# SOAP & ALLIED INDUSTRIES LIMITED

## ANNUAL REPORT 2022


Fairy
LESSIVE LIQUIDE
ANTI BACTÉRIENNE
POUR UNE
PROTECTION
OPTIMALE
Fairy
LESSIVE LIQUIDE
ANTI BACTÉRIENNE
3L
Nettoie en profondeur
Élimine microbes, bactéries, germes et mauvaises odeurs
POUR UN LINGE PARFAITEMENT PROPRE
LA MEILLEURE LESSIVE LIQUIDE
ANTI-BACTÉRIENNE À MAURICE

# CONTENTS

# NOTICE OF ANNUAL MEETING

Notice is hereby given that the Annual Meeting of **Soap & Allied Industries Limited ("the Company")** will be held at the Boardroom of the Company, Old Moka Road, Bell Village, Port Louis, Mauritius on the **30th of June 2023 at 14.00 hours** to transact the following business:

**<u>RESOLUTIONS TO BE VOTED AS ORDINARY RESOLUTIONS</u>**

1. To adopt the Minutes of the Annual Meeting of Shareholders of the Company held on **27th of July 2022** as true proceedings of the meeting.
   **ORDINARY RESOLUTION I**
   "**RESOLVED** that the Minutes of the Annual Meeting of Shareholders of the Company held on 27th of July 2022 be adopted as true proceedings of the meeting."

2. To consider the Annual Report of the Company for the year ended 31st December 2022.

3. To receive the Auditors' Report of the Company for the year ended 31st December 2022.

4. To consider and adopt the Audited Financial Statements of the Company for the year ended 31st December 2022.
   **ORDINARY RESOLUTION II**
   "**RESOLVED** that the Audited Financial Statements of the Company for the year ended 31st December 2022 be adopted."

5. To re-appoint Mr. Saleem Karimjee as Director of the Company, to hold office until the next Annual Meeting of Shareholders.
   **ORDINARY RESOLUTION III**
   **"RESOLVED** that Mr. Saleem Karimjee be hereby re-appointed as Director of the Company, to hold office until the next Annual Meeting of Shareholders."

6. To re-appoint Mr. Ashraf M. Currimjee as Director of the Company, to hold office until the next Annual Meeting of Shareholders.
   **ORDINARY RESOLUTION IV**
   "**RESOLVED** that Mr. Ashraf M. Currimjee be hereby re-appointed as Director of the Company, to hold office until the next Annual Meeting of Shareholders."

7. To re-appoint Mr. Azim F. Currimjee as Director of the Company, to hold office until the next Annual Meeting of Shareholders.
   **ORDINARY RESOLUTION V**
   "**RESOLVED** that Mr. Azim F. Currimjee be hereby re-appointed as Director of the Company, to hold office until the next Annual Meeting of Shareholders."

8. To re-appoint Mr. Raffi Currimjee as Director of the Company, to hold office until the next Annual Meeting of Shareholders.
   **ORDINARY RESOLUTION VI**
   "**RESOLVED** that Mr. Raffi Currimjee be hereby re-appointed as Director of the Company, to hold office until the next Annual Meeting of Shareholders."

9. To re-appoint Mr. Rajvardhan Singh Bhullar as Director of the Company, to hold office until the next Annual Meeting of Shareholders.
   **ORDINARY RESOLUTION VII**
   "**RESOLVED** that Mr. Rajvardhan Singh Bhullar be hereby re-appointed as Director of the Company, to hold office until the next Annual Meeting of Shareholders."

10. To re-appoint Mrs. Anne-Claire Moulin as Director of the Company, to hold office until the next Annual Meeting of Shareholders.
    **ORDINARY RESOLUTION VIII**
    **"RESOLVED** that Mrs. Anne-Claire Moulin be hereby re-appointed as Director of the Company, to hold office until the next Annual Meeting of Shareholders."

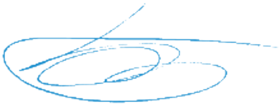
11. To re-appoint Mr. A J Errol Martin as Director of the Company, to hold office until the next Annual Meeting of Shareholders.
**ORDINARY RESOLUTION IX**
**"RESOLVED** that Mr. A J Errol Martin be hereby re-appointed as Director of the Company, to hold office until the next Annual Meeting of Shareholders."

12. To re-appoint Mr. Mohammad Issa Taujoo as Director of the Company, to hold office until the next Annual Meeting of Shareholders.
**ORDINARY RESOLUTION X**
**"RESOLVED** that Mr. Mohammad Issa Taujoo be hereby re-appointed as Director of the Company, to hold office until the next Annual Meeting of Shareholders."

13. To re-appoint Messrs. PricewaterhouseCoopers Ltd as Auditors of the Company for the year ending 31st December 2023 and to authorise the Board of Directors to fix their remuneration.
**ORDINARY RESOLUTION XI**
**"RESOLVED** that Messrs. PricewaterhouseCoopers Ltd be re-appointed as Auditors of the Company for the year ending 31st December 2023 and that the Board of Directors be authorised to fix their remuneration."

**By Order of the Board**

**9th day of June 2023**




**Currimjee Secretaries Limited**
Per Ramanuj Nathoo
**(Secretary)**

**Notes:**

(a) A member entitled to attend and vote at this Annual Meeting may appoint a proxy, whether member or not, to attend and vote on his or her behalf. A proxy needs not be a member of the Company.

(b) The proxy forms, duly signed, to be effective, must be deposited at the Registered Office of the Company - Attention: The Secretary, at 38, Royal Street, Port Louis, not less than 24 hours before the Annual Meeting of Shareholders.

(c) For the purpose of this Annual Meeting, the Directors have resolved, in compliance with section 120(3) of the Companies Act 2001, that the Shareholders entitled to receive notice of the meeting and attend such meeting shall be those Shareholders whose names are registered in the share register of the Company as at 05th June 2023.

(d) The Minutes of the Annual Meeting of Shareholders held on 27th July 2022 are available for consultation by the Shareholders during office hours, at the Registered Office of the Company.

