (Cape Town). He joined the Company in September 2005 as Marketing Coordinator and was appointed Marketing Manager in 2008. He was promoted as Commercial Director in 2018 and is also responsible of the Warehouse and Logistics Department.

### MR. S. REHAZ A. SAYED HASSEN [59]

Mr. S. Rehaz A. Sayed Hassen, aged 59, joined the Company in January 1983. He holds an Advanced Certificate in Business Management. He was appointed Finance Manager in 2004. He is also responsible of the IT Department.

### MR. LYNDEN LAREINE [55]

Mr. Lynden Lareine, aged 55, joined the Company in June 1991 as Internal Auditor and is the Internal Audit Manager of the Group since 2004. He is an affiliate member of the Chartered Institute of Internal Auditors and holds a Diploma in Business Management.

### MR. RAVISH MUSRUCK [45]

Mr. Ravish Musruck, aged 45, joined the Company in October 2000 as Food Technologist. He holds an MSc Food Technology (Reading - UK) and an MBA (General). He was appointed Process Manager in July 2013 and promoted to Production Manager in 2019.

### MRS. MYRNA AREKION [56]

Mrs. Myrna Arekion, aged 56, joined the Company as Group Human Resources Manager in July 2017. She holds an MSc in Human Resource Management and worked in the Human Resources Department for the past three decades.

### Subsidiary

### MR. PHILIPPE GAUTHIER [38]

Mr. Philippe Gauthier, aged 38, joined Metal Can Manufacturers Ltd in August 2007 as Accounts Clerk and was appointed as Accountant in 2013. He has been nominated Finance and Administrative Manager as from July 2021. He holds a Bachelor of Business Administration.

### MR. DOMINIQUE DARDANNE [57]

Mr. Dominique Dardanne, aged 57, joined Metal Can Manufacturers Ltd in October 1986 as Accounts Clerk and was appointed Production Manager in 2000. He is also responsible for all operational and mechanical projects.

# CORPORATE GOVERNANCE REPORT (CONT'D)

YEAR ENDED JUNE 30, 2021

## PRINCIPLE 4: DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

### LEGAL DUTIES

Directors are made aware of their legal duties upon their appointment and induction.

### BOARD INFORMATION

All Directors receive timely information so that they are equipped to play their part as fully as possible in Board meetings. All Board members have access to the Company Secretary for any further information they require.

### BOARD EVALUATION

As required by the Code of Corporate Governance for Mauritius, with a view to enhancing the Directors' effectiveness, a Board's performance review is carried out yearly to assess the Directors' appreciation of the Board's performance, its procedures and practices. A Board Evaluation Questionnaire is sent to all Directors for them to fill in and return back to the Company Secretary for assessment.

An evaluation of individual directors, led by the Chairman, was conducted in May 2021. The results of the last assessment have been good and comments and suggestions were noted in order to assist in future Board planning and development initiatives.

### DIRECTORS' INTERESTS IN SHARES

The Interests of the Directors of the Company in the Group as at June 30, 2021 were as follows:

| | NUMBER OF ORDINARY SHARES | | | |
|---|---|---|---|---|
| | MAURITIUS OIL REFINERIES LIMITED | | METAL CAN MANUFACTURERS LIMITED | |
| Messrs. | DIRECT INTERESTS | INDIRECT INTERESTS | DIRECT INTERESTS | INDIRECT INTERESTS |
| Yakub M.K. MORIA | 444,444 | - | 1,207 | - |
| G. Allain D. DE SPEVILLE | 310,000 | 6,666 | 129 | - |
| R.J. Paul CLARENC | 38,400 | - | 9,087 | - |
| Hansraj RUHEE | 12,441 | 41,218 | - | - |
| Akhtar N.Y. DAWOOD | 10,300 | - | 5,460 | - |
| S. Rehaz A. SAYED HASSEN | 821 | - | 2,015 | 339 |
| J.H. Maurice de MARASSE ENOUF | - | - | - | - |
| Ashraf M. CURRIMJEE | - | - | - | - |
| M.D.P. André ESPITALIER NOEL | - | - | - | - |
| Jérôme P.E CLARENC | - | - | - | - |
| Madhavi RAMDIN-CLARK | - | - | - | - |
| Su Lin ONG | - | - | - | - |

The Company Secretary maintains a Register of Interests which is updated with every transaction entered into by Directors and their closely related parties. The register is available for consultation to shareholders upon written request to the Company Secretary.

## RELATED PARTY TRANSACTIONS

Related Party Transactions are discussed in note 33 of the Financial Statements.

## DIRECTORS' DEALINGS IN SHARES OF THE COMPANY

The Directors follow the principles of the model code on securities transaction as detailed in Appendix 6 of the Mauritius Stock Exchange Listing Rules whenever they deal in the shares of the Company. During the year under review, none of the Company's Directors traded in the Company's shares.

## INFORMATION, INFORMATION TECHNOLOGY AND INFORMATION SECURITY GOVERNANCE

The Board oversees information governance within the Company and ensures that the performance of information and information technology systems leads to business benefits and creates value. The Board ensures that information assets are efficiently managed, and that appropriate policies, procedures, management accountability and the right structures provide a robust governance framework for information management.

The oversight and monitoring of the security and performance of information and information technology systems is undertaken by the Audit and Risk Committee. For its part, Management is responsible for implementing the policies, procedures and practices to protect the Company's information, in line with regulatory and Company norms. User access controls are in place to protect the integrity, confidentiality and availability of all information resources.

The Board keeps its IT expertise under review as the Company's IT strategy develops and ensures that IT investments support business objectives. The Information Security and Technology services are outsourced to assist the company in IT Governance, Information Security, Cybersecurity and in the daily IT Operation and Networking.

## REMUNERATION POLICY

The Corporate Governance Committee, in its role as Remuneration Committee is responsible for the remuneration policy and ensures that the Company recruits, retains and rewards talents who are committed to value creation. The Committee determines and recommends to the Board the remuneration package of the Executive, Non-Executive and Independent Non-Executive Directors as well as that of senior management in such a way that they are responsibly rewarded for their individual contribution and performance.

## DIRECTORS' FEES

All Directors are paid directors' fees based on their responsibilities on the Board. Directors sitting on Board Committees and on the Boards of subsidiary companies also receive additional fees. No share option or bonus is granted to non-executive directors.

## DIRECTORS' REMUNERATION

Directors' remuneration is given on page 45. It has not been disclosed on an individual basis due to commercial sensitivity of that information.

## PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

### RISK MANAGEMENT

The risk management system is an integral part of management's approach to delivering business objectives and is a systematic process designed to identify, assess and manage risks.

The Board is ultimately responsible for the process of risk management and in line with its business development orientations, the Board identifies the main risks and determines the principal strategies in respect of the risk management of the Company whilst management is accountable to the Board for the design, implementation and detailed monitoring of the risk management process. The Board has delegated to the Audit and Risk Committee the responsibility to supervise the monitoring and mitigation of risk exposure.

The Internal Audit function performs a periodic risk assessment at all levels of the organisation. A comprehensive risks review has been conducted this year and the corporate risks register updated with the key risks and the mitigating actions.

### Risk Factors

Set forth below are some of the risks and uncertainties that, if they were to occur, could materially and adversely affect our business or that could cause our actual results to differ materially.

### Market Risks

The price of crude oils may be volatile as a result of a number of factors, including general economic and climatic conditions, growing demand and consumption of the big markets, and the increasingly important requirements of the same raw materials by the energy sector.

The company operates in a highly competitive market, where surges in oil imports from COMESA countries at suspected artificially low prices are inflicting severe injuries to the local edible oil manufacturers. This issue of unfair competition is being addressed at the COMESA court. A new competitive challenge has emerged with the intention of the State Trading Corporation to enter the market.

MOROIL, guided by its strategy to generate growth and long-term value to all its stakeholders, is continuously strengthening its capabilities in marketing to maintain consumer interest, brand loyalty and market share while we selectively expand into other profitable imported food products.

For a determined period, some of our products will be subject to a maximum retail price and on which a fixed subsidy will be refunded. An increase in cost would materially affect our financial performance and there is no certainty that any eventual losses would be made good by the government.

### Operational Risks

It is the Company's objective to ensure a continuous supply of quality oil to all customers. However, shipments may be delayed for reasons beyond the Company's control including, but not limited to, natural disasters, vessel's attacks, geo-political tensions and other unexpected problems. Due to COVID-19, some of our suppliers may in the future experience temporary plant closures, production slowdowns and disruptions in supply.

As a result of all these potential risks, the Company could face a shortage in the supply of crude oil but there is an efficient procurement framework and a contingency plan in place to fulfill our commitment.

There is also the risk of a major machinery breakdown that could delay operations and disrupt market supply. This risk is mitigated with the stock on hand of critical parts and the ongoing maintenance programmes coupled with technical audits.

## Food Safety Risk

With the increasing demand for healthier products and authentic food provenances, and taking into consideration the potential accidental and deliberate food safety hazards, MOROIL more than ever is reengineering its HACCP (Hazard Analysis Critical Control Point) Food Safety System that will undoubtedly drive its business continuity and brand reputation. The company is also embracing a robust food safety culture and leveraging on new technologies that will create a more secure food safety environment.

Besides, with the commitment of its employees as well as the support of the Management, MOROIL has consecutively and successfully passed numerous surveillance audits in order to ensure compliance with the prevailing food regulations and its responsibilities towards its customers.

In its never-ending quest for continual improvement, the Company ensures that its employees are regularly trained on the best practices. Moving forward, MOROIL is building upon its already established framework to go a step further.

## Credit Risk

A significant portion of our revenues is generated from credit sales. A deterioration of the financial strength or liquidity of one or more of our major credit clients, the more so due to the climate of uncertainty as a result of the COVID-19, could adversely affect the Company's net operating results.

There is a set of measures in place to guide the credit risk management and mitigate credit risk exposure, namely a Credit Policy that communicates the tolerance of the Board for credit exposure and sets the structure for its effective management, a Credit Committee whose main role is to evaluate the customers' creditworthiness and determine appropriate measures to continuously mitigate the Company's credit risk exposure.

## Financial Risks

Information on financial risks management is given in note 3 to the financial statements.

## Information Technology Risks

The Company relies considerably on the information technology environment to achieve its business objectives. As information systems are critical to many of the Company's operating activities, our business may be impacted by system shutdowns, service disruptions or security breaches.

In order to mitigate these risks, we continue to make investments in upgraded technologies and training of our personnel. This year, the Company has outsourced its security and technology services to strategically secure its IT assets and ensure continuity in business information. We are, furthermore, undertaking a comprehensive review and update of our IT policies and procedures to improve the effectiveness and adequacy of the key IT processes, controls, configuration, management, security and monitoring of the IT environment. A disaster recovery plan is also in place to ensure that there is minimum business disruption in the event of a disaster.

## PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

### RISK MANAGEMENT (CONT'D)

#### Human Resources Risk

Loss of key personnel has been identified as a major risk. The Company has consolidated its management team in line with its succession and manpower planning as a response to any adverse or untimely event that could affect any of its key personnel.

In view of further mitigating this risk, retention and reward policies have been implemented.

#### Internal Control

The Board has overall responsibility for ensuring that management maintains an adequate system of internal control and for reviewing its effectiveness. The Audit and Risk Committee on behalf of the Board undertakes the detailed monitoring of the controls within an appropriate established framework. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Systems and processes have been implemented and are reviewed on an ongoing basis by the Internal Audit function. The Audit and Risk Committee considers significant control matters raised by the internal and external auditors and reports its findings to the Board. Where weaknesses are identified, the Committee ensures that management takes appropriate action.

#### Whistleblowing

The Company encourages all employees to report, in a responsible manner and without fear of retaliation, any wrongdoing that they may witness in the course of their professional activities. All cases are treated in strict confidentiality. The Whistleblowing Policy and Procedures are available on the website of the Company (www.moroil.mu).

## PRINCIPLE 6: REPORTING WITH INTEGRITY

### SUSTAINABILITY REPORTING

We are committed to creating long-term value to our customers, other stakeholders and the community at large by continuously seeking to better integrate our sustainability efforts into our daily operations and actions.

### CORPORATE GOVERNANCE

The Board of Directors is elected by the shareholders to oversee their interests in the long-term health and the overall success of the Company's business and its financial strength. As we keep moving towards our sustainability commitment, the Board is composed of 2 Independent Directors, 3 Executive Directors and 7 Non-Executive Directors.

The three Board Committees, namely the Corporate Governance Committee, the Audit and Risk Committee and the Ethics Committee are governed by their respective charters which address the identification and management of governance, economic, social and environmental issues.

The Board selects and oversees the members of senior management, who are charged with conducting the business of the Company. The overall accountability for sustainability lies with the Managing Director and the Executive Committee. We strive to lead by example, guided by our high standards of corporate governance and ethics.

## ENVIRONMENT

MOROIL puts forward environmentally sustainable products, promotes environmental stewardship around all its activities and complies with laws and regulations.

MOROIL sticks to the SEMSI (Stock Exchange of Mauritius Sustainability Index) charter since 2015 so as to create values for all its stakeholders. MOROIL will always strive to pave towards pollution prevention, efficient energy utilisation, and environmental best practices. We believe that this holistic commitment is a national endeavour and can best be delivered through compliance to legal, statutory and moral obligations, promotion of sustainability initiatives among the personnel and to the setting up of measurable targets along a defined timeline.

Research and further scientific works have prompted us to graft other improvement steps and preliminary treatments upon the Wetland projects to ensure that the focus on abating pollution from our effluents is maintained. Discharging an effluent with parameters prescribed under the prevailing Environmental Protection Act will also enable MOROIL to eliminate carting away.

Recommendations from the PNEE (Programme National pour l'Efficience Energétique) are being implemented and a charter on MOROIL's Energy Utilisation is being strictly monitored. Stack gas monitoring on our coal combustion efficiency and on gaseous emissions are carried out and the results are more than satisfactory. An annual reporting from the Mauritius Cane Industry Authority is mandated. The duty exemption on gas oil utilised for our stationary engine boiler is strictly controlled by the Mauritius Revenue Authority.

MOROIL will continue to strive for pollution abatement and efficient energy resource management. The automation of control of the coal fired boiler to optimise direct material consumption, the installation of variable speed drives and inverters are under review. Moreover, investments have been made on capacitors and the power factor improvement has been very encouraging. To innovate, paperless polishing is envisaged. This will impact directly on our green performance index.

## SOCIAL

### Corporate Social Responsibility (CSR)

For the financial year ended June 30, 2021, MOROIL has supported 3 local registered NGOs for a total amount of Rs 51,336 in 3 areas of the national program, namely Education, Family Protection and Socio-Economic Development and Disability.

Through Groupe Mouvement Sociale de Roche Bois, MOROIL has contributed to provide school supplies for children in need.

Faithful to its commitment towards Amour Sans Frontières, an ONG working with disabled children, the Company has continued its contribution started several years ago.

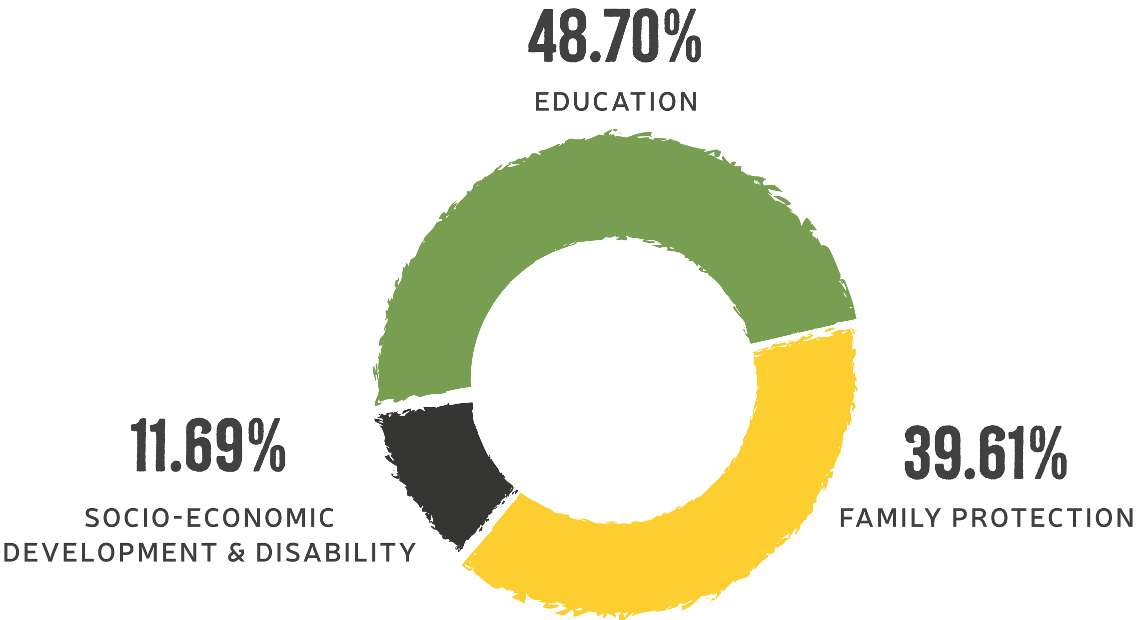
Aware of the difficulties for some people in having a home, MOROIL took part in “Motilakaz” project with Le Pont du Tamarinier whereby those eligible for a home had to get involved in the construction of their houses.

## PRINCIPLE 6: REPORTING WITH INTEGRITY (CONT'D)

### SOCIAL (CONT'D)

#### Corporate Social Responsibility (CSR) (Cont'd)

MOROIL looks forward to continuously meeting its social and community obligations.




#### Human Resources Practices & Policies

Respectful of laws in force, MOROIL has always adopted a transparent, merit-based approach in its dealings. An open-door policy allows all employees and managers to seek guidance on any employment issues as and when required. All requests are treated in strict equity and fairness.

Learning and development of employees are crucial for improvement of skills and knowledge. MOROIL with a continuous improvement mindset, encourages its employees to participate in workshops or seminars Ensuring the right people is at the right place in order to meet the Company's goals while allowing employee to grow and flourish is a successful challenge taken by MOROIL.

The Company's certification SA 8000:2014, ended June 30, 2021. MOROIL undertakes to remain SA 8000 compliant and abide to the International Human Rights Norms as well as the Mauritian Legislations.