(e) In the event that this meeting cannot be held on 30th June 2023 due to an extreme weather event(1), the meeting shall be held on the business day immediately following the day when the extreme weather condition warning has been removed, at the same time and place.

*Note (1): An extreme weather event here means torrential rain, flood, flash flood, storm surge and includes any other weather condition likely to endanger life or property in the vicinity of the venue of such meeting.*

*This Communiqué is issued pursuant to Rule 14 of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007.*

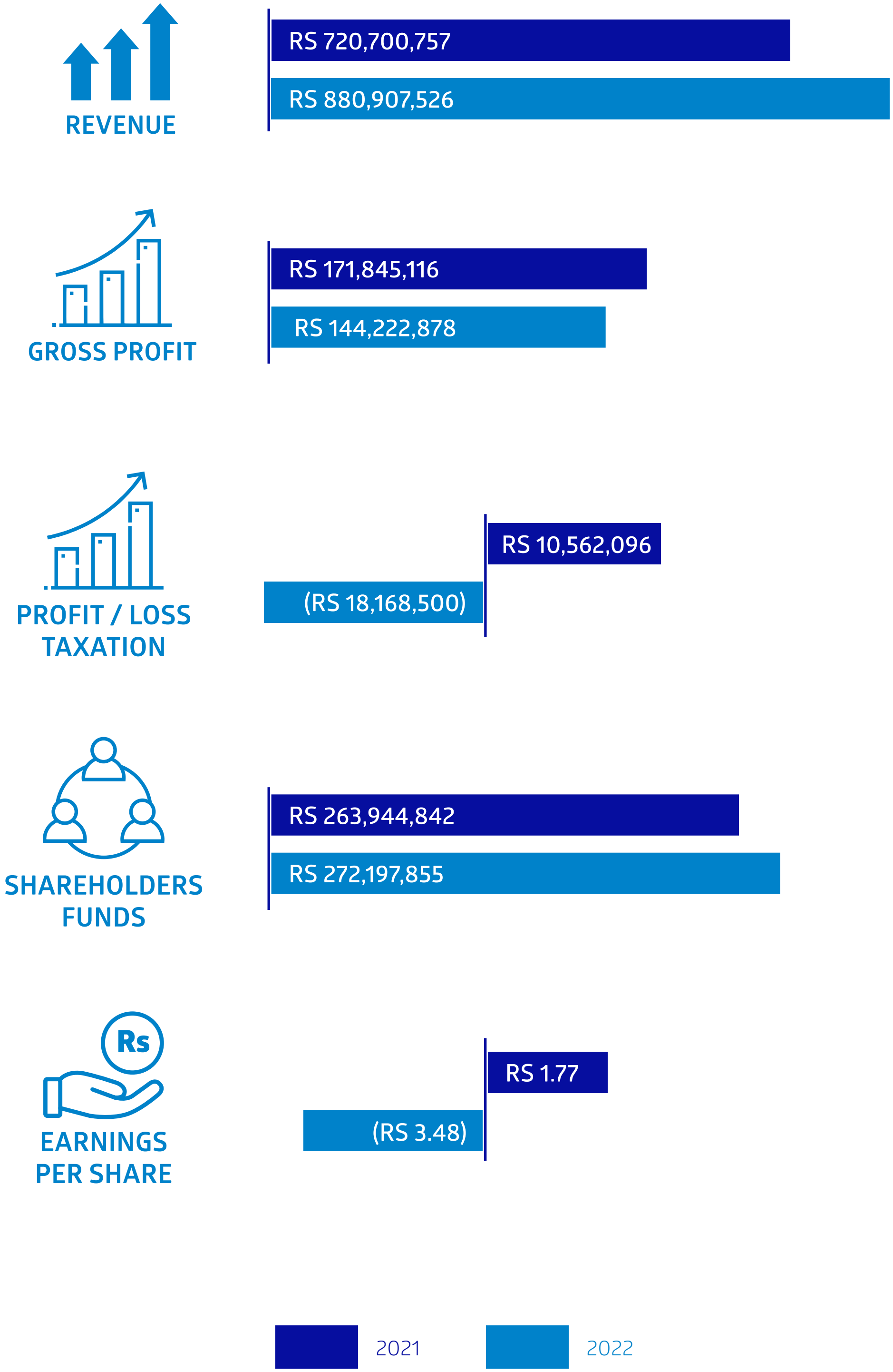
CREST

# Des ingrédients antibactériens uniques

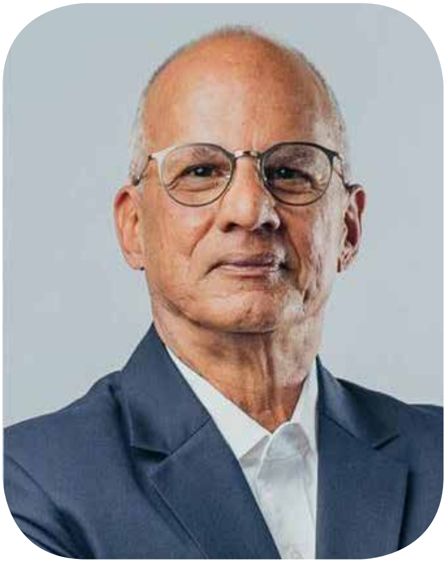
pour une vaisselle parfaite

**Formule Améliorée** plus **Concentrée**


**Action Bactéricide** **Hypoallergénique** **Ultra Dégraissant**


REVENUE
RS 720,700,757
RS 880,907,526
GROSS PROFIT
RS 171,845,116
RS 144,222,878
PROFIT / LOSS TAXATION
RS 10,562,096
(RS 18,168,500)
SHAREHOLDERS FUNDS
RS 263,944,842
RS 272,197,855
Rs
EARNINGS PER SHARE
RS 1.77
(RS 3.48)
2021
2022


Olivier Delagrange
Gel Douche
Faites voyager vos sens
Zeste de Citron
Nectar de Goyave
Pêche de Vigne
Grenade Passion
• Enrichi en Pro-vitamine B5 • Sans paraben • pH neutre • Hydratation 24hr



Dear Shareholders,

I am pleased to present to you the Annual Report for Soap & Allied Industries Limited for the financial year ended 31 December 2022.