### Safety, Health and Working Environment

Through a full-time certified Health & Safety Officer, regular risk assessment and Health & Safety Committees are carried to ensure that the working environment at MOROIL is safe at all times.

An Occupational Health Physician provides regular assistance for any health issue and ensures the Medical Surveillance of all employees.

Regular awareness sessions are held by the Health & Safety Officer and the Occupational Health Physician in view to create a safety and health culture.

With the second wave of the COVID-19 pandemic in March 2021, existing sanitary protocols have been reviewed and adapted to respond to the spread of the virus.

Regular checks are done to ensure compliance to sanitary protocols put in place.

As at August 31, 2021, 89% of our employees were fully vaccinated.

## EMPLOYEE SHARE OPTION PLAN

No employee share option plan currently exists.

## CHARITABLE DONATIONS

During the year the Company donated an amount of Rs. 29,664 to an association over and above CSR contributions.

## POLITICAL DONATIONS

The Company did not make any political donations during the year under review (2020: Rs. nil).

## WEBSITE

The Company has developed a website where the following information is available:

- Annual Report and Accounts
- Board and Committee charters
- Organisation Structure
- Details of the Board/governance structure
- Financial Highlights

## PRINCIPLE 7: AUDIT

### INTERNAL AUDIT

The Internal Audit Department carries out the audit of the Group's operations by providing independent, objective assurance and consulting activity on risk management, internal control and governance processes. The objectives, authority and responsibilities of the Internal Audit function are elaborated in the updated Internal Audit Charter approved on February 15, 2019.

On July 16, 2018, the Board, on the recommendation of the Corporate Governance Committee, approved the grouping of the Governance, Risk and Compliance framework under one umbrella with the Internal Audit Manager as the facilitator.

The Internal Audit Department has unrestricted access to all records, physical properties and personnel to discharge its responsibilities. The Internal Audit Manager reports functionally to the Audit and Risk Committee and administratively to the Managing Director.

The Internal Audit adopts a risk-based approach in formulating its yearly audit plan which is submitted for approval to the Audit and Risk Committee. It assesses the adequacy of controls for key processes to mitigate risks identified. During the year, the internal audit:

- conducted a comprehensive assessment of MOROIL's risk management framework, its overall risk exposure as well as the responses in place to mitigate the identified risks;
- presented a report on Payroll Allowances and Deductions at MOROIL;
- submitted a report on the subsidiary company, Metal Can Manufacturers Ltd;
- provided an implementation status on the external auditors' recommendations for financial year 2020.

Meetings were held regularly between the Internal Audit Manager, the Finance Manager together with senior management, to ensure any significant issues identified were addressed and to review progress on implementing audit recommendations. Updates on reviews and follow-ups were reported to the Audit and Risk Committee.

### EXTERNAL AUDIT

With a view to ensuring the overall adequacy of the Company's internal control system, the Audit and Risk Committee evaluates the independence and effectiveness of the external auditors on an ongoing basis.

In line with the requirements of the Code for the rotation of audit firm, Deloitte was nominated as external auditors as from financial year 2019. The duration of the audit is for one year with the possibility of reappointment of the selected firm annually, subject to approval of the shareholders at the annual meeting.

The Audit and Risk Committee ensures that there is no threat to the independence and objectivity of the external auditor in the conduct of the audit, resulting from the provision of non-audit services by them.

### NON-AUDIT SERVICES RENDERED BY EXERNAL AUDITORS

There were no other services rendered by External Auditors during the year (2020: Nil).

## PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

### PROFILE OF COMPANY'S SHAREHOLDERS AS AT JUNE 30, 2021

| SIZE OF SHAREHOLDING | NUMBER OF SHAREHOLDERS | NUMBER OF SHARES OWNED | % HOLDING |
|---|---|---|---|
| 1-500 | 607 | 107,408 | 0.323 |
| 501-1,000 | 202 | 156,958 | 0.472 |
| 1,001-5,000 | 509 | 1,296,262 | 3.895 |
| 5,001-10,000 | 173 | 1,249,830 | 3.755 |
| 10,001-50,000 | 276 | 6,489,328 | 19.499 |
| 50,001-100,000 | 55 | 3,786,466 | 11.378 |
| 100,001-250,000 | 31 | 4,838,691 | 14.539 |
| 250,001-500,000 | 13 | 4,624,775 | 13.896 |
| Over 500,000 | 11 | 10,730,538 | 32.243 |
| **Total** | **1,877** | **33,280,256** | **100.000** |

### SUMMARY BY SHAREHOLDING CATEGORY AS AT JUNE 30, 2021

| CATEGORY OF SHAREHOLDING | NUMBER OF SHAREHOLDERS | NUMBER OF SHARES OWNED | % HOLDING |
|---|---|---|---|
| Individuals | 1,649 | 15,757,779 | 47.349 |
| Insurance & Assurance companies | 6 | 908,313 | 2.729 |
| Pension & Provident funds | 50 | 4,285,822 | 12.878 |
| Investment & Trust companies | 13 | 451,750 | 1.357 |
| Other Corporate Bodies | 159 | 11,876,592 | 35.687 |
| Total | 1,877 | 33,280,256 | 100.000 |

### MAJOR SHAREHOLDERS

At June 30, 2021, the following shareholder held more than 5% of the stated capital of the Company:

| | NUMBER OF SHARES | % HOLDING |
|---|---|---|
| Mohamed Cassam Moreea Waqf | 2,946,666 | 8.85 |

CORPORATE GOVERNANCE REPORT

# CORPORATE GOVERNANCE REPORT (CONT'D)

YEAR ENDED JUNE 30, 2021

## PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

### MATERIAL CLAUSES OF THE COMPANY'S CONSTITUTION

- the Company has wide objects and powers;
- there are no ownership restrictions or pre-emptive rights attached to the shares;
- the Board shall not be fewer than 8 directors nor more than 15 directors;
- the chairperson has casting vote; and
- there shall be a quorum for holding a General Meeting where 4 shareholders holding at least ten percent of the total number of issued shares of the Company are present or represented.

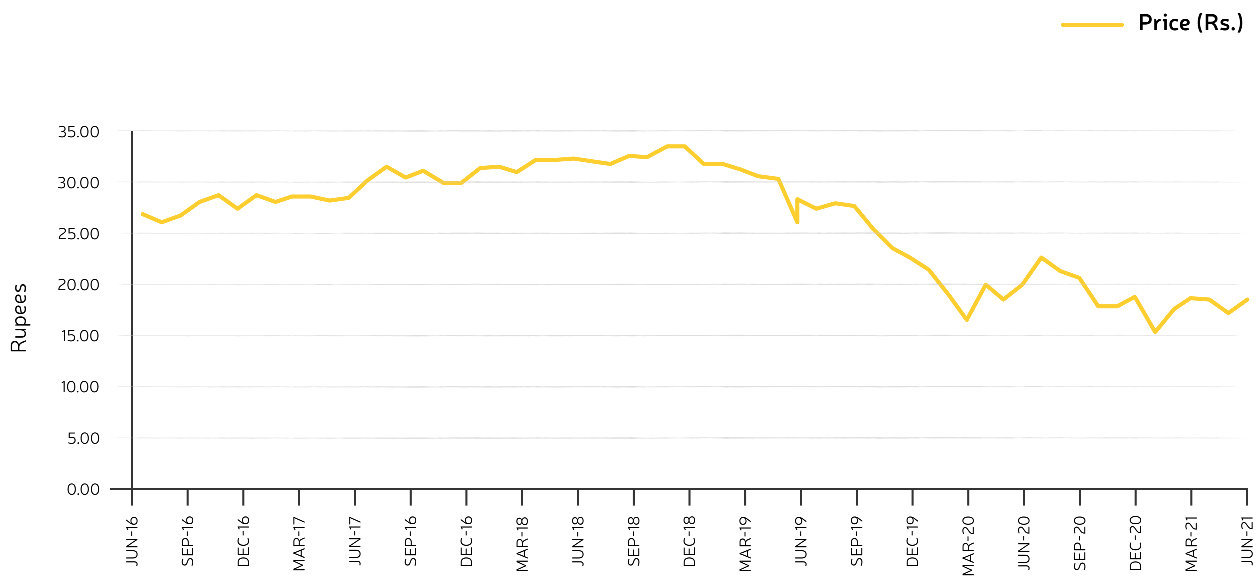
### DIVIDEND POLICY

The Company's policy is to distribute a reasonable amount of the after tax profit for the relevant period subject to the solvency test under the S6(1) of the Mauritius Companies Act 2001 being satisfied. The Board gives due consideration to capital investment requirements and also ensures that there is no major fluctuation in dividend payments from one year to another.

During the year under review, no dividend was declared by the Board. Last year a dividend of Re 0.80 per ordinary share was paid.

### SHARE PRICE INDEX INFORMATION

The evolution of the Company's share price over the last five years is as follows:



## SHAREHOLDERS' AGREEMENT

There is currently no shareholders' agreement which affects the governance of the Company.

## THIRD PARTY AGREEMENT

There was no agreement between third parties and the Company or its subsidiaries during the year under review.

## IMPORTANT EVENTS

Some of the key milestones were as follows:

| | |
|---|---|
| Publication of condensed audited results for previous year | November 2020 |
| Publication of condensed unaudited results for 1st quarter | December 2020 |
| Annual Meeting of shareholders | December 2020 |
| Publication of condensed unaudited results for 2nd quarter | February 2021 |
| Publication of condensed unaudited results for 3rd quarter | May 2021 |

## STAKEHOLDERS' RELATIONS AND COMMUNICATION

The Board aims to properly understand the information needs of all shareholders and places great importance on an open and meaningful dialogue with all those involved with the Company. It ensures that shareholders are kept informed on matters affecting the Company. Open lines of communication are maintained to ensure transparency and optimal disclosure. All Board members are requested to attend the annual meeting, to which all shareholders are invited.

**SPEVILLE SECRETARIAL SERVICES LTD**
Secretary

September 27, 2021

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors acknowledge their responsibilities for:

- adequate accounting records and maintenance of effective internal control systems;
- the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS);
- the selection of appropriate accounting policies supported by reasonable and prudent judgements; and
- adherence to the Code.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

The Directors report that:

- adequate accounting records and an effective system of internal controls and risk management have been maintained;
- appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- International Financial Reporting Standards have been adhered to;
- the Code of Corporate Governance has been adhered to. Reasons have been provided where there has not been compliance; and
- the Mauritius Companies Act 2001 have been adhered to in all material aspects.

Signed on behalf of the Board of Directors:

**Akhtar DAWOOD**
Director

**Jérôme P.E. CLARENC**
Director

September 27, 2021

# STATEMENT OF COMPLIANCE

*(Section 75 (3) of the Financial Reporting Act)*

Name of the Public Interest Entity ("the PIE"): Mauritius Oil Refineries Limited

Reporting Period: July 1, 2020 to June 30, 2021

We, the Directors of Mauritius Oil Refineries Limited, confirm to the best of our knowledge that the Company has complied with all of its obligations and requirements under the Code of Corporate Governance 2016 in all material aspects except for the following:

| | AREAS OF NON-APPLICATION OF THE CODE | EXPLANATION FOR NON-APPLICATION |
|---|---|---|
| **Principle 2** | The majority of the members of the Audit and Risk Committee is not independent. | The Board is re-assessing its committee composition to ensure compliance to the Code's requirements. |
| **Principle 3** | The Board does not have a formal succession plan in place. | The Corporate Governance Committee identifies and nominates candidates to fill Board vacancies as and when they arise. A Board of Directors' Succession Planning Policy is in preparation. |
| **Principle 4** | Directors' Remuneration | Directors' Remuneration has not been disclosed on an individual basis due to the commercial sensitivity of that information. |

**G. ALLAIN D. DE SPEVILLE**
Chairperson

**Paul CLARENC**
Director

September 27, 2021

# STATUTORY DISCLOSURES

YEAR ENDED JUNE 30, 2021

The directors have pleasure in submitting the Annual Report of Mauritius Oil Refineries Limited together with the audited financial statements for the year ended June 30, 2021.

## PRINCIPAL ACTIVITIES

The activities of the group consist of refining crude edible oil, packing and marketing of finished products, marketing of a selected range of quality food products, manufacture of metal cans and plastic containers, and renting out properties.

## RESULTS AND DIVIDENDS

The Group's and Company's profit for the financial year ended June 30, 2021 amounted to Rs.47,594,000 (2020: Rs.22,394,000) and Rs.39,891,000 (2020: Rs.20,370,000) respectively.

No dividends were declared during the financial year.(2020: An interim dividend of Re.0.80 per share in December 2019).

## LIST OF DIRECTORS AND ALTERNATE DIRECTORS

The directors and alternate directors of the Company and those of its subsidiary companies holding office are as follows:

**(a) Mauritius Oil Refineries Limited**

Mr G. Allain D. DE SPEVILLE - Chairman
Mr M.D.P. André ESPITALIER NOEL - Managing Director
Messrs R.J. Paul CLARENC
Akhtar N.Y. DAWOOD
Ashraf M. CURRIMJEE
Hansraj RUHEE (Passed away on June 20, 2021)
J.H. Maurice DE MARASSE ENOUF
Yakub M.K MORIA
Jérôme P.E. CLARENC - Deputy Managing Director
S.Rehaz A SAYED HASSEN
Mrs Madhavi RAMDIN - CLARK
Mrs Su Lin ONG (Appointed on May 7, 2021)

**(b) Proton Limited**

Messrs G. Allain D. DE SPEVILLE
R.J. Paul CLARENC

**(c) Metal Can Manufacturers Limited**

Messrs M.D.P. André ESPITALIER NOEL - Managing Director
R.J. Paul CLARENC
Jacques LI WAN PO
G. Allain D.DE SPEVILLE
G.A. Roland MAUREL

## DIRECTORS' SERVICE CONTRACTS

Mr M.D.P. André Espitalier Noël, Mr Jérôme Paul Edouard Clarenc and Mr S. Rehaz A. Sayed Hassen have service contracts with the Company without expiry dates.

Mr R.J. Paul Clarenc has a service contract as consultant with the Company which has been tacitly reconducted.

Except for the above, none of the other directors have unexpired service contracts.

## DIRECTORS

Remuneration and benefits received, or due and receivable from the Company and from its subsidiaries were as follows:

| - Directors of Mauritius Oil Refineries Limited | FROM THE COMPANY | | FROM SUBSIDIARIES | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **RS '000** | RS '000 | **RS '000** | RS '000 |
| **Executive Directors (2021 and 2020: 3)** | | | | |
| - Full-time | **10,771** | 11,353 | **-** | - |
| - Part-time | **-** | - | **559** | 634 |
| **Non-executive Directors (2021: 9 and 2020: 8)** | **5,234** | 5,415 | **396** | 754 |
| | **16,005** | 16,768 | **955** | 1,388 |

| | **2021** | 2020 |
|---|---|---|
| | **RS '000** | RS '000 |
| **Directors of subsidiary companies** | | |
| Executive (2021: Nil and 2020: 1) | | |
| - Full-time | **-** | - |
| - Part-time | **-** | 10 |
| Non-executive (2021: 2 and 2020: 3) | **97** | 253 |

## CONTRACTS OF SIGNIFICANCE

There was no contract of significance subsisting during the year to which the Company or one of its subsidiaries is a party and in which a director is or was materially interested, either directly or indirectly.

# STATUTORY DISCLOSURES

YEAR ENDED JUNE 30, 2021

## INTERESTS OF SENIOR OFFICERS IN EQUITY

| | MAURITIUS OIL REFINERIES LIMITED | | SUBSIDIARIES | |
|---|---|---|---|---|
| | NUMBER OF ORDINARY SHARES | | NUMBER OF ORDINARY SHARES | |
| | DIRECT INTERESTS | INDIRECT INTERESTS | DIRECT INTERESTS | INDIRECT INTERESTS |
| Mr. Lynden Lareine (Internal Audit Manager) | - | - | 200 | - |

## DONATIONS

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **RS '000** | RS '000 | **RS '000** | RS '000 |
| Donations made during the year | **81** | 69 | **81** | 51 |

## AUDITORS' FEES

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **RS '000** | RS '000 | **RS '000** | RS '000 |
| Audit fees paid to: | | | | |
| -Deloitte | **1,093** | 1,112 | **875** | 832 |

Approved by the Board of Directors on September 27, 2021 and signed on its behalf by:

**M.D.P. André ESPITALIER NOEL**
Managing Director

**Akhtar N.Y. DAWOOD**
Director

September 27, 2021

# SECRETARY'S CERTIFICATE

## YEAR ENDED JUNE 30, 2021

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required under Section 166(d) of the Mauritius Companies Act 2001.

**SPEVILLE SECRETARIAL SERVICES LTD**
Secretary

September 27, 2021

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

MAURITIUS OIL REFINERIES LIMITED

**Report on the audit of the consolidated and separate financial statements**

**Opinion**

We have audited the consolidated and separate financial statements of **Mauritius Oil Refineries Limited** (the "Company" and the "Public Interest Entity") and its subsidiaries (collectively referred to as the "Group") set out on pages 5 to 65, which comprise the consolidated and separate statements of financial position as at June 30, 2021, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements 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 consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at June 30, 2021, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Professional Accountant's Code of Ethics for Professional Accountants (IESBA code), and we have fulfilled our other ethical responsibilities in accordance with IESBA Code. 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 judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
| --- | --- |
| **Retirement benefit obligations** | |
| The Group and the Company have recognised retirement benefit obligations of Rs 113,963,000 and Rs 85,031,000 respectively as at June 30, 2021.<br><br>Management has applied judgement in determining the retirement benefit obligations and has involved an independent actuary to assist with the IAS 19 provisions and disclosures. Retirement benefit obligations are considered a key audit matter due to the significance of the balance in the consolidated and separate financial statements and the judgements associated with determining the appropriate actuarial assumptions.<br><br>The significant assumptions used have been disclosed in Note 20. | We assessed the competence, capabilities and objectivity of management's independent actuary.<br><br>The procedures performed included the following:<br>• we assessed and challenged the assumptions that management made in determining the present value of the liabilities and fair value of plan assets;<br>• we compared the assumptions used such as the discount rate and annual salary increment with industry and historical data; and<br>• we verified the data sent to the actuary with the payroll report for completeness and accuracy. |

**Other information**

The directors are responsible for the other information. The other information comprises the Statutory Disclosures, Corporate Governance Report and Secretary's Certificate. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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.

*Corporate Governance Report*

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Public Interest Entity has, pursuant to Section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

**Responsibilities of directors for the consolidated and separate financial statements**

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004 and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company'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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and Company's financial reporting process.

**Auditor's responsibilities for the audit of the consolidated and separate financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 ISAs 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 consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' 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 and the Company'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 consolidated and separate 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 and the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 consolidated and separate financial statements of the current year and are therefore the key audit matters. We describe those matters in our auditor's report unless laws 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**

*Mauritius Companies Act 2001*

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Company and its subsidiaries other than in our capacity as auditor;
- we have obtained all information and explanations that we have required; and

in our opinion, proper accounting records have been kept by the Company and its subsidiaries as far as appears from our examination of those records.

**Use of this report**

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte.

**Deloitte**
Chartered Accountants

Agrawal.

**Vishal Agrawal, FCA**
Licensed by FRC

# FINANCIAL REPORT


A pinch of happiness.

# STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021

| | Notes | THE GROUP 2021 Rs'000 | THE GROUP 2020 Rs'000 | THE COMPANY 2021 Rs'000 | THE COMPANY 2020 Rs'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 5 | **281,314** | 264,808 | **253,140** | 234,269 |
| Investment property | 6 | **100,214** | 99,100 | **-** | - |
| Intangible assets | 7 | **2,044** | 3,559 | **1,913** | 3,362 |
| Investment in subsidiaries | 8 | **-** | - | **15,535** | 15,535 |
| Investment in associate | 9 | **29,871** | 27,860 | **12,005** | 12,005 |
| Investments in financial assets | 10 | **3** | 3 | **3** | 3 |
| Right-of-use assets | 11 | **45,662** | 46,988 | **46,792** | 46,988 |
| Deferred tax assets | 12 | **6,118** | 2,836 | **-** | - |
| Loan receivable from subsidiary | 15 | **-** | - | **1,900** | 2,148 |
| | | **465,226** | 445,154 | **331,288** | 314,310 |
| **Current assets** | | | | | |
| Inventories | 13 | **563,429** | 311,165 | **527,498** | 281,733 |
| Trade and other receivables | 14 | **183,733** | 167,492 | **150,954** | 139,761 |
| Current tax assets | 23(a) | **-** | 853 | **-** | 852 |
| Cash in hand and at bank | 32(b) | **1,866** | 825 | **1,551** | 822 |
| | | **749,028** | 480,335 | **680,003** | 423,168 |
| **Total assets** | | **1,214,254** | 925,489 | **1,011,291** | 737,478 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Capital and reserves (attributable to owners of the Company)** | | | | | |
| Stated capital | 16 | **166,401** | 166,401 | **166,401** | 166,401 |
| Revaluation reserve | 17(a) | **87,222** | 83,283 | **83,538** | 79,676 |
| Actuarial losses | 17(b) | **(185,928)** | (157,504) | **(158,931)** | (132,921) |
| Retained earnings | | **287,467** | 242,926 | **173,728** | 133,837 |
| Owner's interest | | **355,162** | 335,106 | **264,736** | 246,993 |
| Non-controlling interests | 18 | **17,618** | 16,792 | **-** | - |
| Total equity | | **372,780** | 351,898 | **264,736** | 246,993 |
| **LIABILITIES** | | | | | |
| **Non-current liabilities** | | | | | |
| Deferred tax liabilities | 12 | **32,102** | 30,911 | **19,452** | 20,520 |
| Retirement benefit obligations | 20 | **113,963** | 93,870 | **85,031** | 70,460 |
| Lease liabilities | 21 | **64,040** | 63,273 | **48,146** | 47,579 |
| | | **210,105** | 188,054 | **152,629** | 138,559 |
| **Current liabilities** | | | | | |
| Trade and other payables | 22 | **383,849** | 63,074 | **366,556** | 51,217 |
| Current tax liabilities | 23(a) | **2,880** | 597 | **1,730** | - |
| Lease liabilities | 21 | **281** | 254 | **196** | 183 |
| Borrowings | 19 | **244,359** | 321,612 | **225,444** | 300,526 |
| | | **631,369** | 385,537 | **593,926** | 351,926 |
| **Total liabilities** | | **841,474** | 573,591 | **746,555** | 490,485 |
| **Total equity and liabilities** | | **1,214,254** | 925,489 | **1,011,291** | 737,478 |

These financial statements have been approved for issue by the Board of Directors on September 27, 2021

M.D.P. André ESPITALIER NOEL
Managing Director

Akhtar N.Y. DAWOOD
Director

The notes on pages 58 to 115 form an integral part of these financial statements.
Auditor's report on pages 48 to 51.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED JUNE 30, 2021

| | Notes | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|---|
| | | | **2021** | 2020 | **2021** | 2020 |
| | | | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Revenue | 24 | | **1,163,815** | 994,692 | **1,031,587** | 882,131 |
| Cost of operations | 25 | | **(962,561)** | (820,220) | **(854,163)** | (732,238) |
| Gross profit | | | **201,254** | 174,472 | **177,424** | 149,893 |
| Other operating income | | | **1,036** | 3,151 | **8,188** | 8,628 |
| Distribution costs | 25 | | **(35,684)** | (35,548) | **(35,684)** | (35,548) |
| Administrative expenses | 25 | | **(97,078)** | (106,171) | **(88,320)** | (91,576) |
| | | | **69,528** | 35,904 | **61,608** | 31,396 |
| Other income | 27 | | **4,535** | 3,922 | **3,625** | 5,500 |
| Finance costs | 28 | | **(19,036)** | (14,312) | **(17,706)** | (12,909) |
| | | | **55,027** | 25,514 | **47,527** | 23,987 |
| Share of result of associate | 9(a) | | **2,001** | 1,806 | **-** | - |
| Profit before taxation | | | **57,028** | 27,320 | **47,527** | 23,987 |
| Income tax expense | 23(b) | | **(9,434)** | (4,926) | **(7,636)** | (3,617) |
| **Profit for the year** | 29 | | **47,594** | 22,394 | **39,891** | 20,370 |
| **Profit attributable to:** | | | | | | |
| Owners of the Company | | | **44,541** | 21,191 | **39,891** | 20,370 |
| Non-controlling interests | | | **3,053** | 1,203 | **-** | - |
| | | | **47,594** | 22,394 | **39,891** | 20,370 |
| **Earnings per share** | 30 | Rs. | **1.34** | 0.64 | | |
| Profit for the year | | | **47,594** | 22,394 | **39,891** | 20,370 |
| **Other comprehensive (loss)/income for the year:** | | | | | | |
| *Items that will not be reclassified to profit or loss:* | | | | | | |
| Gain on property revaluation | 5 (a),(b) | | **4,803** | - | **4,653** | - |
| Remeasurement of defined benefit obligations | 20 | | **(37,017)** | (3,485) | **(31,337)** | 488 |
| Income tax relating to components of other comprehensive income | 12(b) | | **5,502** | 592 | **4,536** | (83) |
| Share of other comprehensive income of associate | 9 | | **10** | (2,270) | **-** | - |
| **Other comprehensive (loss)/income for the year** | | | **(26,702)** | (5,163) | **(22,148)** | 405 |
| **Total comprehensive income for the year** | | | **20,892** | 17,231 | **17,743** | 20,775 |
| **Total comprehensive income attributable to:** | | | | | | |
| Owners of the Company | | | **20,066** | 17,637 | **17,743** | 20,775 |
| Non-controlling interests | 18 | | **826** | (406) | **-** | - |
| | | | **20,892** | 17,231 | **17,743** | 20,775 |

The notes on pages 58 to 115 form an integral part of these financial statements.
Auditor's report on pages 48 to 51.

# STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED JUNE 30, 2021

| THE GROUP | Note | Stated capital Rs'000 | Revaluation reserve Rs'000 | Actuarial losses Rs'000 | Fair value reserve Rs'000 | Retained earnings Rs'000 | Total Rs'000 | Non-controlling interests Rs'000 | Total equity Rs'000 |
|---|---|---|---|---|---|---|---|---|---|
| | | Attributable to owners of the parent | | | | | | | |
| Balance at July 1, 2020 | | 166,401 | 83,283 | (157,504) | - | 242,926 | 335,106 | 16,792 | 351,898 |
| Profit for the year | | - | - | - | - | 44,541 | 44,541 | 3,053 | 47,594 |
| Other comprehensive loss for the year | | - | 3,939 | (28,424) | - | - | (24,485) | (2,227) | (26,712) |
| Total comprehensive income for the year | | - | 3,939 | (28,424) | - | 44,541 | 20,056 | 826 | 20,882 |
| **Balance at June 30, 2021** | | **166,401** | **87,222** | **(185,928)** | **-** | **287,467** | **355,162** | **17,618** | **372,780** |
| At July 1, 2019 | | 166,401 | 83,283 | (153,950) | - | 228,710 | 324,444 | 20,481 | 344,925 |
| Impact of adoption of IFRS 16 | | - | - | - | - | 17,768 | 17,768 | - | 17,768 |
| Profit for the year | | - | - | - | - | 21,191 | 21,191 | 1,203 | 22,394 |
| Other comprehensive loss for the year | | - | - | (3,554) | - | - | (3,554) | (1,609) | (5,163) |
| Total comprehensive income for the year | | - | - | (3,554) | - | 21,191 | 17,637 | (406) | 17,231 |
| Derecognition of investment | | - | - | - | - | 1,881 | 1,881 | (2,280) | (399) |
| Dividends | 31 | - | - | - | - | (26,624) | (26,624) | - | (26,624) |
| Dividends paid to non-controlling interests | | - | - | - | - | - | - | (1,003) | (1,003) |
| **Balance at June 30, 2020** | | **166,401** | **83,283** | **(157,504)** | **-** | **242,926** | **335,106** | **16,792** | **351,898** |

| THE COMPANY | Note | Stated capital Rs'000 | Revaluation reserve Rs'000 | Actuarial losses Rs'000 | Retained earnings Rs'000 | Total Rs'000 |
|---|---|---|---|---|---|---|
| Balance at July 1, 2020 | | 166,401 | 79,676 | (132,921) | 133,837 | 246,993 |
| Profit for the year | | - | - | - | 39,891 | 39,891 |
| Other comprehensive loss for the year | | - | 3,862 | (26,010) | - | (22,148) |
| Total comprehensive income for the year | | - | 3,862 | (26,010) | 39,891 | 17,743 |
| **Balance at June 30, 2021** | | **166,401** | **83,538** | **(158,931)** | **173,728** | **264,736** |
| Balance at July 1, 2019 | | 166,401 | 79,676 | (133,326) | 140,091 | 252,842 |
| Profit for the year | | - | - | - | 20,370 | 20,370 |
| Other comprehensive income for the year | | - | - | 405 | - | 405 |
| Total comprehensive income for the year | | - | - | 405 | 20,370 | 20,775 |
| Dividends | 31 | - | - | - | (26,624) | (26,624) |
| **Balance at June 30, 2020** | | **166,401** | **79,676** | **(132,921)** | **133,837** | **246,993** |

The notes on pages 58 to 115 form an integral part of these financial statements.
Auditor's report on pages 48 to 51.

# STATEMENTS OF CASH FLOWS

## YEAR ENDED JUNE 30, 2021

| | Notes | THE GROUP 2021 Rs'000 | THE GROUP 2020 Rs'000 | THE COMPANY 2021 Rs'000 | THE COMPANY 2020 Rs'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash generated/(used in) from operations | 32(a) | **121,108** | (68,305) | **112,491** | (74,561) |
| Interest received | 27 | **-** | - | **155** | 169 |
| Interest paid | 28 | **(13,080)** | (12,698) | **(11,750)** | (11,295) |
| Tax paid - net | 23 | **(2,669)** | (2,336) | **(1,390)** | (1,525) |
| CSR contribution | 23(b) | **(218)** | (200) | **(196)** | (187) |
| **Net cash generated from/(used in) operating activities** | | **105,141** | (83,539) | **99,310** | (87,399) |
| **Cash flows used in investing activities** | | | | | |
| Purchase of property, plant and equipment | 5(a),(b) | **(27,633)** | (23,168) | **(27,343)** | (17,024) |
| Acquisition of intangible assets | 7 | **(48)** | (586) | **(48)** | (586) |
| Proceeds from disposal of plant and equipment | | **1,631** | 1,499 | **1,250** | 1,259 |
| Proceeds from derecognition of subsidiary | | **-** | 1,911 | **-** | 1,911 |
| Loan repaid by subsidiary | 15 | **-** | - | **231** | 217 |
| Dividend received: | | | | | |
| - subsidiaries | 27 | **-** | - | **2,600** | 4,052 |
| - associate | 9,27 | **-** | 968 | **-** | 968 |
| **Net cash used in investing activities** | | **(26,050)** | (19,376) | **(23,310)** | (9,203) |
| **Cash flows used in financing activities** | | | | | |
| Repayments of borrowings | 19 | **-** | (5,500) | **-** | (5,500) |
| Repayments of lease liabilities | 32(c) | **(797)** | (240) | **(189)** | (173) |
| Proceeds from short-term bank loans | 32(c) | **625,000** | 1,375,000 | **625,000** | 1,375,000 |
| Repayment of short-term bank loans | 32(c) | **(700,000)** | (1,275,000) | **(700,000)** | (1,275,000) |
| Dividends paid to non-controlling interests | 18 | **-** | (1,003) | **-** | - |
| Dividends paid to Company's shareholders | 31 | **-** | (26,624) | **-** | (26,624) |
| **Net cash (used in)/generated from financing activities** | | **(75,797)** | 66,633 | **(75,189)** | 67,703 |
| **Net increase/(decrease) in cash and cash equivalents** | | **3,294** | (36,282) | **811** | (28,899) |
| **Movement in cash and cash equivalents** | | | | | |
| At July 1, | | **(220,787)** | (183,308) | **(199,704)** | (170,805) |
| Derecognition of cash and cash equivalents on winding up of subsidiary | | **-** | (1,197) | **-** | - |
| Increase/(decrease) | | **3,294** | (36,282) | **811** | (28,899) |
| **At June 30,** | 32(b) | **(217,493)** | (220,787) | **(198,893)** | (199,704) |

The notes on pages 58 to 115 form an integral part of these financial statements.
Auditor's report on pages 48 to 51.

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

## 1. GENERAL INFORMATION

Mauritius Oil Refineries Limited (the "Company") is a public company incorporated and domiciled in Mauritius. The address of its registered office and principal place of business is at Quay D, Port Louis.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

The Company is quoted on the official list on the Stock Exchange of Mauritius. The principal activities of the Group has been disclosed on page 1.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial statements of Mauritius Oil Refineries Ltd comply with the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and have been prepared in accordance with International Financial Reporting Standards (IFRS). Where necessary, comparative figures have been regrouped/rearranged to conform to the current year's presentation.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.
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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or a liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety which are describes as follows:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
(ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
(iii) Level 3 inputs are unobservable inputs for the asset or liability.

## 2.1 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In the current year, the Group has adopted all of the new and revised standard and interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on July 1, 2020.

### 2.1.1 New and amended IFRS Standards that are effective for the current year

The following relevant revised Standards have been applied in these financial statements.

IAS 1 Presentation of Financial Statements - Amendments regarding the definition of material
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material
IAS 39 Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform
IFRS 9 Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform

### 2.2 Relevant new and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant new and revised Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

| | |
|---|---|
| IAS 1 | Presentation of Financial Statements - Amendments regarding the classification of liabilities (effective January 1, 2023) |
| IAS 1 | Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies (effective January 1, 2023) |
| IAS 8 | Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (effective January 1, 2023) |
| IAS 12 | Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (effective January 1, 2023) |
| IAS 16 | Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective January 1, 2022) |
| IAS 37 | Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective January 1, 2022) |
| IAS 39 | Financial Instruments: Recognition and Measurement - Amendments regarding replacement issues in the context of the IBOR reform (January 1, 2021) |
| IFRS 7 | Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform (effective January 1, 2021) |
| IFRS 9 | Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform (effective January 1, 2021) |
| IFRS 9 | Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective January 1, 2022) |
| IFRS 16 | Leases - Amendments regarding replacement issues in the context of the IBOR reform (effective January 1, 2021) |
| IFRS 16 | Leases - Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification (effective April 1, 2021) |

The directors anticipate that these Standards and Interpretations will be applied on their effective dates in future periods. The directors have not yet had an opportunity to consider the potential impact of the application of these amendments.

### (b) Property, plant and equipment

All property, plant and equipment is initially recorded at cost. Buildings on leasehold land, held for use in the production or supply of goods or for administrative purposes, are stated at their fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is readjusted to the revalued amount of the asset. Land held by a subsidiary is stated at its fair value.

Up to June 30, 2001, plant and machinery was revalued every year by E.T.M Services Ltd on the basis of the depreciated replacement cost of the assets. As from June 30, 2002, the directors decided that plant and machinery would no longer be revalued each year to reflect their replacement value. From thereon, these assets are stated at their revalued amount as at June 30, 2001 less subsequent depreciation. Additions subsequent to that date are recognised at cost. Other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income and shown as revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve directly in equity; all other decreases are charged to profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Property, plant and equipment (Cont'd)

Properties in the course of construction for production, rental or administrative purposes or for purposes not yet determined are carried at cost less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing cost capitalised. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

No depreciation is charged on capital expenditure in progress.

Depreciation is calculated on the straight line method to write off the cost or the revalued amounts of the assets, to their residual values over their estimated useful lives.

The depreciation method is reviewed at each year end, with the effect of any changes accounted for as a change in estimates. The change in estimate is accounted for on a prospective basis.

The annual rates used are as follows:

| | |
|---|---|
| Improvement to land | 10% |
| Buildings on leasehold land | 2% - 5% |
| Plant and machinery | 5% - 20% |
| Yard | 10% |
| Furniture and fittings | 10% - 20% |
| Tools | 10% - 20% |
| Motor vehicles | 12.5% - 20% |
| Computer equipment and accessories | 20% - 33% |

Freehold land is not depreciated.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss. On disposal of revalued assets, the amounts included in revaluation reserve are transferred to retained earnings.

*Derecognition of property, plant and equipment*

An asset is removed from the statements of financial position on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on disposal is the difference between the proceeds and the carrying amount and is recognised in profit and loss.