**ECONOMIC CONTEXT**

Although the turmoil caused by the Covid-19 pandemic receded, the conflict in Ukraine wreaked havoc during 2022, from an energy crisis in Europe to world-wide shortages of staple agricultural products and certain manufactured goods. The tightly interconnected global economy meant that Mauritius and its citizens were not spared. Notwithstanding the rebound in the hospitality sector, manufacturing and trading companies had to deal with supply chain disruptions, raw material cost increases, depreciation of the Rupee, shortages of hard currency and double-digit inflation.

**FINANCIAL PERFORMANCE**

The Company achieved a 22% increase in turnover to reach Rs. 881 million for the year despite this difficult context, but reported a Net Loss after tax of Rs. 17 million against a Net Profit after tax of Rs 7.9 million in 2021. Although the Trading segment performed better than last year, the Manufacturing segment for both local and Euro-based Indian Ocean exports was impacted by soaring raw material costs, high freight costs, unfavourable movements in the exchange rate, and unprecedented competition.

Given the prevailing volatile and complex market conditions and the Company's financial position, the Board has decided not to declare any dividends for fiscal year 2022.

**LOOKING AHEAD**

The economic environment will likely remain volatile. Supply chains and raw material costs remain uncertain, which combined with the electricity tariff increase and pressure on the Mauritian Rupee could cause high inflation to persist, resulting in reduced disposable income and consumers adjusting their preferential purchases towards affordability.

To weather the expected continuing storm, the Company will strive to contain costs while rebuilding brand equity to recover position in its key product-markets, and will explore beneficial alliances.

**GOVERNANCE AND BOARD MATTERS**

Robust governance is critical to enhance business performance, sustain growth, and maximise returns to shareholders while protecting the long-term interests of all stakeholders. We strive to ensure that the highest standards of corporate governance are upheld at all levels within the organisation, and are embedded in our culture.

The Company benefits from an engaged and active Board of Directors, with Board Committees focused on Audit and Risk, and Strategy and Finance, and joint shared Committees covering Human Resources and Organisation, and Governance, Nomination and Remuneration. As detailed in the enclosed Corporate Governance Report, the Board and its Committees met regularly during the year, providing quality guidance and oversight to the Management Team. The Company complies in all material respects with the Code of Corporate Governance of Mauritius.

## ACKNOWLEDGEMENTS

An organisation is nothing without its people. On behalf of the Shareholders and the Board, I sincerely thank the Management Team and all employees for their loyalty, hard work and perseverance in the face of the challenges we have grappled with.

To our customers, partners and Shareholders, thank you for your ongoing trust. We will continue to grow stronger so we can maintain our place at the heart of your households.

And in ending, I thank my fellow Directors for their unflinching support and wisdom over the year.

**Saleem Karimjee**
Chairman

Himalaya® SINCE 1930 | The Herbal Expert

# Koflet

## Soulagez votre gorge facilement et naturellement

# CORPORATE PROFILE

**Directors of the Company**

**Chairman and Non-Executive Director**
Mr. Saleem Karimjee

**Managing Director**
Mr. Ashraf M Currimjee

**Non-Executive Directors**
Mr. Azim F Currimjee
Mr. Raffi Currimjee
Mr. Rajvardhan Singh Bhullar
Mrs. Anne-Claire Moulin

**Independent Non-Executive Directors**
Mr. Errol Martin
Mr Mohammad Issa Taujoo

**The Company Secretary**
Currimjee Secretaries Limited

**Registered Office**
38, Royal Street
Port Louis
Mauritius

**Registry**
38, Royal Street
Port Louis
Mauritius

**Principal Place of Business**
Soap & Allied Industries Limited
Old Moka Road
Bell Village, Port Louis
Mauritius

**Auditor**
PricewaterhouseCoopers
PwC Centre, Avenue de Telfair
Telfair 80829, Moka
Mauritius

**Bankers**
The Mauritius Commercial Bank Limited
SBM Bank (Mauritius) Ltd
Absa Bank (Mauritius) Limited
AfrAsia Bank Limited
ABC Banking Corporation Ltd

The Directors of **Soap & Allied Industries Limited** ('the Company") have the pleasure in submitting their Annual Report together with the Audited Financial Statements for the year ended 31 December 2022.

## Legal Form and Principal Activity

The Company was incorporated on 27 January 1965 as a private company and was converted into a public company on 14 June 1973. The Company was listed on the Development & Enterprise Market (DEM) of the Stock Exchange of Mauritius (SEM) on 04 August 2006.

The principal activity of the Company is the manufacture and distribution of laundry bar soap, detergents, beauty soaps and cosmetics. The Company also imports and distribute herbal health products and food items.

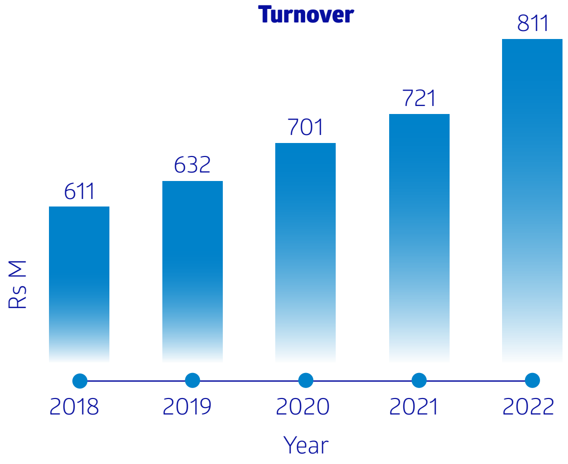
## The Company's Brands

| Product Category | Brands |
|---|---|
| Laundry Soap | National, Mont Bleu, Super National |
| Beauty Soap | Eve, Malaica, Safeguard |
| Detergents Liquid and Powder | Crest, Fairy, Blue Magic, Mr Crest, Foam, Flash, One Drop |
| Cosmetics | Himalaya Personal Care and Baby Care, Olivier Delagrange, Safeguard |
| Health Care | Himalaya Health Care |
| Animal Care | Himalaya Animal Care |
| Rice | Cercle Vert |

## Results

The Company's turnover for the year 2022 stood at Rs 881M compared to Rs 721M in the year 2021. The Company's loss after tax for the year 2022 stood at Rs 15.6M as compared to a net profit after tax of Rs 7.9M in 2021.

The graph below illustrates the trend in turnover over the past five years:



**Statement of Directors' Responsibilities in respect of the Financial Statements**

Company law requires the Directors to prepare financial statements for each financial year, which present fairly the financial positions, financial performances and cash flows of the Company. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed and complied with, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- adhere to the code of corporate governance, maintain adequate accounting records and an effective system of Internal Control and risk management.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

**Auditors**

Following recommendation from the Audit & Risk Committee, the Board has recommended the appointment of PricewaterhouseCoopers as external auditors for the Company for the financial year ended 31 December 2022, and the motion has been duly adopted by the Shareholders at the annual meeting.

The fees payable to the auditors, for audit and other services were as follows:

| | 2022 (Rs) | 2021 (Rs) |
|---|---|---|
| Audit fees | **869,500** | 790,454 |
| Other services | **80,700** | 73,360 |

**Acknowledgement**

On behalf of the Board, we wish to express our sincere appreciation and gratitude to Management and Staff for their hard work, dedication, commitment and loyalty to the Company.

Signed on behalf of the Board of Directors on 30th March 2023

**Mr. Saleem Karimjee**
Chairman

**Mr. Ashraf M Currimjee**
Managing Director


Blue magic
La magie
pour une lessive
Impeccable
Blue magic
Lessive Liquide Machine
Orchid Blossom
50
LAVAGES
3L

### Introduction

The Company is a Public Interest Entity and listed on the Development & Enterprise Market of the Stock Exchange of Mauritius Ltd. The Board fully endorses the eight principles espoused by the National Code of Corporate Governance of Mauritius 2016 ('the Code'). This Report sets out the Company's key corporate governance practices with reference to the Code and forms part of this Report, and will be available on the Company's website https://www.soapandallied.com/.

Albeit a slight recovery in the Mauritian economy mainly due to higher than expected demand and consumption, backed by monetary and fiscal supports, our economy has witnessed several challenges in year 2022 including persistent inflationary pressures, rising interest rates as well as the international consequences of geopolitical fragmentation, energy crisis, and severe impact of climate change.

The Board acknowledges that the Company's governance has been critical for operating in such a volatile, uncertain, complex and ambiguous environment. Continuous improvement in governance whilst also maintaining agility and flexibility, has been key for the Board to navigate the disruptions and challenges and harness opportunities to ensure sustainable growth and meet the needs of shareholders and other stakeholders.

The Board, with the support of its Leadership Team and driven by the Company's five core values, namely Integrity, Foresight, Responsibility, Passion and Openness, played a crucial role in upholding an effective corporate governance framework across the Company.

This report illustrates how our strong governance structure, culture and business ethics have supported the Company and its Leadership Team.

## Principle 01 : Governance Structure

*'All organisations should be headed by an effective Board. Responsibilities and accountabilities within the organisation should be clearly defined.'*

### Statement of Accountabilities

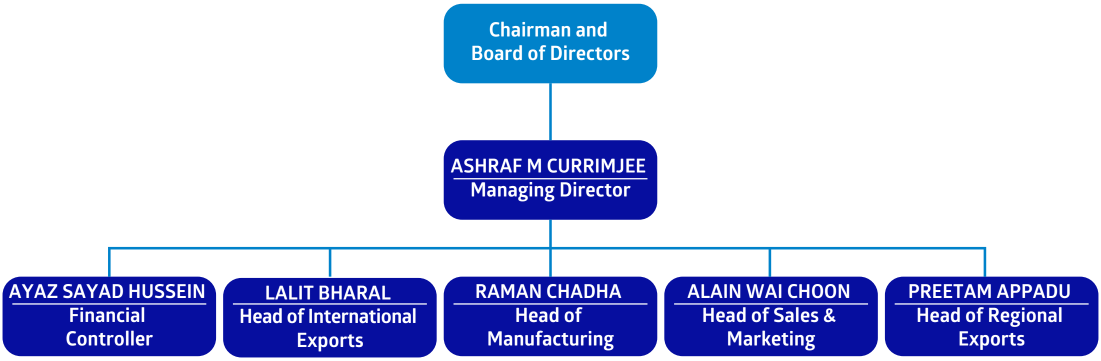
The Company is led by a committed and unitary Board with responsibility for leading and controlling the organisation and ensuring that all legal and regulatory requirements are met. The Board Charter defines the roles, functions and objectives of the Board of Directors and its Board Committees, the Position Statements of the Chairman, Managing Director and Company Secretary.

Amongst its prime objectives, the Board sets the tone for the overall organisation with regards to values and ethics in determining expected behaviours at all levels. The Company's Code of Conduct expresses the ethical and professional standards of behaviours and attitudes to be followed by the employees and Directors. The Board Charter, Position Statements of the Chairman, Managing Director and Company Secretary and Organisational Chart of Leadership Team will be published on the website: https://www.soapandallied.com/.

## Principle 01 : Governance Structure (Cont'd)

### Statement of Accountabilities (Cont'd)

### Organisational Chart – Leadership Team




**The profiles of the Leadership Team are set out below.**

**Mr. Mohammad Ayaz Sayad Hussein – Financial Controller**
Mr. Mohammad Ayaz Sayad Hussein is a Fellow of the Association of Chartered Certified Accountants (UK) and a member of the Mauritius Institute of Professional Accountants. He joined the Currimjee Group in March 1993 and held Senior Finance position in different business clusters. He was appointed as Financial Controller at SAIL in July 2010.