**(c) Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

**(d) Intangible assets**

*Computer software*

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight-line method over their estimated useful lives.

The estimated useful life of computer software is 3-5 years.

*Derecognition of intangible assets*

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

**(e) Investment in subsidiaries**

*Separate financial statements*

In the separate financial statements, investment in subsidiaries are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

*Consolidated financial statements*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss as a bargain purchase gain.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. The subsidiaries have consistently applied all the policies adopted by the Group.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (e) Investment in subsidiaries (Cont'd)

*Transactions with non-controlling interests*

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

*Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

### (f) Investment in associate

*Separate financial statements*

In the separate financial statements, investment in associate is carried at cost. The carrying amount is reduced to recognise any impairment in the value of the individual investment.

An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights.

Investment in associate is accounted for using the equity method. The Group's investment in associate includes goodwill (net of any accumulated impairment loss) identified on acquisition. Investment in associate is initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of investment.

When the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. The associate has consistently applied all the policies adopted by the Group.

### (g) Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value.

**Financial assets**

***(i) Classification of financial assets***

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrecoverable election/designation at initial recognition of a financial asset:

- the Group may irrecoverably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrecoverably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

All recognised financial assets are measured subsequently at amortised cost.

***(ii) Amortised cost and effective interest method***

The effective interest method is a method of calculating the amortised cost of a debt instrument of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums, or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

***(iii) Impairment of financial assets***

The Group recognises a loss allowance for expected credit losses ('ECL') on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (g) Financial instruments (Cont'd)

#### *(iii) Impairment of financial assets (Cont'd)*

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

#### *(iv) Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, government bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- *An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;*
- *Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;*
- *Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;*
- *An actual or expected significant deterioration in the operating results of the debtor;*
- *Significant increases in credit risk on other financial instruments of the same debtor;*
- *An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.*

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default;

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and;

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrecoverable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

***(v) Measurement and recognition of expected credit losses***

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

***(vi) Definition of default***

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

***(vii) Write-off policy***

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all cash flows that the Group expects to receive, discounted at the original interest rate.

***(viii) Derecognition of financial assets***

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (g) Financial instruments (Cont'd)

**Financial liabilities and equity instruments**

*Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

*Financial liabilities*

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities that are not:

(i) contingent consideration of an acquirer in a business combination;
(ii) held-for-trading; or
(iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

*Financial liabilities measured subsequently at amortised cost*

The effective interest method is a method of calculating the amortised cost of financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or (where appropriate) a shorter period, to the amortised cost of a financial liability.

*Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### (h) Trade and other payables

Trade and other payables are stated at fair value and subsequently measured at amortised cost.

### (i) Stated capital

Ordinary shares are classified as equity. Equity instruments are recorded at the proceeds received, net of direct issue costs.

### (j) Revenue recognition

Revenue is recognised when control of the products have been transferred, being when the products are delivered and accepted by the customers i.e at a point in time. The customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers's acceptance of the products.

A receivable is recognised at the delivery point as this represents the point in time at which the right to consideration becomes unconditional, as only passage of time is required before payment is due.

*Other revenues earned by the Group are recognised on the following bases:*

- Interest and rental income - as it accrues unless collectability is in doubt;
- Dividend income - when the shareholder's right to receive payment is established.

**(k) Provisions**

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

**(l) Borrowings**

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

**(m) Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and balances with banks net of bank overdrafts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**(n) Current and deferred tax**

*Current tax*

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

*Deferred tax*

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply in the period when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**(o) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out (FIFO) method and by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowings costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (p) Retirement benefit obligations

*Defined benefit plan*

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as wage, years of service and compensation.

The liability recognised in the statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefits payments. Net interest expense/ (income) is recognised in profit or loss.

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

*Defined contribution plans*

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitle them to the contributions.

*Profit-sharing and bonus plans*

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

*Gratuity on retirement*

For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuity on retirement payable under the Workers' Rights Act is calculated by a qualified actuary and provided for. The obligations arising under this item are not funded.

*Unfunded pensioners*

In compliance with IAS 19, full liability of the retirement obligations has been recognised.

### (q) Foreign currencies

*Functional and presentation currency*

Items included in the financial statements are measured using Mauritian Rupee, the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements and separate financial statements are presented in Mauritian Rupee, which is the Group's and Company's functional and presentation currency and are rounded to the nearest thousand.

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

**(r) Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

**(s) Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

**(t) Leases**

**<u>The Group as lessee</u>**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as "lease liability" line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (t) Leases (Cont'd)

**The Group as lessee Cont'd)**

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, except, when the Group applies the fair value model to its investment property, the Group applies the fair value model to measure its right-of-use.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position.

The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has applied this practical expedient.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

*Operating leases*

Assets leased out under operating leases are included in investment property in the statements of financial position. Rental income is recognised on a straight line basis over the lease term.

### (u) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared.

### (v) Segment reporting

Segment information presented relate to operating segments that engage in business activities for which revenues are earned and expenses incurred.

### (w) Government Wage Assistance Scheme (WAS)

Government WAS are recognised in profit or loss as a credit against salary costs in which the Group and the Company recognised as expenses the related costs for which the WAS are intended to compensate. The COVID-19 levy imposed on the WAS is payable in two installments. The first installment is based on the chargeable income of the current year and the second installment is assessed on the forecasted chargeable income in the next year of assessment. The COVID-19 levy are accounted under trade and other payables.

## 3. FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including:
- Foreign exchange risk;
- Credit risk;
- Interest rate risk;
- Liquidity risk; and
- Market risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

A description of the significant risk factors is given below together with the risk management policies applicable.

**Foreign exchange risk**

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro.

The Group's dealings in foreign currency purchases is managed by seeking the best rates. Fluctuations arising on purchase transactions are partly offset by sales transactions, effected sometimes in US Dollar.

*The Group*

At June 30, 2021, if the Rupee had weakened/strengthened by 1% against the US Dollar/Euro with all variables held constant, post-tax profit for the year would have been Rs.414,902 (2020: Rs.149,014) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US Dollar/Euro denominated assets and liabilities. Profit is less sensitive to movement in rupee/US Dollar and rupee/Euro exchange rates in 2021 than 2020 because of the decreased amount of US Dollar/Euro net liabilities.

*The Company*

At June 30, 2021, if the rupee had weakened/strengthened by 1% against the US Dollar/Euro with all variables held constant, post-tax profit for the year would have been Rs.380,154 (2020: Rs.155,006) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US Dollar/Euro denominated assets and liabilities. Profit is less sensitive to movement in Rupee/US Dollar and Rupee/Euro exchange rates in 2021 than 2020 because of the decreased amount of US Dollar/Euro net liabilities.

**Currency profile**

The currency profile of the Group's and Company's financial assets and financial liabilities are summarised as follows:

| THE GROUP | 2021 | | 2020 | |
|---|---|---|---|---|
| | **Assets** | **Liabilities** | Assets | Liabilities |
| | **Rs'000** | **Rs'000** | Rs'000 | Rs'000 |
| Euro | **35,698** | **4,912** | 34,215 | 18,412 |
| Rs | **127,065** | **685,827** | 112,275 | 422,381 |
| USD | **18,026** | **-** | 8,131 | 6,403 |
| Zar | **524** | **795** | - | - |
| | **181,313** | **691,534** | 154,621 | 447,196 |

| THE COMPANY | 2021 | | 2020 | |
|---|---|---|---|---|
| | **Assets** | **Liabilities** | Assets | Liabilities |
| | **Rs'000** | **Rs'000** | Rs'000 | Rs'000 |
| Euro | **35,543** | **4,912** | 33,969 | 18,412 |
| Rs | **104,538** | **633,640** | 89,216 | 376,905 |
| USD | **14,093** | **-** | 5,850 | 3,171 |
| Zar | **234** | **795** | - | - |
| | **154,408** | **639,347** | 129,035 | 398,488 |

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer.

The Group's credit risk are primarily attributable to trade receivables and cash and cash equivalents. The carrying amount of trade receivables presented in the statement of financial position are net of loss allowances, estimated by management as disclosed in Note 14 and represents the Company's maximum exposure to credit risk. Bank balances are assessed to have low credit risk at reporting date since these are held with reputable banking institutions. The identified impairment loss on these balances was immaterial.

The carrying amounts of financial assets recorded in the financial statements represent the Group's maximum exposure to credit risk.

The table below shows the credit concentration of the Group and the Company at end of the reporting period:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| *Counterparties:* | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| 10 major counterparties per company | **152,021** | 184,871 | **129,346** | 102,882 |

Management does not expect any losses from non-performance of these customers.

**Categories of financial instruments**

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| *Financial assets* | | | | |
| At fair value through other comprehensive income | | | | |
| Investment in financial assets | **3** | 3 | **3** | 3 |
| At amortised cost | | | | |
| Trade and other receivables | **178,189** | 151,812 | **149,697** | 124,848 |
| Cash in hand and at bank | **1,866** | 825 | **1,551** | 822 |
| Loan receivable from subsidiary | **-** | - | **2,149** | 2,380 |
| Receivable from related party | **1,255** | 1,981 | **1,008** | 982 |
| | **181,313** | 154,621 | **154,408** | 129,035 |

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| *Financial liabilities* | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| At amortised cost | | | | |
| Trade and other payables | **377,991** | 56,103 | **360,698** | 44,246 |
| Lease liabilities | **64,321** | 63,527 | **48,342** | 47,762 |
| Bank overdrafts | **219,359** | 221,612 | **200,444** | 200,526 |
| Short-term bank loans | **25,000** | 100,000 | **25,000** | 100,000 |
| Dividend payable | **4,863** | 5,954 | **4,863** | 5,954 |
| | **691,534** | 447,196 | **639,347** | 398,488 |

**Interest rate risk**

The Group's/Company's income and operating cash flows are exposed to interest rate risk as it borrows at variable rates.

***The Group***

At June 30, 2021, if interest rates on Rupee-denominated borrowings had been 10 basis points lower/higher with all other variables held constant, post-tax profit for the year would have been Rs.387,451 (2020: Rs.198,203) higher/lower, mainly as a result of lower/higher interest expense on floating rate borrowings.

If interest rates on Rupee-denominated bank balances had been 10 basis points lower/higher with all other variables held constant, there would not have been a material impact on post-tax profit for the year ended June 30, 2020 and June 30, 2020.

***The Company***

At June 30, 2021, if interest rates on Rupee-denominated borrowings had been 10 basis points lower/higher with all other variables held constant, post-tax profit for the year would have been Rs.200,285 (2020: Rs.197,999) higher/lower, mainly as a result of lower/higher interest expense on floating rate borrowings.

If interest rates on rupee-denominated bank balances had been 10 basis points lower/higher with all other variables held constant, there would not have been a material impact on post-tax profit for the year ended June 30, 2021 and June 30, 2020.

**Liquidity risk**

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

| THE GROUP | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **At June 30, 2021** | | | | | |
| Bank overdrafts | **219,359** | **-** | **-** | **-** | **219,359** |
| Short-term bank loans | **25,000** | **-** | **-** | **-** | **25,000** |
| Lease liabilities | **281** | **297** | **999** | **62,744** | **64,321** |
| Dividend payable | **4,863** | **-** | **-** | **-** | **4,863** |
| Trade and other payables | **377,991** | **-** | **-** | **-** | **377,991** |
| | **627,494** | **297** | **999** | **62,744** | **691,534** |
| **At June 30, 2020** | | | | | |
| Bank overdrafts | 221,612 | - | - | - | 221,612 |
| Short-term bank loans | 100,000 | - | - | - | 100,000 |
| Lease liabilities | 254 | 268 | 901 | 62,104 | 63,527 |
| Dividend payable | 5,954 | - | - | - | 5,954 |
| Trade and other payables | 56,103 | - | - | - | 56,103 |
| | 383,923 | 268 | 901 | 62,104 | 447,196 |

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

### 3.1 Financial risk factors (Cont'd)

| THE COMPANY | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **At June 30, 2021** | | | | | |
| Bank overdrafts | **200,444** | **-** | **-** | **-** | **200,444** |
| Lease liabilities | **196** | **208** | **697** | **47,241** | **48,342** |
| Trade and other payables | **360,698** | **-** | **-** | **-** | **360,698** |
| Short-term bank loans | **25,000** | **-** | **-** | **-** | **25,000** |
| Dividend payable | **4,863** | **-** | **-** | **-** | **4,863** |
| | **591,201** | **208** | **697** | **47,241** | **639,347** |
| **At June 30, 2020** | | | | | |
| Bank overdrafts | 200,526 | - | - | - | 200,526 |
| Lease liabilities | 183 | 194 | 650 | 46,735 | 47,762 |
| Trade and other payables | 44,246 | - | - | - | 44,246 |
| Short-term bank loans | 100,000 | - | - | - | 100,000 |
| Dividend payable | 5,954 | - | - | - | 5,954 |
| | 350,909 | 194 | 650 | 46,735 | 398,488 |

**Market risk**

The Group is exposed to market risk arising from changes in oil prices and fluctuation in exchange rates. This risk will directly impact on the performance of the Company. There is a procurement committee to address these exposures as and when necessary.

### 3.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market price at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1 as they are quoted equity investments.

The nominal values less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cashflows at the current market interest rate that is available to the Group for similar financial instruments.

### 3.3 Capital risk management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt (as shown in the statements of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. stated capital, non-controlling interests, retained earnings and revaluation reserve).

During 2021, the Group's strategy, which was unchanged from 2020, was to maintain the debt-to-adjusted capital ratio at the lower end, in order to secure access to finance at a reasonable cost.

The debt-to-adjusted capital ratios at June 30, 2021 and at June 30, 2020 were as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Total debt (note 19, 21) | **308,680** | 385,139 | **273,786** | 348,288 |
| Less: cash and bank balances (note 32(b)) | **(1,866)** | (825) | **(1,551)** | (822) |
| Net debt | **306,814** | 384,314 | **272,235** | 347,466 |
| Total equity | **372,780** | 351,898 | **264,736** | 241,144 |
| Debt-to-adjusted capital ratio | **0.82 : 1** | 1.09 : 1 | **1.03 : 1** | 1.41 : 1 |

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**(a) Pension benefits**

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 20.

**(b) Revaluation of investment property**

The Group carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The Group engaged independent valuation specialists to determine fair value of investment property and fair value of land as at June 30, 2021.

The determined fair value of the investment property has been based on the income approach. The key assumptions used to determine the fair value of the investment property, are further explained in Note 6.

**(c) Revaluation of land and buildings**

The Group carries its buildings at fair value less any subsequent accumulated depreciation and subsequent accumulated impairment loss. Fair value is determined using the depreciated replacement cost approach. While land is valued on the basis of market approach.

The key assumptions used to determine the fair value of the land and buildings, are further explained in Note 5(d) and 5(e).

**(d) Asset lives and residual values**

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

**(e) Depreciation and amortisation policies**

The Group depreciates and amortises its assets to their residual values over their estimated useful lives.

The residual value of an asset is the estimated net amount that the Group would currently obtain from disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

Management makes estimates, if necessary, based on historical experience and uses best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

**(f) Calculation of loss allowance**

The Group uses a provision matrix to calculate ECLs for trade receivables. When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on the assumptions for the future movement of economic drivers and how these drivers will affect each other.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Group did not provide detailed information on how the forecast economic conditions have been incorporated in the determination of ECL.

**(g) Recognition of expected credit losses**

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

**(h) Incremental borrowing rate**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-asset in a similar economic environment. The IBR therfore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

# NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

## 5. PROPERTY, PLANT AND EQUIPMENT

| (a) THE GROUP | Freehold land Rs'000 | Improvement to land Rs'000 | Buildings on leasehold land Rs'000 | Plant & machinery Rs'000 | Yard Rs'000 | Furniture & fittings Rs'000 | Tools Rs'000 | Motor vehicles Rs'000 | Computer equipment & accessories Rs'000 | Capital expenditure in progress Rs'000 | Total Rs'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **(i) COST OR VALUATION** | | | | | | | | | | | |
| At July 1, 2020 | 9,857 | 279 | 127,111 | 352,973 | 11,049 | 27,405 | 3,396 | 46,897 | 13,209 | 12,141 | 604,317 |
| Additions | - | - | 8,570 | 6,354 | 509 | 2,094 | 89 | 4,933 | 1,003 | 4,081 | 27,633 |
| Disposals | - | - | - | - | - | - | - | (7,534) | - | - | (7,534) |
| Write off | - | - | - | - | - | (28) | - | - | (237) | - | (265) |
| Revaluation adjustment | 150 | - | (5,799) | - | - | - | - | - | - | - | (5,649) |
| Transfers from WIP | - | - | 7,514 | 2,598 | - | 913 | - | - | 35 | (11,060) | - |
| **At June 30, 2021** | **10,007** | **279** | **137,396** | **361,925** | **11,558** | **30,384** | **3,485** | **44,296** | **14,010** | **5,162** | **618,502** |
| **DEPRECIATION** | | | | | | | | | | | |
| At July 1, 2020 | - | 196 | 7,582 | 249,713 | 10,274 | 21,808 | 3,272 | 34,847 | 11,817 | - | 339,509 |
| Charge for the year | - | 28 | 2,870 | 7,137 | 216 | 1,170 | 54 | 3,447 | 627 | - | 15,549 |
| Disposals | - | - | - | - | - | - | - | (7,153) | - | - | (7,153) |
| Revaluation adjustment | - | - | (10,452) | - | - | - | - | - | - | - | (10,452) |
| Write off | - | - | - | - | - | (28) | - | - | (237) | - | (265) |
| **At June 30, 2021** | **-** | **224** | **-** | **256,850** | **10,490** | **22,950** | **3,326** | **31,141** | **12,207** | **-** | **337,187** |
| **NET BOOK VALUE** | | | | | | | | | | | |
| **At June 30, 2021** | **10,007** | **55** | **137,396** | **105,075** | **1,068** | **7,434** | **159** | **13,155** | **1,803** | **5,162** | **281,314** |

| | Freehold land | Improvement to land | Buildings on leasehold land | Plant & machinery | Yard | Furniture & fittings | Tools | Motor vehicles | Computer equipment & accessories | Capital expenditure in progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **(ii) COST OR VALUATION** | | | | | | | | | | | |
| At July 1, 2019 | 9,857 | 279 | 126,729 | 364,127 | 11,021 | 25,647 | 3,817 | 50,829 | 11,914 | 6,524 | 610,744 |
| Additions | - | - | 382 | 7,085 | 28 | 1,758 | 81 | 3,304 | 1,042 | 9,488 | 23,168 |
| Disposals | - | - | - | (1,235) | - | - | - | (6,600) | (23) | - | (7,858) |
| Write off | - | - | - | - | - | - | (14) | - | - | - | (14) |
| Derecognition of subsidiary | - | - | - | (17,200) | - | - | (488) | (636) | - | - | (18,324) |
| Transfers to intangible assets (note 7) | - | - | - | 196 | - | - | - | - | 276 | (3,871) | (3,399) |
| **At June 30, 2020** | **9,857** | **279** | **127,111** | **352,973** | **11,049** | **27,405** | **3,396** | **46,897** | **13,209** | **12,141** | **604,317** |
| **DEPRECIATION** | | | | | | | | | | | |
| At July 1, 2019 | - | 168 | 5,031 | 258,662 | 10,019 | 20,793 | 3,740 | 36,291 | 11,352 | - | 346,056 |
| Charge for the year | - | 28 | 2,551 | 8,337 | 255 | 1,015 | 34 | 4,776 | 488 | - | 17,484 |
| Disposals | - | - | - | (1,124) | - | - | - | (5,629) | (23) | - | (6,776) |
| Write off | - | - | - | - | - | - | (14) | - | - | - | (14) |
| Derecognition of subsidiary | - | - | - | (16,162) | - | - | (488) | (591) | - | - | (17,241) |
| **At June 30, 2020** | **-** | **196** | **7,582** | **249,713** | **10,274** | **21,808** | **3,272** | **34,847** | **11,817** | **-** | **339,509** |
| **NET BOOK VALUE** | | | | | | | | | | | |
| **At June 30, 2020** | **9,857** | **83** | **119,529** | **103,260** | **775** | **5,597** | **124** | **12,050** | **1,392** | **12,141** | **264,808** |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