**Mr. Lalit Bharal – Head of International Exports**
Mr. Lalit Bharal, holder of an MBA in International Trade and Business Administration from the Asian Institute of Management and Technology is the Head of International Exports. He has 35 years of experience in FMCG business in India and trading across Africa and Middle East. He joined the Company in February 2012.

**Mr. Raman Chadha – Head of Manufacturing**
Mr. Raman Chadha, holder of a Post Graduate Degree in Applied Chemistry, is the Head of Manufacturing. He has 40 years of experience in FMCG Production, Projects planning & execution, systems & processes, human resource management and administration. He joined the Company in July 2013.

**Mr. Alain Wai Choon – Head of Sales & Marketing**
Mr Alain Wai Choon, holder of an MBA from University of Leicester, UK, a diplome de 3eme cycle en Management International from Ecole Superieure de Commerce, Poitiers, France and a Post Graduate Diploma in Financial Management from the Association of Chartered Certified Accountants, is the Head of Sales & Marketing. He has 23 years of experience in FMCG in Mauritius with big conglomerates; IBL Ltd, Innodis Ltd and Groupe Castel. He joined the Company in July 2018.

**Mr Preetam Appadu – Head of Regional Exports**
Mr. Preetam Appadu, holder of a Master in Management de l'innovation - Université de Nantes and a D.E.S.S Gestion de Projet industriel – Université du Havre, M.S.T et D.E.U.G en Génie Industriel – Université du Havre. He has over 15 years of experience in FMCG including food, health and medical devices and chemical industries in Mauritius, Arica and Middle East. He joined the Company in September 2020.

The profiles of Directors as at date of this report are set out below. The Board has decided to disclose Directorships in only public and listed companies. Details of other directorships are available at the Company's registry.

## Principle 01 : Governance Structure (Cont'd)

### Profiles of the key leadership positions (Cont'd)

**Mr Saleem Karimjee – Non-Citizen of Mauritius and Resident – Chairman and Non-Executive Director**
Committee Membership: None

*Qualifications:*
- BSc in Mechanical Engineering (1982), and MSc in Robotics (1985) from Texas A&M University, USA.
- MBA from INSEAD, France, 1991.

*Experience:*
- Executive Director of several family businesses in Tanzania (1986-94).
- 27-year career with International Finance Corporation (IFC), a member of the World Bank Group (1992-2019); Board Director for numerous IFC investee companies.
- Executive Development programmes at HBS and IMD.

*Directorship in listed and public companies: Quality Beverages Limited and Compagnie Immobilière Limitée.*

**Mr. Ashraf M Currimjee – Mauritian Citizen & Resident - Executive Director**
Committee Membership: Member of the Strategy & Finance Committee.

*Qualifications:*
- B.A. Economics, Williams College, Massachusetts, USA.

*Experience:*
- Managing Director of the Company.
- Director of a number of companies within the Currimjee Group.

*Directorship in other listed and public companies: Quality Beverages Limited and Mauritius Oil Refineries Ltd.*

**Mr. Azim F Currimjee – Mauritian Citizen & Resident - Non-Executive Director**
Committee Membership: Member of the Audit & Risk Committee

*Qualifications:*
- B.A. Mathematics, Williams College, Massachusetts, USA.
- MBA, Trinity College, Dublin, Ireland.

*Experience:*
- Over 10 years' experience in the textile industry.
- Has held key executive positions in the Food and Beverages Cluster of the Currimjee Group for the last 20 years and is currently the Managing Director of Quality Beverages Limited, a company listed on the Stock Exchange of Mauritius.
- Former Manufacturing Director of Bonair Group of Companies.
- Director of a number of companies within the Currimjee Group.
- President of the Mauritius Chamber of Commerce and Industry ('MCCI') 2016 to 2018. He also held this position during 2007 and 2008.
- Former Vice-President of COMESA Business Council.
- Former Vice-President of Economic Development Board of Mauritius.
- Former Director of SBM Holdings, SBM Mauritius and SBM Kenya.
- Former Chairman of SBM India.

## Principle 01 : Governance Structure (Cont'd)

### Profiles of the key leadership positions (Cont'd)

*Experience (cont-d):*

- Chairman of the Business Regulatory Review Council, set up under the aegis of Ministry of Finance, Economic Planning and Development of Mauritius.
- Board Member of Air Mauritius Ltd.

*Directorship in other listed and public companies: Quality Beverages Limited and Air Mauritius Ltd*

**Mr. Raffi Currimjee – Mauritian Citizen and Resident - Non-Executive Director**
Committee Membership: Member of the Audit & Risk Committee

*Qualification:*
- BSE Mechanical Engineering and Applied Mechanics, University of Pennsylvania, USA

*Experience:*
- Has Held key executive Positions in the Food and Beverage Cluster of the Currimjee group for the last 26 Years and is currently the Deputy Managing Director of Quality Beverages Limited, a company listed on the Stock Exchange of Mauritius.
- Director of a number of companies within the Currimjee Group.
- Non-executive director on the Board of the Mawdsleys Group Investments Limited

*Directorship in other public and listed companies: Quality Beverages Limited, Compagnie Immobilière Limitée and Island Life Assurance Co. Ltd.*

**Mr Rajvardhan Singh Bhullar – Indian Citizen & Mauritian Resident – Non-Executive Director**
Committee Membership: Member of the Strategy & Finance Committee

*Qualifications:*
- Bachelor's Degree, History Honours Punjab University, India.
- MBA with specialisation in Marketing.