**(b) THE COMPANY**

| | Buildings on leasehold land | Plant & machinery | Yard | Furniture & fittings | Tools | Motor vehicles | Computer equipment & accessories | Capital expenditure in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **(i) COST OR VALUATION** | | | | | | | | | |
| At July 1, 2020 | 127,616 | 290,114 | 10,859 | 19,008 | 537 | 41,578 | 12,844 | 12,141 | 514,697 |
| Additions | 8,570 | 6,112 | 509 | 2,094 | 71 | 4,933 | 973 | 4,081 | 27,343 |
| Revaluation adjustment | (5,799) | - | - | - | - | - | - | - | (5,799) |
| Disposals | - | - | - | - | - | (7,439) | - | - | (7,439) |
| Write off | - | - | - | (28) | - | - | (237) | - | (265) |
| Transfers from WIP | 7,514 | 2,598 | - | 913 | - | - | 35 | (11,060) | - |
| **At June 30, 2021** | **137,901** | **298,824** | **11,368** | **21,987** | **608** | **39,072** | **13,615** | **5,162** | **528,537** |
| **DEPRECIATION** | | | | | | | | | |
| At July 1, 2020 | 7,582 | 205,973 | 10,082 | 14, 111 | 443 | 30,903 | 11,334 | - | 280,428 |
| Charge for the year | 2,870 | 5,069 | 216 | 1,076 | 36 | 2,883 | 596 | - | 12,746 |
| Disposals | - | - | - | - | - | (7,059) | - | - | (7,059) |
| Revaluation adjustment | (10,452) | - | - | - | - | - | - | - | (10,452) |
| Write off | - | - | - | (28) | - | - | (237) | - | (265) |
| **At June 30, 2021** | **-** | **211,042** | **10,298** | **15,159** | **479** | **26,727** | **11,693** | **-** | **275,398** |
| **NET BOOK VALUE** | | | | | | | | | |
| **At June 30, 2021** | **137,901** | **87,782** | **1,070** | **6,828** | **129** | **12,345** | **1,922** | **5,162** | **253,140** |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

| | Buildings on leasehold land | Plant & machinery | Yard | Furniture & fittings | Tools | Motor vehicles | Computer equipment & accessories | Capital expenditure in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **(ii) COST OR VALUATION** | | | | | | | | | |
| At July 1, 2019 | 127,234 | 289,592 | 10,831 | 17,550 | 510 | 43,554 | 11,549 | 6,524 | 507,344 |
| Additions | 382 | 1,561 | 28 | 1,458 | 41 | 3,024 | 1,042 | 9,488 | 17,024 |
| Disposals | - | (1,235) | - | - | - | (5,000) | (23) | - | (6,258) |
| Write off | - | - | - | - | (14) | - | - | - | (14) |
| Transfers to intangible assets (note 7) | - | 196 | - | - | - | - | 276 | (3,871) | (3,399) |
| **At June 30, 2020** | **127,616** | **290,114** | **10,859** | **19,008** | **537** | **41,578** | **12,844** | **12,141** | **514,697** |
| **DEPRECIATION** | | | | | | | | | |
| At July 1, 2019 | 5,031 | 200,737 | 9,827 | 13,199 | 442 | 31,147 | 10,903 | - | 271,286 |
| Charge for the year | 2,551 | 6,360 | 255 | 912 | 15 | 3,916 | 454 | - | 14,463 |
| Disposals | - | (1, 124) | - | - | - | (4,160) | (23) | - | (5,307) |
| Write off | - | - | - | - | (14) | | - | - | (14) |
| **At June 30, 2020** | **7,582** | **205,973** | **10,082** | **14,111** | **443** | **30,903** | **11,334** | **-** | **280,428** |
| **NET BOOK VALUE** | | | | | | | | | |
| **At June 30, 2020** | **120,034** | **84,141** | **777** | **4,897** | **94** | **10,675** | **1,510** | **12,141** | **234,269** |

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

**(c)** No assets were acquired under finance leases during the year (2020: Rs.nil).

**(d)** The Company's freehold buildings were revalued by BREA Ltd, independent chartered valuers, on June 30, 2021. Valuations were made based on depreciated replacement cost approach estimating the value by computing the current cost of replacing a building or structure or other improvements and subtracting any depreciation resulting from one or more of the following factors: physical deterioration, functional obsolescence and external (or economic) obsolescence. The revaluation surplus net of deferred taxes was credited to revaluation reserve in shareholders' equity (note 17).

The significant unobservable inputs used in valuation of buildings pertain to multiple recent construction cost estimates made by various construction professionals for similar properties to estimate the replacement cost of the subject buildings/structures. Depreciation in relation to physical deterioration, functional obsolescence and external (or economic) obsolescence, if any, were then applied to reflect the characteristics of the subject buildings and improvements found on the site. A rate of Rs. 14,995 per square metre was applied to estimate the average depreciated replacement cost of the buildings and structures. A significant increase in the depreciation rate would result in a significant decrease in the fair value, and vice versa.

**(e)** Land included in one of the subsidiary, Metal Can Manufacturers Ltd was revalued by BREA Ltd, independent valuers on June 30, 2021. Valuation has been made on the basis of market approach which considers the estimated amount for which the property could be exchanged between knowledgeable willing parties in an arm's length transaction. The revaluation surplus has been credited to revaluation reserve in the shareholder's equity (note 17).

The significant unobservable input used in valuation of land pertains to recent market sale price per square metre taking into account the differences in location and individual factors such as frontage and size between the comparables and the freehold land. A significant increase in the market sale price used would result in a significant increase in the fair value, vice versa.

The Group's freehold land and buildings are categorised as level 2 of the fair value hierarchy as at June 30, 2021.

**(f)** Depreciation charge for the year has been included in:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Cost of operations | **10,489** | 11,374 | **7,939** | 8,911 |
| Distribution costs | **2,883** | 3,916 | **2,883** | 3,916 |
| Administrative expenses | **2,177** | 2,194 | **1,924** | 1,636 |
| | **15,549** | 17,484 | **12,746** | 14,463 |

**(g)** If freehold buildings and plant & machinery were stated on the historical cost basis, the amounts would be as follows:

| | THE GROUP AND THE COMPANY | | | |
|---|---|---|---|---|
| | Freehold buildings | | Plant & machinery | |
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Cost | **57,685** | 47,401 | **184,379** | 175,427 |
| Accumulated depreciation | **(25,565)** | (22,695) | **(147,978)** | (140,841) |
| Net book value | **32,120** | 24,706 | **36,401** | 34,586 |

| | THE GROUP | |
|---|---|---|
| | Freehold land | |
| | **2021** | 2020 |
| | **Rs'000** | Rs'000 |
| Cost | **2,683** | 2,683 |

**(i)** Bank borrowings are secured by floating charges on the assets of the Group including property, plant and equipment (note 19).

## 6. INVESTMENT PROPERTY

| | THE GROUP | |
|---|---|---|
| | **2021** | 2020 |
| At fair value | **Rs'000** | Rs'000 |
| **At July 1, and June 30,** | **100,214** | 99,100 |
| <u>Buildings</u> | | |
| **At July 1, and June 30,** | **65,500** | 65,500 |
| <u>Right-of-use asset - Leasehold land</u> | | |
| At July 1, | **33,600** | 33,600 |
| Lease remeasurement | **1,114** | - |
| At June 30, | **34,714** | 33,600 |

The building is owned by a subsidiary, Proton Limited, which is on a land of 5,909.22 $m^2$ under a lease with the Mauritius Ports Authority. The building has been valued at fair value by BREA Ltd, Chartered Valuation Surveyor, on an income approach on June 30, 2021 and is categorised as level 2 of the fair value hierarchy as at June 30, 2021. The fair value of the building has not changed compared to year June 30, 2020.

The right-of-use asset consisting of a plot of land of 5,909.22 $m^2$ under lease with the Mauritius Ports Authority has been revalued at fair value by BREA Ltd, on an income based approach on June 30, 2021. The right-of-use asset is categorised as Level 2 of the fair value hierarchy as at June 30, 2021. The fair value of the land of 5,909.22 $m^2$ has not changed compared to year June 30, 2020.

The Company has agreed to the terms and conditions of a new lease for a plot of land of 5,909.22 $m^2$ with the Mauritius Ports Authority. The agreement will be signed in the near future.

The following amounts have been recognised in profit or loss:

| | THE GROUP | |
|---|---|---|
| | **2021** | 2020 |
| | **Rs'000** | Rs'000 |
| Rental income from investment property | **5,126** | 5,126 |
| Direct operating expenses from investment property that generates rental income | **365** | 379 |

**Valuation technique**

Income Capitalisation Approach

**Significant unobservable input(s)**

Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 9.5%. A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa. Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the property, at an average of Rs. 205 per square metre ("sqm") per month.

**Sensitivity**

A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.

## 7. INTANGIBLE ASSETS

| | | Computer software |
|---|---|---|
| | | Rs'000 |
| **(a)** | **THE GROUP** | |
| **(i)** | **COST** | |
| | At July 1, 2020 | **14,683** |
| | Additions | **48** |
| | **At June 30, 2021** | **14,731** |
| | **AMORTISATION** | |
| | At July 1, 2020 | **11,124** |
| | Charge for the year | **1,563** |
| | **At June 30, 2021** | **12,687** |
| | **NET BOOK VALUE** | |
| | **At June 30, 2021** | **2,044** |
| **(ii)** | **COST** | |
| | At July 1, 2019 | **10,698** |
| | Additions | **586** |
| | Transfer from capital expenditure in progress (note 5) | **3,399** |
| | **At June 30, 2020** | **14,683** |
| | **AMORTISATION** | |
| | At July 1, 2019 | **9,604** |
| | Charge for the year | **1,520** |
| | **At June 30, 2020** | **11,124** |
| | **NET BOOK VALUE** | |
| | **At June 30, 2020** | **3,559** |

| | | Computer software Rs'000 |
|---|---|---|
| **(b)** | **THE COMPANY** | |
| **(i)** | **COST** | |
| | At July 1, 2020 | **14,354** |
| | Additions | **48** |
| | **At June 30, 2021** | **14,402** |
| | **AMORTISATION** | |
| | At July 1, 2020 | **10,992** |
| | Charge for the year | **1,497** |
| | **At June 30, 2021** | **12,489** |
| | **NET BOOK VALUE** | |
| | **At June 30, 2021** | **1,913** |
| **(ii)** | **COST** | |
| | At July 1, 2019 | **10,369** |
| | Additions | **586** |
| | Transfer from capital expenditure in progress (note 5) | **3,399** |
| | **At June 30, 2020** | **14,354** |
| | **AMORTISATION** | |
| | At July 1, 2019 | **9,538** |
| | Charge for the year | **1,454** |
| | **At June 30, 2020** | **10,992** |
| | **NET BOOK VALUE** | |
| | **At June 30, 2020** | **3,362** |

**(c)** Amortisation charge of Rs. 1,563,000 (2020: Rs.1,520,000) for the Group and Rs. 1,497,000 (2020: Rs.1,454,000) for the Company has been included in administrative expenses.

## 8. INVESTMENT IN SUBSIDIARIES

**(a) THE COMPANY**

| | 2021 | 2020 |
|---|---|---|
| | **Rs'000** | Rs'000 |
| COST | | |
| At July 1, 2020 | **15,535** | 19,612 |
| Derecognition of investment | **-** | (4,077) |
| **At June 30, 2021** | **15,535** | 15,535 |

Management has assessed the carrying amount of its investment in subsidiaries against their respective net assets and concluded that there was no indication of impairment (2020: Nil).

Details of the subsidiaries are as follows:

| Name of company | Class of shares held | Stated capital | Main business | Year end | Country of incorporation and operation | Proportion of ownership interest | |
|---|---|---|---|---|---|---|---|
| | | | | | | Direct | Indirect |
| | | Rs'000 | | | | | |
| **2021** | | | | | | | |
| Proton Limited | Ordinary | 1,000 | Rental services | June 30, | Mauritius | 100% | - |
| Metal Can Manufacturers Limited | Ordinary | 27,623 | Manufacturing of metal and plastic containers | June 30, | Mauritius | 51.20% | - |
| 2020 | | | | | | | |
| Proton Limited | Ordinary | 1,000 | Rental services | June 30, | Mauritius | 100% | - |
| Metal Can Manufacturers Limited | Ordinary | 27,623 | Manufacturing of metal and plastic containers | June 30, | Mauritius | 51.20% | - |

**(b) Details for subsidiary that have non-controlling interests that are material to the entity.**

| Name | Profit allocated to non-controlling interests during the year | Accumulated non-controlling interests at June 30, |
|---|---|---|
| **2021** | Rs'000 | Rs'000 |
| Metal Can Manufacturers Limited | **3,053** | **17,618** |
| 2020 | | |
| Metal Can Manufacturers Limited | 1,372 | 16,792 |

**(c) Summarised financial information on subsidiary with material non-controlling interests.**

**(i)** Summarised statement of financial position and statement of profit or loss and other comprehensive income:

| Name | Current assets | Non-current assets | Current liabilities | Non-current liabilities | Revenue | Profit for the year | Other comprehensive loss for the year | Total comprehensive income/(loss) for the year |
|---|---|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **2021** | | | | | | | | |
| **Metal Can Manufacturers Limited** | **71,250** | **32,251** | **38,467** | **28,932** | **130,941** | **6,256** | **(4,564)** | **1,692** |
| 2020 | | | | | | | | |
| Metal Can Manufacturers Limited | 58,856 | 34,705 | 35,742 | 23,410 | 107,440 | 2,810 | (3,298) | (487) |

**(ii)** Summarised statement of cash flow information:

| Name | Operating activities | Investing activities | Financial activities | Net increase/(decrease) in cash and cash equivalents |
|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **2021** | | | | |
| **Metal Can Manufacturers Limited** | **4,256** | **(261)** | **(1,496)** | **2,499** |
| 2020 | | | | |
| Metal Can Manufacturers Limited | 1,196 | (5,904) | (2,820) | (7,529) |

## 9. INVESTMENT IN ASSOCIATE

| | **2021** | 2020 |
|---|---|---|
| **(a)** THE GROUP | **Rs'000** | Rs'000 |
| At July 1, | **27,860** | 27,411 |
| Share of profit after tax | **2,001** | 1,806 |
| Share of other comprehensive income/(loss) | **10** | (2,270) |
| Derecognition of results on liquidation of associate | **-** | 1,881 |
| Dividend received | **-** | (968) |
| **At June 30,** | **29,871** | 27,860 |

FINANCIAL HIGHLIGHTS

## 9. INVESTMENT IN ASSOCIATE (CONT'D)

**(b)** The results of the associate stated below have been included in the consolidated financial statements:

| Company | Year end | Country of incorporation | % Direct Holding | Current assets | Non-current assets | Current liabilities | Non-current liabilities | Revenue | Profit for the year | Other comprehensive income/(loss) for the year | Total comprehensive income for the year | Dividend received during the year |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **PIM Limited** | | | | | | | | | | | | |
| **2021** | **June 30,** | **Mauritius** | **32.26** | **142,391** | **97,594** | **73,779** | **76,746** | **234,595** | **6,205** | **31** | **6,236** | **-** |
| 2020 | June 30, | Mauritius | 32.26 | 110,403 | 110,947 | 61,612 | 76,512 | 216,954 | 4,254 | (7,036) | (2,782) | 968 |

**(c)** As at June 30, 2021, the fair value of the Group's interest in its associate which is listed on the stock exchange of Mauritius was Rs. 30,644,000 (2020: Rs.34,837,884) based on the quoted market price available, which is a level 1 input in terms of IFRS 13.

**(d)** THE COMPANY

| | 2021 | 2020 |
|---|---|---|
| | **Rs'000** | Rs'000 |
| **COST** | | |
| At July 1 and June 30, | **12,005** | **12,005** |

## 10. INVESTMENTS IN FINANCIAL ASSETS

**(a)** Financial assets

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| At July 1, | **3** | 1,046 | **3** | 3 |
| Derecognition of investment held by subsidiary | **-** | (1,043) | **-** | - |
| At June 30, | **3** | 3 | **3** | 3 |

**(b)** Financial assets include the following:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| **Level 3** | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| - Unlisted equity securities - at fair value | **3** | 3 | **3** | 3 |

The Company's investments consist of charitable contribution to private schools in Mauritius, accordingly, the directors have assessed that the fair value of the investments approximate their cost.

**(c)** Financial assets are denominated in Mauritian Rupee.

**(d)** Financial assets are classified as fair value through other comprehensive income (FVOCI) as at June 30, 2020 and 2021.

## 11. RIGHT-OF-USE ASSETS

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **COST** | **Land At cost** | **Total** | **Land At cost** | **Total** |
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| At July 1, 2020 | 47,935 | 47,935 | 47,935 | 47,935 |
| Lease remeasurement | 766 | 766 | 766 | 766 |
| **At June 30, 2021** | **48,701** | **48,701** | **48,701** | **48,701** |
| **DEPRECIATION** | | | | |
| At July 1, 2020 | 947 | 947 | 947 | 947 |
| Charge for the year | 2,092 | 2,092 | 962 | 962 |
| **At June 30, 2021** | **3,039** | **3,039** | **1,909** | **1,909** |
| **NET BOOK VALUE** | | | | |
| **At June 30, 2021** | **45,662** | **45,662** | **46,792** | **46,792** |

## 11. RIGHT-OF-USE ASSETS (CONT'D)

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **COST** | **Land At cost** | **Total** | **Land At cost** | **Total** |
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| At July 1, 2019 | - | - | - | - |
| Impact of adoption of IFRS 16 | 47,935 | 47,935 | 47,935 | 47,935 |
| At June 30, 2020 | 47,935 | 47,935 | 47,935 | 47,935 |
| **DEPRECIATION** | | | | |
| At July 1, 2019 | - | - | - | - |
| Charge for the year | 947 | 947 | 947 | 947 |
| At June 30, 2020 | 947 | 947 | 947 | 947 |
| **NET BOOK VALUE** | | | | |
| **At June 30, 2020** | 46,988 | 46,988 | 46,988 | 46,988 |

The Company leases two plots of land of 10,471m$^2$ and one plot of land of 3,697.7m$^2$ from Mauritius Ports Authority (MPA) for an average lease terms of 49 and 52 years respectively which are measured at cost.

While the two plots of land of 10,471m$^2$ and one plot of land of 3,697.7m$^2$ are measured at cost.

The total cash outflow for leases amount to Rs.797,000 (2020: Rs. 239,887) for the Group and Rs.189,049 (2020: Rs. 173,133) for the Company.

**AMOUNTS RECOGNISED IN PROFIT OR LOSS**

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Depreciation expense on right-of-use asset | **2,092** | 947 | **962** | 947 |
| Interest expense on lease liabilities (note 28) | **3,541** | 3,454 | **2,628** | 2,597 |
| | **5,633** | 4,401 | **3,590** | 3,544 |

## 12. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax is calculated on all temporary differences under the liability method at 17% (2020: 17%).

**(a)** There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets and liabilities when the deferred taxes relate to the same fiscal authority on the same entity. The following amounts are shown on the statements of financial position:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Deferred tax assets | **6,118** | 2,836 | **-** | - |
| Deferred tax liabilities | **(32,102)** | (30,911) | **(19,452)** | (20,520) |
| | **(25,984)** | (28,075) | **(19,452)** | (20,520) |

**(b)** The movement on the deferred tax account is as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| At July 1, | **(28,075)** | (26,181) | **(20,520)** | (18,565) |
| Loss charge (note 23(b)) | **(3,411)** | (1,924) | **(3,468)** | (1,872) |
| Credit/(debit) to other comprehensive income | **5,502** | 592 | **4,536** | (83) |
| Derecognition on disposal of subsidiary | **-** | (562) | **-** | - |
| **At June 30,** | **(25,984)** | (28,075) | **(19,452)** | (20,520) |

**(c)** The movement in the deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority on the same entity is as follows:

**(i) THE GROUP**

| | **Accelerated tax depreciation** | **Revaluation of assets** | **Total** |
|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** |
| **Deferred tax liabilities** | | | |
| At July 1, 2019 | (13,649) | (32,242) | (45,891) |
| Credit to profit or loss | 350 | - | 350 |
| Derecognition of subsidiary | 147 | - | 147 |
| At June 30, 2020 | (13,152) | (32,242) | (45,394) |
| Charge to profit or loss | 575 | (1,371) | (796) |
| Charge to other comprehensive income | - | (791) | (791) |
| **At June 30, 2021** | **(12,577)** | **(34,404)** | **(46,981)** |

## 12 DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

### (ii) THE GROUP

| Deferred tax assets | Provision of assets Rs'000 | Retirement benefit obligations Rs'000 | Total Rs'000 |
|---|---|---|---|
| At July 1, 2019 | - | 19,710 | 19,710 |
| Charge to profit or loss | 290 | (2,564) | (2,274) |
| Derecognition of subsidiary (note 38) | - | (709) | (709) |
| Credit to other comprehensive income | - | 592 | 592 |
| At June 30, 2020 | 290 | 17,029 | 17,319 |
| Charge to profit or loss | 140 | (2,755) | (2,615) |
| Credit to other comprehensive income | - | 6,293 | 6,293 |
| **At June 30, 2021** | **430** | **20,567** | **20,997** |

### (iii) Net deferred tax liabilities

| | **2021** **Rs'000** | 2020 Rs'000 |
|---|---|---|
| Deferred tax liabilities | (46,981) | (45,394) |
| Deferred tax assets | 20,997 | 17,319 |
| | **(25,984)** | **(28,075)** |

### (iv) THE COMPANY

| Deferred tax liabilities | Accelerated tax depreciation Rs'000 | Revaluation of assets Rs'000 | Total Rs'000 |
|---|---|---|---|
| At July 1, 2019 | (1,005) | (32,242) | (33,247) |
| Credit to profit or loss | 527 | - | 527 |
| At June 30, 2020 | (478) | (32,242) | (32,720) |
| Charge to profit or loss | 550 | (1,371) | (821) |
| Charge to other comprehensive income | - | (791) | (791) |
| **At June 30, 2021** | **72** | **(34,404)** | **(34,332)** |

### (v) THE COMPANY

| Deferred tax assets | Provision of assets Rs'000 | Retirement benefit obligations Rs'000 | Total Rs'000 |
|---|---|---|---|
| At July 1, 2019 | - | 14,682 | 14,682 |
| Charge to profit or loss | 222 | (2,621) | (2,399) |
| Charge to other comprehensive income | - | (83) | (83) |
| At June 30, 2020 | 222 | 11,978 | 12,200 |
| Charge to profit or loss | 203 | (2,850) | (2,647) |
| Credit to other comprehensive income | - | 5,327 | 5,327 |
| **At June 30, 2021** | **425** | **14,455** | **14,880** |

### (vi) Net deferred tax liabilities

| | **2021** **Rs'000** | 2020 Rs'000 |
|---|---|---|
| Deferred tax liabilities | (34,332) | (32,720) |
| Deferred tax assets | 14,880 | 12,200 |
| | **(19,452)** | **(20,520)** |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

## 13. INVENTORIES

| | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | | **2021** | 2020 | **2021** | 2020 |
| | | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| **(a)** | Raw materials | **123,335** | 226,154 | **98,020** | 207,449 |
| | Finished goods | **83,359** | 60,792 | **80,258** | 57,296 |
| | Consumables and spare parts | **16,772** | 16,928 | **9,257** | 9,697 |
| | Goods in transit | **339,963** | 7,291 | **339,963** | 7,291 |
| | | **563,429** | 311,165 | **527,498** | 281,733 |

**(b)** The cost of inventories recognised as expense and included in the cost of operations amounted to Rs. 872M (2020: Rs.740M) for the Group and Rs. 792M (2020: Rs.677M) for the Company.

**(c)** Bank borrowings are secured by floating charges on the assets of the Company, including inventories.

## 14. TRADE AND OTHER RECEIVABLES

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Trade receivables | **176,412** | 150,064 | **148,773** | 125,962 |
| Expected credit loss allowance | | | | |
| Loss allowance | **(2,529)** | (1,710) | **(2,500)** | (1,309) |
| Trade receivables - net of impairment | **173,883** | 148,354 | **146,273** | 124,653 |
| Receivables from related company (note 33) | **1,255** | 1,981 | **203** | 112 |
| Loan receivable from subsidiary (note 15) | **-** | - | **249** | 232 |
| Advance payments to suppliers | **-** | 6,446 | **-** | 6,446 |
| Other receivables | **4,306** | 7,022 | **4,229** | 7,022 |
| Prepayments | **4,289** | 3,689 | **-** | 1,296 |
| | **183,733** | 167,492 | **150,954** | 139,761 |

The carrying amounts of other receivable approximate their fair values.

Included in Company's trade receivables is an amount of Rs. 805,000 (2020: Rs. 870,000) receivable from related parties.

The average credit period on sales of goods is 30 days. No interest is charged on the trade receivables and allowance is determined by the Company's management on specific debtors' balances due more than 90 days, which is determined on a case-by-case basis.

Before accepting a new customer, the credit control department assesses the credit quality of the customer and defines the terms and credit limits accordingly.

In determining the recoverability of the trade receivables, the Company considers any change in the credit quality of the trade receivables from the date the credit was initially granted up to the reporting date.

The Group and the Company measure the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

## 14. TRADE AND OTHER RECEIVABLES (CONT'D)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9 for the Company.

| THE COMPANY | Collectively assessed Rs'000 | Individually assessed Rs'000 | Total Rs'000 |
|---|---|---|---|
| Balance at July 1, 2019 | - | 525 | 525 |
| Increase in loss allowance recognised in profit or loss during the year | 58 | 726 | 784 |
| Balance at June 30, 2020 | 58 | 1,251 | 1,309 |
| Increase/(decrease) in loss allowance recognised in profit or loss during the year | 2,420 | (1,229) | 1,191 |
| **Balance at June 30, 2021** | **2,478** | **22** | **2,500** |

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9 for the Group.

| THE GROUP | Collectively assessed Rs'000 | Individually assessed Rs'000 | Total Rs'000 |
|---|---|---|---|
| Balance at July 1, 2019 | - | 525 | 525 |
| Increase in loss allowance recognised in profit or loss during the year | 289 | 896 | 1,185 |
| Balance at June 30, 2020 | 289 | 1,421 | 1,710 |
| Increase/(decrease) in loss allowance recognised in profit or loss during the year | 2,218 | (1,399) | 819 |
| **Balance at June 30, 2021** | **2,507** | **22** | **2,529** |

The following table details the risk profile of trade receivables based on the Company's provision matrix at June 30, 2021 and 2020. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base.

**THE COMPANY**

| **Balance at June 30, 2021** | | **Trade receivables - past due** | | | | |
|---|---|---|---|---|---|---|
| | **Not past due** | **<30 days** | **31-60 days** | **61-90 days** | **>90 days** | **Total** |
| Estimated total gross carrying amount at default (Rs'000) | 61,056 | 36,424 | 2,610 | 1,188 | 965 | **102,243** |
| Lifetime ECL (Rs'000) | 1,074 | 905 | 97 | 177 | 247 | **2,500** |
| Expected credit loss rate | 1.76% | 2.49% | 3.70% | 14.89% | 25.63% | |

| Balance at June 30, 2020 | | Trade receivables - past due | | | | |
|---|---|---|---|---|---|---|
| | Not past due | <30 days | 31-60 days | 61-90 days | >90 days | **Total** |
| Estimated total gross carrying amount at default (Rs'000) | 77,063 | 35,893 | 2,775 | 2,753 | 7,590 | **126,074** |
| Lifetime ECL (Rs'000) | 98 | 8 | 2 | 219 | 982 | **1,309** |
| Expected credit loss rate | 0.01% | 0.02% | 0.04% | 0.22% | 0.87% | |

The following table details the risk profile of trade receivables based on the Group's provision matrix at June 30, 2021 and 2020. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

**THE GROUP**

| **Balance at June 30, 2021** | | **Trade receivables - past due** | | | | |
|---|---|---|---|---|---|---|
| | **Not past due** | **<30 days** | **31-60 days** | **61-90 days** | **>90 days** | **Total** |
| Estimated total gross carrying amount at default (Rs'000) | 61,056 | 51,451 | 16,299 | 1,325 | 1,108 | **131,239** |
| Lifetime ECL (Rs'000) | 1,074 | 925 | 99 | 185 | 246 | **2,529** |
| Expected credit loss rate | 1.76% | 2.64% | 5.11% | 20.49% | 25.73% | |

## 14. TRADE AND OTHER RECEIVABLES (CONT'D)

| Balance at June 30, 2020 | | Trade receivables - past due | | | | |
|---|---|---|---|---|---|---|
| | **Not past due** | **<30 days** | **31-60 days** | **61-90 days** | **>90 days** | **Total** |
| Estimated total gross carrying amount at default (Rs'000) | 92,172 | 40,198 | 2,841 | 5,857 | 10,977 | 152,045 |
| Lifetime ECL (Rs'000) | 151 | 14 | 4 | 621 | 920 | 1,710 |
| Expected credit loss rate | 0.01% | 0.02% | 0.05% | 0.29% | 1.14% | |

The Group and the Company has a credit insurance coverage on certain trade receivables to the extent of 80% of the amount due. A loss given default of 20% has been applied on trade receivables which are covered by insurance at June 30, 2021.

The carrying amounts of trade and other receivables are denominated in the following currencies:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Mauritian Rupee | **133,250** | 121,142 | **104,850** | 93,657 |
| US Dollar | **13,185** | 9,252 | **9,252** | 9,252 |
| Euro | **37,007** | 37,098 | **36,852** | 36,852 |
| Zar | **290** | - | **-** | - |
| | **183,733** | 167,492 | **150,954** | 139,761 |

The receivables denominated in US Dollar arise on prepayments to foreign suppliers in this currency. Furthermore, the receivables denominated in Euro pertain mainly to deposits and prepayments.

## 15. LOAN RECEIVABLE FROM SUBSIDIARY

| | THE COMPANY | |
|---|---|---|
| | **2021** | 2020 |
| | **Rs'000** | Rs'000 |
| Loan receivable from subsidiary (note 33) | **2,149** | 2,380 |
| *Analysed as follows:* | | |
| Non-current | **1,900** | 2,148 |
| Current (note 14) | **249** | 232 |
| | **2,149** | 2,380 |

Loan receivable from subsidiary is unsecured and bears interest at the rate of PLR+1% p.a (2020: PLR+1%).

## 16. STATED CAPITAL

| | THE COMPANY | |
|---|---|---|
| | **2021** | 2020 |
| | **Rs'000** | Rs'000 |
| **Authorised** | | |
| 40,000,000 ordinary shares of Rs. 5 each | **200,000** | 200,000 |

| | THE COMPANY | |
|---|---|---|
| | **2021** | 2020 |
| | **Rs'000** | Rs'000 |
| **Issued and fully paid** | | |
| 33,280,256 ordinary shares of Rs. 5 each | **166,401** | 166,401 |

The Ordinary Shares shall rank "pari passu" in all respects. Every Ordinary Share shall confer one vote to its holder at general meetings of the Company and a right to dividend.

## 17. RESERVES

### (a) Revaluation reserve

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| At July 1, | **83,283** | 83,283 | **79,676** | 79,676 |
| Total comprehensive loss for the year | **3,939** | - | **3,862** | - |
| **At June 30,** | **87,222** | 83,283 | **83,538** | 79,676 |

The revaluation reserve arises from the revaluation of freehold land and buildings and plant & machinery.

### (b) Actuarial losses

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| At July 1, | **(157,504)** | (153,950) | **(132,921)** | (133,326) |
| Total comprehensive (loss)/income for the year | **(28,424)** | (3,554) | **(26,010)** | 405 |
| **At June 30,** | **(185,928)** | (157,504) | **(158,931)** | (132,921) |

Actuarial losses relates to remeasurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur.

## 18. NON-CONTROLLING INTERESTS

| | THE GROUP | |
|---|---|---|
| | **2021** | 2020 |
| | **Rs'000** | Rs'000 |
| At July 1, | **16,792** | 20,481 |
| Share of total comprehensive income/(loss) for the year | **826** | (406) |
| Derecognition of subsidiary | **-** | (2,280) |
| Dividend | **-** | (1,003) |
| **At June 30,** | **17,618** | 16,792 |

## 19. BORROWINGS

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| **Current** | | | | |
| Bank overdrafts (note 32 (b)) | **219,359** | 221,612 | **200,444** | 200,526 |
| Short-term bank loans | **25,000** | 100,000 | **25,000** | 100,000 |
| **Total borrowings** | **244,359** | 321,612 | **225,444** | 300,526 |

**(a)** Short-term bank loans are secured by both fixed and floating charges. Interest rates vary between 2.70% to 2.85% (2020: 2.70% to 2.85%) and are repayable within one year.

**(b)** Bank overdrafts are secured by floating charges on the assets of the Group including property, plant and equipment and inventories (note 5 and 13). The rates of interest on borrowings vary between 4.10% p.a and 6.25% p.a. (2020: 3.95% p.a and 6.25% p.a.).

**(c)** The exposure of the Group's and the Company's borrowings to interest rate changes and the contractual repricing dates are as follows:

| **THE GROUP** | **6 months or less Rs'000** |
|---|---|
| **At June 30, 2021** | |
| **Total borrowings** | **244,359** |
| At June 30, 2020 | |
| Total borrowings | 321,612 |

| **THE COMPANY** | **6 months or less Rs'000** |
|---|---|
| **At June 30, 2021** | |
| **Total borrowings** | **225,444** |
| At June 30, 2020 | |
| Total borrowings | 300,526 |

**(d)** The effective interest rates at the end of the reporting period were as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **%** | % | **%** | % |
| Bank overdrafts | **3.95** | 5.75 | **3.95** | 5.75 |

**(e)** The carrying amounts of the Group's and the Company's borrowings are denominated in Mauritian Rupee and are not materially different from their fair values.