*Experience:*
- Has over 42 years Work Experience with 18 years of working experience in the Telecom Sector working for Airtel India and Airtel Africa in Seychelles, Sierra Leone and Rwanda.
- Formerly worked for Coca Cola and other FMCG companies in Senior Management roles  and has a strong commercial background.
- CEO Seychelles Telecom.
- Former Managing Director, Airtel Sierra Leone.
- Former Managing Director, Airtel Rwanda.
- Former CEO of Emtel Limited

*Directorship in other listed and public companies: Quality Beverages Limited.*

**Mrs. Anne-Claire Moulin - French & Swiss Citizen & Swiss Resident – Non-Executive Director**
*Committee Membership: Chairman of the Strategy & Finance Committee*

*Qualifications:*
- Master of Business Administration - INSEAD, France
- Master of Science in Chemistry (Honours), Minor: Biochemistry / Biotechnology - Purdue University, USA
- Master of Science in Chemical Engineering - Ecole Supérieure de Chimie Industrielle de Lyon (Grande école), France

## Principle 01 : Governance Structure (Cont'd)

### Profiles of the key leadership positions (Cont'd)

*Qualifications: (cont-d):*

- Bachelor of Science in Math, Physics and Chemistry - Orsay University, France

*Experience:*
- Senior business executive with almost 30 years' experience in the Procter & Gamble Company
- Former Lead Team member of global, regional and local organisations.
- Current Marketing and Commercial practice leader at Kinetic Consulting
- Former Key Accounts V.P at Pricing One

*Directorship in other listed and public companies: Quality Beverages Limited.*

**Mr. Antoine Jocelyn Errol Martin – Mauritian Citizen & Resident – Independent Director**
Committee Membership: Member of the Audit & Risk Committee and Strategy & Finance Committee

*Qualifications:*
- Maitrise en Sciences de gestion (Finance).
- Maitrise d'économie appliquée - Paris IX (Dauphine).
- MIT Leadership Program- 2010.

*Experience:*
- Current Managing Director of EMartin Consulting Co Ltd
- Former Chief Executive Officer of Bhartiya International Ltd.(BIL), Gurgaon, India
- Former Executive Vice President of Li & Fung Ltd, Bangkok and Istanbul
- Former General Manager of InchCape Buying Services, Mauritius, Paris, Jakarta
- Former Manager FMCG of Scott and Co Ltd, Mauritius
- Former consultant at PWC, Mauritius.

*Directorship in other listed and public companies: None*

**Mr. Mohammad Issa Taujoo – Mauritian Citizen & Resident – Independent Director**
Committee Membership: Chairman of Audit & Risk Committee

*Qualifications:*
- Fellow of The Association of Chartered Certified Accountants (UK)

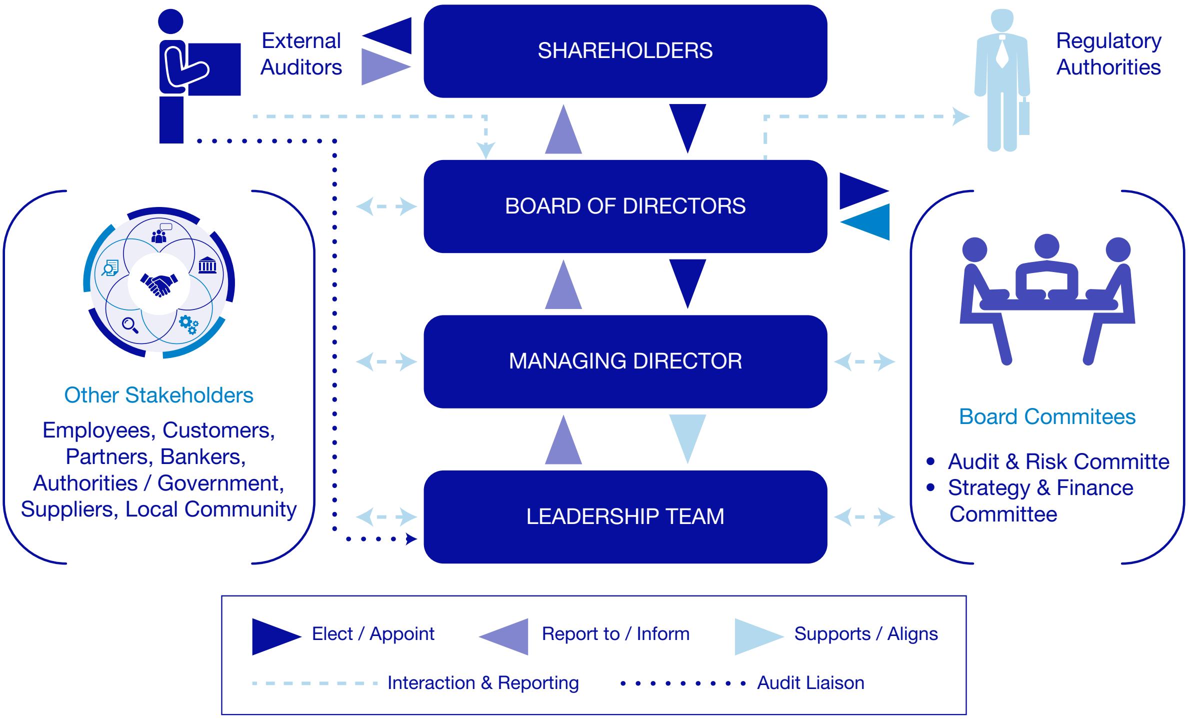
*Experience:*
- Over a career spanning almost 40 years in the auditing profession, acquired experience in a wide variety of industries including manufacturing, retail, ITC, hospitality, banking, and asset management.
- Partner, Assurance. Country Assurance Leader at PwC Mauritius from 1992 to 2016.
- Senior Manager at PwC Mauritius from 1986 to 1992.
- Senior and Supervisor at Deloitte, Mauritius from 1978 to 1986.
- Secondment to PwC Cameroon.

*Directorship in other listed companies: None*

## Principle 01 : Governance Structure (Cont'd)

### Corporate Governance Framework

The Company operates within a defined corporate governance framework, with proper delegation of authority and clear lines of reporting for the Board of Directors, its Board Committees and key stakeholders. The Board is the focal point of the corporate governance system. It is supported by its Board Committees that are entrusted with specific responsibilities to oversee the affairs of the Company with powers to act on behalf of the Board in accordance with their respective terms of reference. The Board nevertheless remains collectively responsible for the decisions and actions taken by the Committees.