## 20. RETIREMENT BENEFIT OBLIGATIONS

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Amount recognised in the statements of financial position as non-current liabilities: | | | | |
| -Pension benefits (note (a) (iii)) | **88,855** | 65,480 | **60,375** | 42,364 |
| -Other post retirement benefits (note (b) (i)) | **25,108** | 28,390 | **24,656** | 28,096 |
| | **113,963** | 93,870 | **85,031** | 70,460 |
| Amount charged to profit or loss: | | | | |
| -Pension benefits (note (a) (vi)) | **13,496** | 13,261 | **10,187** | 10,002 |
| -Other post retirement benefits (note (b) (iv)) | **1,091** | 1,942 | **958** | 1,794 |
| | **14,587** | 15,203 | **11,145** | 11,796 |

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Amount charged to other comprehensive income: | | | | |
| -Pension benefits (note 20 (a) (vii)) | **38,479** | (123) | **32,824** | (3,957) |
| -Other post retirement benefits (note (b) (v)) | **(1,462)** | 3,608 | **(1,487)** | 3,469 |
| | **37,017** | 3,485 | **31,337** | (488) |

**(a) Pension benefits**

**(i)** The assets of the fund are held independently and administered by Swan Pensions Limited.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligations were carried out at June 30, 2021 by Aon Hewitt Ltd (Actuarial Valuer). The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

## 20. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

### (a) Pension benefits (Cont'd)

**(ii)** The amounts recognised in the statements of financial position are as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Present value of funded obligations | **359,058** | 336,611 | **292,933** | 278,368 |
| Fair value of plan assets | **(270,203)** | (271,131) | **(232,558)** | (236,004) |
| Liability in the statements of financial position | **88,855** | 65,480 | **60,375** | 42,364 |

**(iii)** The movements in the statements of financial position are as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| At July 1, | **65,480** | 84,983 | **42,364** | 61,186 |
| Charged to profit or loss | **13,496** | 13,261 | **10,187** | 10,002 |
| Charged to other comprehensive income | **38,479** | (123) | **32,824** | (3,957) |
| Contributions paid | **(28,600)** | (28,467) | **(25,000)** | (24,867) |
| Derecognition on winding up of subsidiary | **-** | (4,174) | **-** | - |
| **At June 30,** | **88,855** | 65,480 | **60,375** | 42,364 |

**(iv)** The movement in the defined benefit obligations over the year is as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| At July 1, | **336,611** | 326,741 | **278,368** | 265,688 |
| Current service cost | **12,201** | 9,721 | **9,382** | 7,520 |
| Interest cost | **6,779** | 14,559 | **5,472** | 12,191 |
| Past service cost | **-** | 220 | **-** | - |
| Actuarial loss/(gain) | **7,831** | (6,379) | **7,275** | (8,156) |
| Liability loss due to change in financial assumptions | **37,558** | 7,861 | **31,535** | 5,759 |
| Benefits paid | **(41,922)** | (6,242) | **(39,099)** | (4,634) |
| Derecognition on winding up of subsidiary | **-** | (9,870) | **-** | - |
| **At June 30,** | **359,058** | 336,611 | **292,933** | 278,368 |

**(v)** The movement in the fair value of plan assets of the year is as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| At July 1, | **271,131** | 241,758 | **236,004** | 204,502 |
| Interest income | **5,484** | 11,239 | **4,667** | 9,709 |
| Return on plan assets excluding interest income | **6,910** | 1,605 | **5,986** | 1,560 |
| Employer contributions | **28,600** | 28,467 | **25,000** | 24,867 |
| Benefits paid | **(41,922)** | (6,242) | **(39,099)** | (4,634) |
| Derecognition on winding up of subsidiary | **-** | (5,696) | **-** | - |
| **At June 30,** | **270,203** | 271,131 | **232,558** | 236,004 |

**(vi)** The amounts recognised in profit or loss are as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Current service cost | **12,201** | 9,721 | **9,382** | 7,520 |
| Past service cost | **-** | 220 | **-** | - |
| Interest cost | **1,295** | 3,320 | **805** | 2,482 |
| Total included in employee benefit expense (note 26) | **13,496** | 13,261 | **10,187** | 10,002 |

Total included in employee benefit expense can be analysed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| - cost of operations | **7,144** | 8,252 | **5,085** | 4,993 |
| - distribution costs | **1,540** | 1,215 | **1,237** | 1,215 |
| - administrative expenses | **4,812** | 3,794 | **3,865** | 3,794 |
| | **13,496** | 13,261 | **10,187** | 10,002 |

**(vii)** The amounts recognised in other comprehensive income are as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Liability experience losses/(gains) | **7,831** | (6,379) | **7,275** | (8,156) |
| Actuarial losses arising from changes in financial assumptions | **37,558** | 7,861 | **31,535** | 5,759 |
| Actuarial losses | **45,389** | 1,482 | **38,810** | (2,397) |
| Return on plan assets excluding interest income | **(6,910)** | (1,605) | **(5,986)** | (1,560) |
| | **38,479** | (123) | **32,824** | (3,957) |

**(viii)** The assets in the plan were:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **%** | % | **%** | % |
| Qualifying insurance policies | **100** | 100 | **100** | 100 |

## 20. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

### (a) Pension benefits (cont'd)

**(ix)** The funding policy is to pay contributions to an external legal entity at the rate recommended by the entity's actuary. Expected contributions to post employment benefit plans for the year ending June 30, 2022 are Rs.31,743,000 for the Group and Rs.27,931,000 for the Company.

**(x)** The weighted average durations of the defined benefit obligations for the Company at the end of the reporting period is 4.5 and 8 years (2020: 5.3 and 7.4 years).

**(xi)** The principal actuarial assumptions used for accounting purposes were:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Discount rate | **2.9-4.1** | 2.3-2.1 | **2.9-4.1** | 2.3-2.1 |
| Future salary increases | **1.0-5.5** | 2.5-1.5 | **1.0-5.5** | 2.5-1.5 |
| Future pension increases | **0.0-3.0** | 0.0-3.0 | **0.0-3.0** | 0.0-3.0 |
| Average retirement age (ARA) | **60/65** | 60/65 | **60/65** | 60/65 |
| Assumed SWAN annuity rates for: | | | | |
| - Male at ARA | **20.1/14.9** | 13.5 | **20.1/14.9** | 13.5 |
| - Female at ARA | **23.6/16.2** | 14.7 | **23.6/16.2** | 14.7 |

**(xii)** Sensitivity analysis on defined benefit obligations at end of the reporting date:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| - Increase due to 1% decrease in discount rate | **21,561** | 21,882 | **17,536** | 17,783 |
| - Decrease due to 1% increase in discount rate | **18,848** | 19,063 | **15,289** | 15,471 |
| - Increase due to 1% increase in salary increase rate | **21,763** | - | **17,755** | - |
| - Decrease due to 1% decrease in salary increase rate | **19,598** | - | **15,944** | - |

An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of the reporting period.

**(xiii)** The plan exposes the Group to normal risks associated with defined benefit pension plans, such as investment, interest, longevity and salary risks.

*Investment risk (where the plan is funded)*
The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

*Interest risk*
A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

*Longevity risk (where the plan is funded and an annuity is paid over life expectancy)*
The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

**(xiv)** *Salary risk*

The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase in the assumed rate will decrease the liability.

The Group had a residual obligation imposed by the Workers' Rights Act 2019 on top of its defined contribution plan. It is therefore particularly exposed to investment under-performance of the defined contribution plan.

There has been no plan amendment, curtailment or settlement during the year, except for some data adjustments.

**(b) Other post retirement benefits**

Other post retirement benefits comprise mainly of gratuity on retirement payable under the Workers' Rights Act 2019, those which are not sufficiently covered under the pension plan and unfunded pensioners.

**(i)** The amounts recognised in the statements of financial position are as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Retirement gratuity | **3,017** | 2,796 | **2,565** | 2,502 |
| Unfunded pensioners | **22,091** | 25,594 | **22,091** | 25,594 |
| | **25,108** | 28,390 | **24,656** | 28,096 |

**(ii)** The movements in the statements of financial position are analysed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| At July 1, | **28,390** | 25,555 | **28,096** | 25,177 |
| Charged to profit or loss (note 26) | **1,091** | 1,942 | **958** | 1,794 |
| Charged to other comprehensive income | **(1,462)** | 3,608 | **(1,487)** | 3,469 |
| Benefits paid | **(2,911)** | (2,715) | **(2,911)** | (2,344) |
| At June 30, | **25,108** | 28,390 | **24,656** | 28,096 |

**(iii)** The movement in other post retirement benefits over the year is as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| At July 1, | **28,390** | 25,555 | **28,096** | 25,177 |
| Current service cost | **425** | 779 | **300** | 641 |
| Interest cost | **658** | 1,163 | **658** | 1,153 |
| Benefits paid | **(2,911)** | (2,715) | **(2,911)** | (2,344) |
| Interest cost | **8** | - | **-** | - |
| Liability experience loss | **261** | 349 | **234** | 210 |
| Liability loss due to change in financial assumptions | **(1,723)** | 3,259 | **(1,721)** | 3,259 |
| At June 30, | **25,108** | 28,390 | **24,656** | 28,096 |

## 20. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

### (b) Other post retirement benefits (cont'd)

(iv) The amounts recognised in profit or loss are as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Current service cost | **425** | 779 | **300** | 641 |
| Interest cost | **658** | 1,163 | **658** | 1,153 |
| Net interest on net defined benefit liability | **8** | - | **-** | - |
| Total included in employee benefit expense | **1,091** | 1,942 | **958** | 1,794 |

Total included in employee benefit expense can be analysed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| - administrative expenses | **1,091** | 1,942 | **958** | 1,794 |

(v) The amounts recognised in other comprehensive income are as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Liability experience losses/(gains) | **261** | 349 | **234** | 210 |
| Actuarial losses arising from changes in financial assumptions | **(1,723)** | 3,259 | **(1,721)** | 3,259 |
| Actuarial losses | **(1,462)** | 3,608 | **(1,487)** | 3,469 |
| Return on plan assets excluding interest income | **-** | - | **-** | - |
| | **(1,462)** | 3,608 | **(1,487)** | 3,469 |

(vi) The funding policy is to pay benefits out of the reporting entity's cash flow as and when due. Expected contributions to post employment benefit plans for the year ending June 30, 2022 are Rs. 6,268,000 for the Group and Rs. 2,456,000 for the Company.

(vii) The weighted average durations of the defined benefit obligations for the Company at the end of the reporting period is 7 and 17.1 years (2020: 15.5 and 8 years).

(viii) The principal actuarial assumptions used for accounting purposes were:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **%** | % | **%** | % |
| Discount rate | **3.5-5** | 2.4-3.2 | **3.9-5** | 2.4-3.2 |
| Future salary increases | **1.0-5.5** | 1.5-2.5 | **1.0-5.5** | 1.5-2.5 |
| Future pension increases | **0.0-3.0** | 0.0-3.0 | **0.0-3.0** | 0.0-3.0 |
| Average retirement age (ARA) | **60/65** | 60/65 | **60/65** | 60/65 |

**(ix)** Sensitivity analysis on defined benefit obligations at end of the reporting date:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| - Increase due to 1% decrease in discount rate | **2,773** | 3,072 | **2,722** | 3,041 |
| - Decrease due to 1% increase in discount rate | **2,287** | 2,559 | **2,247** | 2,536 |
| - Increase due to 1% increase in salary increase rate | **1,140** | - | **1,086** | - |
| - Decrease due to 1% decrease in salary increase rate | **856** | - | **813** | - |

**(x)** An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on retirement gratuity at the end of the reporting period.

The sensitivity analysis above has been determined based on a method that extrapolates the impact on retirement gratuity as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The sensitivity analysis may not be representative of the actual change in the retirement gratuity as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

## 21. LEASE LIABILITIES

| *The Group and Company as lessee* | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| *Maturity analysis* | | | | |
| Current | **281** | 254 | **196** | 183 |
| Non-current: two to five years | **1,296** | 1,169 | **905** | 844 |
| After five years | **62,744** | 62,104 | **47,241** | 46,735 |
| | **64,321** | 63,527 | **48,342** | 47,762 |

The lease liability is measured at present value of the future fixed lease payments that are not paid at the end of the financial year. Leased payments are apportioned between finance charges and reduction for the lease liability using an incremental borrowing rate of 5.75% to achieve a constant rate of interest on the remaining balance of the liability.

## 22. TRADE AND OTHER PAYABLES

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Trade payables | **8,370** | 12,088 | **4,756** | 10,326 |
| Other payables and accruals | **353,996** | 32,957 | **351,797** | 30,879 |
| COVID-19 payable | **5,322** | 4,229 | **4,118** | 3,000 |
| Dividends payable | **4,863** | 5,954 | **4,863** | 5,954 |
| Amount due to related party (note 33) | **10,303** | 6,829 | **27** | 41 |
| Deposit from customer | **995** | 1,017 | **995** | 1,017 |
| | **383,849** | 63,074 | **366,556** | 51,217 |

The average credit period for trade purchases is 30 days. No interest is charged on the outstanding trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.
The carrying amounts of trade and other payables approximate their fair values.

## 23. INCOME TAX

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| **(a)** Statements of financial position | | | | |
| - Current tax assets | **-** | (853) | **-** | (852) |
| - Current tax liabilities | **2,880** | 597 | **1,730** | - |
| | **2,880** | (256) | **1,730** | (852) |
| Statements of financial position | | | | |
| At July 1, | **(256)** | (926) | **(852)** | (886) |
| Current tax on the adjusted profit for the year at 15% (2020: 15%) | **5,276** | 2,600 | **3,678** | 1,540 |
| Refunded during the year | **-** | 204 | **-** | 1 |
| Under/(over) provision in previous years | **41** | (7) | **-** | - |
| CSR contribution | **706** | 409 | **490** | 205 |
| Tax paid during the year | **(995)** | (963) | **(357)** | (152) |
| CSR paid | **(218)** | (200) | **(196)** | (187) |
| Tax paid under APS | **(1,674)** | (1,251) | **(1,033)** | (1,251) |
| Tax deducted at source | **-** | (122) | **-** | (122) |
| **At June 30,** | **2,880** | (256) | **1,730** | (852) |

**(b)** Statements of profit or loss and other comprehensive income

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Current tax on the adjusted profit for the year at 15% (2020: 15%) | **5,276** | 2,600 | **3,678** | 1,540 |
| Under/(over) provision in previous years | **41** | (7) | **-** | - |
| CSR contribution | **706** | 409 | **490** | 205 |
| | **6,023** | 3,002 | **4,168** | 1,745 |
| Deferred tax (note 12(b)) | **3,411** | 1,924 | **3,468** | 1,872 |
| **Tax charge** | **9,434** | 4,926 | **7,636** | 3,617 |

**(c)** Tax reconciliation

The tax on the Group's and Company's profit before taxation differs from the theoretical amount that would arise using the basic tax rate of the Group and the Company as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Profit before taxation | **57,208** | 27,320 | **47,527** | 23,987 |
| Tax calculated at 17% (2020: 17%) | **9,695** | 5,269 | **8,080** | 4,078 |
| Income not subject to tax | **(1,885)** | (2,048) | **(1,769)** | (1,472) |
| Expenses not deductible for tax purposes | **892** | 1,725 | **835** | 1,261 |
| Tax rate differential | **26** | (429) | **-** | (455) |
| CSR contribution | **706** | 409 | **490** | 205 |
| **Tax charge** | **9,434** | 4,926 | **7,636** | 3,617 |

## 24. SEGMENT INFORMATION

**(a)** The Group has three reporting segments: Oil Products, Metal Cans & Plastic Containers and Imported food products.

"Others" comprise of other business activities and operating segments that are not reportable. Revenue included in this segment amounted to Rs 5.1M (2020: Rs 5.1M).

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Mauritius Oil Refineries Limited evaluates performance on the basis of profit or loss from operations before tax expense. Mauritius Oil Refineries Limited accounts for intersegments sales and transfers as if the sales or the transfers were to third parties, i.e. current market prices.

**(b)** The segment results for the year ended June 30, 2021 are as follows:

| | Oil Products | | Metal Cans & Plastic Containers | | Imported food products | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 | **2021** | 2020 | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Total segment revenue | **900,970** | 740,216 | **127,102** | 111,369 | **130,617** | 141,915 | **5,126** | 5,126 | **1,163,815** | 998,626 |
| Inter-segment revenue | **-** | - | **-** | (3,934) | **-** | - | **-** | - | **-** | (3,934) |
| Revenue from external customers | **900,970** | 740,216 | **127,102** | 107,435 | **130,617** | 141,915 | **5,126** | 5,126 | **1,163,815** | 994,692 |
| Segment result | **38,602** | 6,659 | **7,458** | 1,269 | **19,077** | 25,485 | **4,391** | 4,485 | **69,528** | 37,898 |
| Loss on derecognition of subsidiary | **-** | - | **-** | - | **-** | - | **-** | - | **-** | (1,994) |
| Other income | **-** | - | **-** | - | **-** | - | **-** | - | **4,535** | 3,922 |
| Finance costs | **-** | - | **-** | - | **-** | - | **-** | - | **(19,036)** | (14,312) |
| Share of result of associate | **-** | - | **-** | - | **-** | - | **-** | - | **2,001** | 1,806 |
| Profit before taxation | **38,602** | 6,659 | **7,458** | 1,269 | **19,077** | 25,485 | **4,391** | 3,785 | **57,028** | 27,320 |
| Taxation | **-** | - | **-** | - | **-** | - | **-** | - | **(9,434)** | (4,926) |
| Profit for the year | **38,602** | 6,659 | **7,458** | 1,269 | **19,077** | 25,485 | **4,391** | 3,785 | **47,594** | 22,394 |

## 24. SEGMENT INFORMATION (CONT'D)

Other segment items included in profit or loss are as follows:

| | Oil Products | | Metal Cans & Plastic Containers | | Imported food products | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 | **2021** | 2020 | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Depreciation (note 5) | **12,091** | 13,078 | **1,706** | 1,898 | **1,752** | 2,507 | **-** | - | **15,549** | 17,484 |
| Depreciation on right-of-use assets (note 11) | **2,092** | 947 | **-** | - | **-** | - | **-** | - | **2,092** | 947 |
| Amortisation of intangible assets (note 7) | **1,497** | 1,454 | **66** | 66 | **-** | - | **-** | - | **1,563** | 1,520 |

Inter segment transfers or transactions are entered into under the normal commercial terms and conditions that would be available to unrelated third parties.

The segment assets and liabilities at June 30, 2021 and capital expenditure for the year then ended are as follows:

| | Oil Products | | Metal Cans & Plastic Containers | | Imported food products | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 | **2021** | 2020 | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Segment assets | **879,824** | 574,271 | **70,060** | 89,594 | **60,713** | 41,545 | **99,870** | 99,114 | **1,110,467** | 804,524 |
| Investment in associate | | | | | | | | | **29,871** | 27,860 |
| Non segment assets | | | | | | | | | **73,916** | 93,105 |
| Consolidated total assets | | | | | | | | | **1,214,254** | 925,489 |
| Segment liabilities | **67,820** | 46,214 | **16,869** | 11,495 | **7,342** | 5,003 | **531** | 362 | **92,562** | 63,074 |
| Non segment liabilities | | | | | | | | | **748,912** | 510,517 |
| Consolidated total liabilities | | | | | | | | | **841,474** | 573,591 |
| Capital expenditure | **27,391** | 17,610 | **290** | 6,144 | **-** | - | **-** | - | **27,681** | 23,754 |
| Depreciation and amortisation | **15,679** | 15,480 | **1,772** | 1,964 | **1,753** | 2,507 | **-** | - | **19,204** | 19,951 |

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash.
Segment liabilities comprise operating liabilities and exclude items such as taxation and corporate borrowings.
Capital expenditure comprises additions to property, plant and equipment, and intangible assets.

**(c) Geographical information**

The Group's activities and assets are based in Mauritius.

| | Revenue from external customers | | Non-current assets | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Mauritius | **1,163,815** | 994,692 | **465,226** | 445,154 |

There are no revenue from external customers attributable to individual foreign countries during the year (2020: Rs.nil).

Sales revenue is based on the country in which the customer is located. Total assets are shown by the geographical area in which the assets are located.

**(d) Analysis of sales**

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Sale of goods | **1,158,689** | 989,566 | **1,031,587** | 882,131 |
| Sale of services | **-** | - | **-** | - |
| Rental income | **5,126** | 5,126 | **-** | - |
| | **1,163,815** | 994,692 | **1,031,587** | 882,131 |

For method of recognition of revenue, see note 2(j).

## 25. EXPENSES BY NATURE

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Cost of inventories (note 13) | **872,451** | 739,797 | **792,262** | 677,008 |
| Employee benefit expense (note 26) | **119,854** | 118,666 | **91,718** | 94,003 |
| COVID-19 levy | **3,255** | 4,229 | **2,652** | 3,000 |
| Depreciation (note 5(f)) | **15,549** | 17,484 | **12,746** | 14,463 |
| Advertising | **9,070** | 8,683 | **9,070** | 8,683 |
| Factory repairs and maintenance | **11,093** | 8,391 | **7,770** | 5,191 |
| General expenses | **9,491** | 12,107 | **7,468** | 7,203 |
| Office expenses | **3,066** | 4,367 | **2,589** | 2,967 |
| Distribution expenses | **7,359** | 6,767 | **7,359** | 6,354 |
| Motor vehicle repairs | **985** | 1,444 | **985** | 1,423 |
| Licences | **2,551** | 3,792 | **2,437** | 3,663 |
| Amortisation of intangible assets (note 7) | **1,563** | 1,520 | **1,497** | 1,454 |
| Depreciation on right-of-use assets (note 11) | **2,092** | 947 | **962** | 947 |
| Loss on derecognition of subsidiary | **-** | 1,994 | **-** | 1,666 |
| Loss allowance on trade receivables (note 14) | **819** | 1,185 | **1,191** | 784 |
| Miscellaneous expenses | **36,125** | 30,566 | **37,461** | 30,553 |
| **Total cost of operations, distribution costs and administrative expenses** | **1,095,323** | 961,939 | **978,167** | 859,362 |

Miscellaneous expenses refer to other expenses incurred in the day-to-day operation of the Group and the Company.

## 26. EMPLOYEE BENEFIT EXPENSE

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Wages and salaries including termination benefits | **98,036** | 96,958 | **74,047** | 76,585 |
| Social security costs | **5,856** | 5,127 | **5,151** | 4,244 |
| Pension - defined contribution plans | **1,375** | 1,378 | **1,375** | 1,378 |
| Pension - defined benefit plans (note 20(a)(vi)) | **13,496** | 13,261 | **10,187** | 10,002 |
| Pension - other post retirement benefit (note 20(b)(ii)) | **1,091** | 1,942 | **958** | 1,794 |
| | **119,854** | 118,666 | **91,718** | 94,003 |

## 27. OTHER INCOME

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Interest income | **-** | - | **155** | 169 |
| Other income | **4,535** | 3,922 | **870** | 311 |
| Dividend income | | | | |
| - Listed | **-** | - | **-** | 968 |
| - Unquoted | **-** | - | **2,600** | 4,052 |
| | **-** | - | **2,600** | 5,020 |
| | **4,535** | 3,922 | **3,625** | 5,500 |

## 28. FINANCE COSTS

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Net foreign exchange loss | **(5,956)** | (1,614) | **(5,956)** | (1,614) |
| Interest expense: | | | | |
| - Bank overdrafts | **(7,100)** | (6,685) | **(6,683)** | (6,086) |
| - Short-term bank loans | **(2,439)** | (2,559) | **(2,439)** | (2,612) |
| - Lease liabilities | **(3,541)** | (3,454) | **(2,628)** | (2,597) |
| | **(13,080)** | (12,698) | **(11,750)** | (11,295) |
| | **(19,036)** | (14,312) | **(17,706)** | (12,909) |

## 29. PROFIT FOR THE YEAR

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| Profit for the year is arrived at after | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| **Crediting:** | | | | |
| Profit on disposal of plant and equipment | **1,250** | 417 | **870** | 308 |
| **and charging:** | | | | |
| Depreciation on property, plant and equipment | | | | |
| - owned assets (note 5) | **15,549** | 17,484 | **12,746** | 14,463 |
| Depreciation on right-of-use assets (note 11) | **2,092** | 947 | **962** | 947 |
| Amortisation of intangible assets (note 7) | **1,563** | 1,520 | **1,497** | 1,454 |
| Cost of inventories consumed (note 25) | **872,451** | 739,797 | **792,262** | 677,008 |
| Employee benefit expense (note 26) | **119,854** | 118,666 | **91,718** | 94,003 |

## 30. EARNINGS PER SHARE

| | | THE GROUP | |
|---|---|---|---|
| | | **2021** | 2020 |
| Profit attributable to owners of the parent | Rs'000 | **44,541** | 21,191 |
| Number of ordinary shares in issue (in thousand) | | **33,280** | 33,280 |
| Earnings per share | Rs. | **1.34** | 0.64 |

## 31. DIVIDENDS

| | THE GROUP AND THE COMPANY | |
|---|---|---|
| | **2021** | 2020 |
| | **Rs'000** | Rs'000 |
| *Dividend declared during the year can be analysed as follows:* | | |
| No dividend was paid in June 2021 (2020: Re.0.80 per share in December 2019) | - | 26,624 |

## 32. NOTES TO THE STATEMENTS OF CASH FLOWS

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| **(a) Cash generated from operations** | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Profit before taxation | **57,028** | 27,320 | **47,527** | 23,987 |
| Adjustments for: | | | | |
| Depreciation on property, plant and equipment | **15,549** | 17,484 | **12,746** | 14,463 |
| Amortisation of intangible assets | **1,563** | 1,520 | **1,497** | 1,454 |
| Depreciation on right of use of assets | **2,092** | 947 | **962** | 947 |
| Loss on derecognition of subsidiary | **-** | 1,994 | **-** | 1,666 |
| Share of result of associate | **(2,001)** | (1,806) | **-** | - |
| Investment and other income | **-** | - | **(2,755)** | (5,189) |
| Retirement benefit obligations - net | **(16,924)** | (24,327) | **(16,766)** | (15,415) |
| Interest expense | **13,080** | 12,698 | **11,750** | 11,295 |
| Loss allowance | **819** | 1,185 | **1,191** | 784 |
| Profit on disposal of plant and equipment | **(1,250)** | (417) | **(870)** | (308) |
| **Operating profit before working capital changes** | **69,956** | 36,598 | **55,282** | 33,684 |
| Changes in working capital: | | | | |
| - Trade and other receivables | **(17,359)** | (27,139) | **(12,365)** | (24,759) |
| - Inventories | **(252,264)** | (79,033) | **(245,765)** | (83,989) |
| - Trade and other payables | **320,775** | 1,269 | **315,339** | 503 |
| **Cash generated from/(used in) operations** | **121,108** | (68,305) | **112,491** | (74,561) |

**(b) Cash and cash equivalents and bank overdrafts include the following for the purpose of the statement of cash flows:**

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Cash in hand and at bank | **1,866** | 825 | **1,551** | 822 |
| Bank overdrafts (note 19) | **(219,359)** | (221,612) | **(200,444)** | (200,526) |
| | **(217,493)** | (220,787) | **(198,893)** | (199,704) |

**(c) Reconciliation of liabilities arising from financing activities**

| **THE GROUP** | **2020** | **Lease remeasurement** | **Cash flows** | **2021** |
|---|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| Short-term bank loans | | | | |
| - Proceeds | 1,375,000 | - | 625,000 | 2,000,000 |
| - Repayment | (1,275,000) | - | (700,000) | (1,975,000) |
| Lease liabilities | 63,527 | 1,591 | (797) | 64,321 |
| **Total liabilities from financing activities** | **163,527** | **1,591** | **(75,797)** | **89,321** |

| **THE GROUP** | 2019 | Recognised on adoption of IFRS 16 | Cash flows | 2020 |
|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Loan | 5,500 | - | (5,500) | - |
| Short-term bank loans | | | | |
| - Proceeds | - | - | 1,375,000 | 1,375,000 |
| - Repayment | - | - | (1,275,000) | (1,275,000) |
| Lease liabilities | - | 63,767 | (240) | 63,527 |
| **Total liabilities from financing activities** | 5,500 | 63,767 | 94,260 | 163,527 |

| **THE COMPANY** | **2020** | **Lease remeasurement** | **Cash flows** | **2021** |
|---|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| Short-term bank loans | | | | |
| - Proceeds | 1,375,000 | - | 625,000 | 2,000,000 |
| - Repayment | (1,275,000) | - | (700,000) | (1,975,000) |
| Lease liabilities | 47,762 | 769 | (189) | 48,342 |
| **Total liabilities from financing activities** | **147,762** | **769** | **(75,189)** | **73,342** |

| **THE COMPANY** | 2019 | Recognised on adoption of IFRS 16 | Cash flows | 2020 |
|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Loan | 5,500 | - | (5,500) | - |
| Short-term bank loans | | | | |
| - Proceeds | - | - | 1,375,000 | 1,375,000 |
| - Repayment | - | - | (1,275,000) | (1,275,000) |
| Lease liabilities | - | 47,935 | (173) | 47,762 |
| **Total liabilities from financing activities** | 5,500 | 47,935 | 94,327 | 147,762 |

## 33. RELATED PARTY TRANSACTIONS

### (a) THE GROUP

| | Purchase of goods or services | Sale of goods or services | Loan payable | Amount owed by related parties | Amount owed to related parties |
|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Year ended June 30, 2021** | | | | | |
| **Associate** | **354** | **892** | **-** | **203** | **27** |
| **Enterprises in which directors have significant influence** | **-** | **-** | **-** | **1,052** | **10,276** |
| | **354** | **892** | | **1,255** | **10,303** |
| Year ended June 30, 2020 | | | | | |
| Associate | 440 | 973 | - | 112 | 6,829 |
| Enterprises in which directors have significant influence | - | - | - | 1,869 | - |
| | 440 | 973 | - | 1,981 | 6,829 |

### (b) THE COMPANY

| | Purchase of goods or services | Sale of goods or services | Loan receivable | Amount owed by related parties | Amount owed to related parties |
|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Year ended June 30, 2021** | | | | | |
| **Subsidiaries** | **3,839** | **8,425** | **2,149** | **805** | **867** |
| **Associate** | **354** | **892** | **-** | **203** | **27** |
| | **4,193** | **9,317** | **2,149** | **1,008** | **894** |
| Year ended June 30, 2020 | | | | | |
| Subsidiaries | 4,049 | 9,858 | 2,380 | 870 | 601 |
| Associate | 600 | 973 | - | 112 | 41 |
| | 4,649 | 10,831 | 2,380 | 982 | 642 |

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

## 33. RELATED PARTY TRANSACTIONS

**(c)** **(i)** The above transactions have been made on normal commercial terms and in the normal course of business.

**(ii)** Loan receivable from subsidiary bears interest rate of PLR + 1% (2020: PLR + 1%) per annum and is repayable at call.

**(iii)** For the year ended June 30, 2021, the Group and the Company have not recorded any impairment of receivables relating to amounts owed by related parties (2020: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**(d) Key management personnel compensation, including directors remuneration and benefits**

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Salaries and short-term employee benefits | **22,988** | 24,952 | **22,033** | 23,604 |
| Post employment benefits | **2,911** | 2,344 | **2,911** | 2,344 |
| | **25,899** | 27,296 | **24,944** | 25,948 |

## 34. CONTINGENT LIABILITES

At June 30, 2021, the Company had no contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities would arise. (2020: Nil)

## 35. CAPITAL COMMITMENTS

No capital expenditure were contracted for at the end of the reporting period but not yet incurred. (2020: Nil)

## 36. OPERATING LEASE

Group as lessor

Operating lease relate to the investment property owned by the Group with lease terms of between 2 to 20 years, with an option to extend for a further 3 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

Rental income earned by the Group from its investment property and direct operating expenses arising on the investment property for the year are set out in note 6.

**Non-cancellable operating lease receivables**

| | THE GROUP | |
|---|---|---|
| | **2021** | 2020 |
| | **Rs'000** | Rs'000 |
| Within one year | **5,126** | 5,126 |

## 37. IMPACT OF COVID-19

The impact of COVID-19 is across all trade activities globally and Mauritius is no exception. The lockdown of two months in March and April 2021 affected the activities of the Company in general. The Directors are of the opinion that it is difficult to predict the overall outcome and impact of COVID-19 on the financial statements of the Group at this stage. The Group will continue to monitor the situation.

# NOTICE OF MEETING

NOTICE is hereby given that the Annual Meeting of the Shareholders of the Company will be held at the Registered Office of the Company, 2 Quay Road, Port Louis, on Wednesday 8th December 2021 at 10.30 hours.

**ORDER OF THE DAY**

1. To receive the Directors' Report and the Auditors' Report
2. To consider and adopt the Group's and Company's Audited Financial Statements for the year ended 30th June 2021
3. To re-elect Mr. J.H. Maurice DE MARASSE ENOUF who retires by rotation and, being eligible, offers himself for re-election in accordance with the Constitution of the Company and with Section 138 (6) of the Companies Act 2001 to hold office as Director of the Company until the next Annual Meeting of Shareholders.
4. To re-elect as Director of the Company Mr. Akhtar N.Y DAWOOD who retires by rotation and, being eligible, offers himself for re-election in accordance with the Constitution of the Company.
5. To re-elect as Director of the Company Mr. Ashraf M. CURRIMJEE who retires by rotation and, being eligible, offers himself for re-election in accordance with the Constitution of the Company.
6. To re-elect Mr. R.J. Paul CLARENC, who seeks re-election as Director of the Company in accordance with Section 138(6) of the Companies Act until the next Annual Meeting of Shareholders.
7. To ratify the appointment made on 7th May 2021 of Mrs. Su Lin Ong as Director of the Company
8. To fix the Directors' remuneration
9. To appoint Deloitte as Auditors of the Company for the financial year ending 30th June 2022 and to authorize the Board of Directors to fix their remuneration

By Order of the Board
**SPEVILLE SECRETARIAL SERVICES LTD**
Secretary

A member of the Company entitled to attend and vote at this Meeting may appoint a person, whether a member or not, to attend the Meeting and vote on his behalf. Proxy forms must be lodged at the Registered Office of the Company not less than forty eight hours before the Meeting.

October 20, 2021

# PROXY FORM

I/We ..............................................................................................................................................................

of ..................................................................................................................................................................

being a Shareholder of Mauritius Oil Refineries Limited do hereby appoint ......................................................................

.........................................................................................................................of.........................................................................

....................................................................................... or in his absence ..........................................................................

of.......................................................................................................................... as my/our proxy, to vote for me/us and on

my/our behalf at the Annual Meeting to be held on Wednesday 8th December 2021 at 10.30hrs and at any adjournment thereof.

I/We direct my/our vote(s) to be cast on the Resolution as follows:-

| | | FOR | AGAINST |
|---|---|---|---|
| 1. | To receive the Directors' Report and the Auditors' Report | | |
| 2. | To consider and adopt the Group's and Company's Audited Financial Statements for the year ended 30th June 2021 | | |
| 3. | To re-elect Mr. J.H. Maurice DE MARASSE ENOUF who retires by rotation and, being eligible, offers himself for re-election in accordance with the Constitution of the Company and with Section 138 (6) of the Companies Act 2001 to hold office as Director of the Company until the next Annual Meeting of Shareholders. | | |
| 4. | To re-elect as Director of the Company Mr. Akhtar N.Y DAWOOD who retires by rotation and, being eligible, offers himself for re-election in accordance with the Constitution of the Company. | | |
| 5. | To re-elect as Director of the Company Mr. Ashraf M. CURRIMJEE who retires by rotation and, being eligible, offers himself for re-election in accordance with the Constitution of the Company. | | |
| 6. | To re-elect Mr. R.J. Paul CLARENC, who seeks re-election as Director of the Company in accordance with Section 138(6) of the Companies Act until the next Annual Meeting of Shareholders. | | |
| 7. | To ratify the appointment made on 7th May 2021 of Mrs. Su Lin Ong as Director of the Company | | |
| 8. | To fix the Directors' remuneration | | |
| 9. | To appoint Deloitte as Auditors of the Company for the financial year ending 30th June 2022 and to authorize the Board of Directors to fix their remuneration | | |

Dated this ..................... day of ............................... 2021.

..........................................

Signature/s

NOTES:

1. A member of the Company entitled to attend and vote at this Meeting may appoint a proxy of his own choice (whether a member or not) to attend and vote on his behalf.
2. Please mark in the appropriate box how you wish to vote. If no specific direction as to voting is given, the proxy will exercise his direction as to how he votes.
3. This form of proxy, duly signed, to be effective, must be deposited at the Company Secretary's Office, 208 Chancery House, Lislet Geoffroy Street, Port Louis at least forty eight hours before the day of the Meeting.

# NOTES

# NOTES

MOROIL

Mauritius Oil Refineries Ltd

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