## Principle 02: The Structure of the Board and its Committees

*'The Board should contain independently minded Directors. It should include an appropriate combination of executive Directors, independent Directors and non-independent non-executive Directors to prevent one individual or a small group of individuals from dominating the Board's decision taking. The Board should be of a size and level of diversity commensurate with the sophistication and scale of the organisation. Appropriate Board committees may be set up to assist the Board in the effective performance of its duties.'*

### Size and Composition of the Board

The Company is led by a unitary Board of eight Directors including two Independent Directors, five Non-Executive Directors including the Chairman, and one Executive Director.

Mr. Issa Taujoo was appointed as Independent Director on the Board of the Company on 30 May 2022.

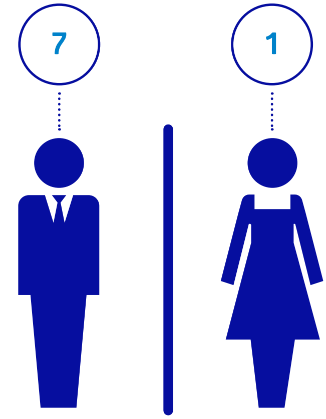
## Principle 02: The Structure of the Board and its Committees (Cont'd)

### Size and Composition of the Board (Cont'd)

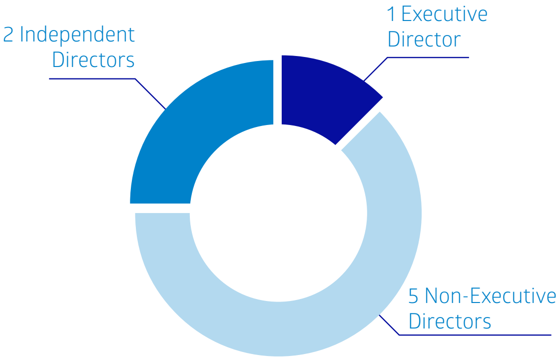
The Directors come from different industries and backgrounds with strong business, international and management experience which are crucial given the nature and scope of activities of the Company and the number of Board Committees.

The Board has ascertained that its current size, mix of skills, competencies, set of expertise, knowledge and gender representation is appropriate to enable it to carry out its duties and responsibilities in an effective and competent manner so as to achieve the Company's objectives.

**Gender Representation**




**Board Composition**




**Board Size: 8**
**Board Meetings: 5**
**5 Decisions adopted by way of Written Resolutions of Directors**

**Board Areas of Expertise**
Business Leadership, Accounting & Finance, National and International organisations' exposure, Marketing and Commercial

### Company Secretary

Currimjee Secretaries Limited is the Company Secretary and is represented by Mr. Ramanuj Nathoo.
Mr Nathoo is a fellow Member of the Institute of Chartered Secretaries and Administrators, UK ('ICSA') and also holds a MBA from the University of Leicester. He is a Fellow Member of the Mauritius Institute of Directors and the ICSA Mauritius Branch. He also attended a professional course on Governance of Family Businesses at 'Institut Européen d'Administration des Affaires' (INSEAD).

### Board Responsibilities

The Board is responsible for leading and controlling the Company as well as meeting all legal and regulatory requirements and acts in the best interest of its Shareholders.

## Principle 02: The Structure of the Board and its Committees (Cont'd)

### Board Meeting Process

**Board Meeting Process**

1. Planning of quarterly Board Meetings at start of the year involving Chairman, Managing Director and Company Secretary.
2. Setting of Agenda in consultation with the Chairman and Managing Director well in advance of the Board meeting.
3. Circulating Notice, Agenda and Board Papers well in advance of the Board Meeting.
4. Day of Board Meeting. Company Secretary ascertains constitution of meeting and the Chairman proceeds with the business of the day.
5. Drafting of Minutes and circulating to the Board. Follow up by Company Secretary / Management on board decisions.

The Board Committees normally precede Board Meetings and additional Committee meetings may be convened, if required. A similar process as set out above is followed. The agenda for the Committees' meetings is set in consultation with the respective Committee Chairman, Managing Director of the Company and the Secretary.

### Board Focus areas

Five Board Meetings were held during the year under review. Board Meetings were organized both in-person and by videoconference to give the opportunity to all Directors to attend and participate. The key areas discussed at Board Meetings held during the year are set out below:

| FINANCIAL & STRATEGY | |
|---|---|
| • Review & approval of the Annual Report for the year ended 31 December 2021.<br>• Quarterly review of the performance of the company and the Group against budget, inluding operational and financial highlights.<br>• Approval of the Annual Operating Plan (AOP) for the year 2023.<br>• Review of the Company's operational issues. | • Review of bank operational matters.<br>• Approval of banking facilities.<br>• Review of bank convenants.<br>• Approval of the Company's strategic objectives for the year 2023.<br>• Review of Dividend Policy.<br>• Review of strategic direction and common initiatives with Quality Beverages Limited. |

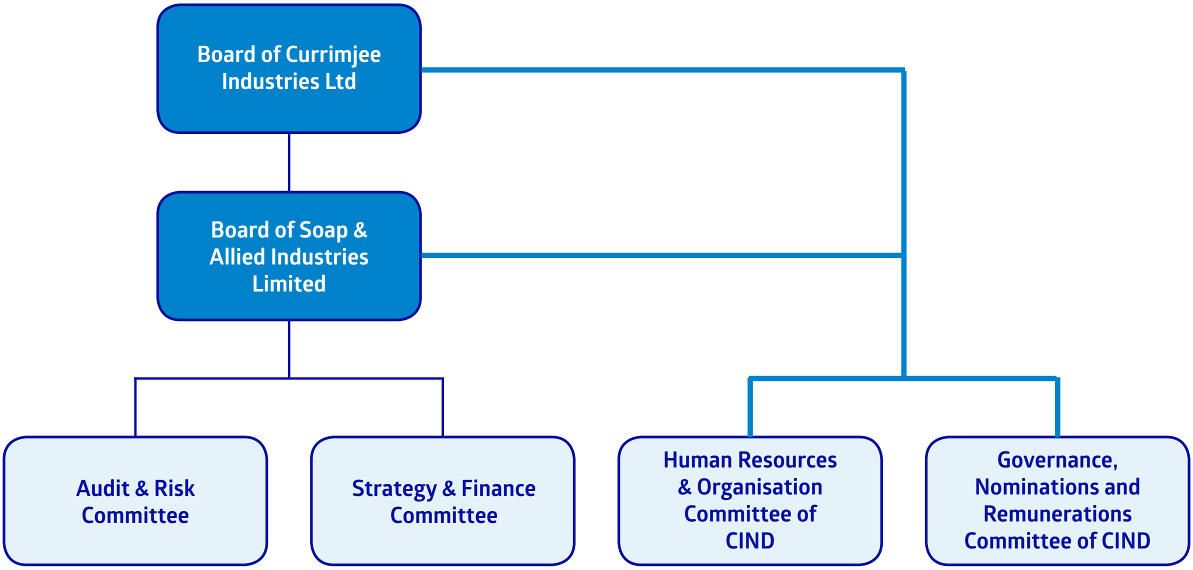
## Principle 02: The Structure of the Board and its Committees (Cont'd)

### Board Focus areas (Cont'd)

| GOVERNANCE | |
|---|---|
| • Re-election of the Board Chairman, in accordance with the provisions of the Companies Act 2001.<br>• Review of composition of the Board and Board Committees.<br>• Renewal of appointment for Directors.<br>• Receive the reports & recommendations from the Board's Committees. | • Approval of Corporate Governance Report for the financial year 2021.<br>• Approval of Board Assessment and Individual Director Questionnaire for the year 2021.<br>• Review of fees for the Chairman and one Non-Executive Director |

### Board Committees

The Board has established the Board Committees listed below to assist it in the execution of its duties:




Human Resources and Governance, Nominations and Remunerations Committees

The Human Resources and Organisation Committee ("HROC") and the Governance, Nominations and Remunerations Committee ("GNR Committee") of the Company are set up at the level of the holding company, Currimjee Industries Limited ('CIND'), mandated to recommend the Board of the Company on matters related to Human Resources, Corporate Governance, Nominations and Remunerations of Directors respectively.

## Principle 02: The Structure of the Board and its Committees (Cont'd)

### Board Committees (Cont'd)

Board Committees operate within defined terms of reference outlining their objectives, composition, functioning, responsibilities and reporting requirements. These Terms of Reference, are reviewed annually and will be available as part of the Board Charter for consultation on the Company's website https://www.soapandallied.com/.

During the year under review, the Terms of Reference of the Audit & Risk Committee was revised and approved by the Board. Further details on the Committees are set out below:

| ***Audit & Risk Committee*** | |
|---|---|
| Composition | - Mr Issa Taujoo (appointed as Chairman on 30 May 2022)<br>- Mr Azim F Currimjee<br>- Mr Raffi Currimjee<br>- Mr Errol Martin |
| Main Terms of Reference | - Monitor the integrity of the financial statements and annual report and reviewing significant financial reporting issues and judgements therein;<br>- Review the Company's internal controls related to financial reporting and disclosure controls and procedures and monitoring the effectiveness of the internal audit function;<br>- Compliance with the Financial conditions of any loan covenants;<br>- Review the internal audit recommendations and monitoring their implementation;<br>- Make recommendations to the Board in relation to the appointment,<br>- re-appointment and removal of the External Auditor;<br>- Agree with the External Auditor on the terms of their engagement, the scope of the audit and their fees (whether for audit or non-audit services);<br>- Assess annually the independence and objectivity of the External Auditor, their expertise and resources and the effectiveness of the audit process;<br>- Meet regularly with the External Auditor, including meetings(s) as appropriate at the Audit planning stage before the Audit and once after the Audit at the reporting stage;<br>- Advise the Board on the overall risk appetite, tolerance and strategy, ensuring that an overall risk management framework is in place and reviewing policies related to risk management;<br>- Approve Related Party Transactions, as per the Related Party Transactions Policy. |
| Focus areas for year 2022 | - Review of Audited Financial Statements for financial year 2021.<br>- Review of External Auditors' client service report & letter of representation.<br>- Approval of internal audit plan and review implementation of audit recommendations.<br>- Review of Enterprise Risk Management Reports.<br>- Appointment of External Auditors and approval of their engagement letter<br>- Approval of External Auditor's client service plan.<br>- Review compliance with bank covenants.<br>- Review implementation in line with the Data Protection Act.<br>- Review of the Committee's Terms of Reference. |

## Principle 02: The Structure of the Board and its Committees (Cont'd)

### Board Committees (Cont'd)

| *Strategy & Finance Committee* | |
|---|---|
| Composition | - Mrs Anne Claire Moulin – Chairman<br>- Mr Ashraf M Currimjee<br>- Mr Rajvardhan Singh Bhullar<br>- Mr Errol Martin |
| Main Terms of Reference | - Ensure an effective strategic planning process is in place.<br>- Review and propose the strategic objectives and options to the Board and monitoring effectiveness of strategies.<br>- Approve and monitor large investments within limits of authority.<br>- Develop and recommend long-term financial objectives for the Company. |

### Attendance at Board Meetings and Board Committees

The table below gives the records of attendance at the Company's Board and Committee meetings for the year under review:

| Directors | Category of Director | Board Meeting | Audit & Risk Committee | Strategy & Finance Committee |
|---|---|---|---|---|
| **Number of meetings held during the year** | | 5 | 4 | 7 |
| Mr. Saleem KARIMJEE[2] | Chairman and Non-Executive | 5 | N/A | 2 |
| Mr. Ashraf Mustanshir CURRIMJEE | Executive | 5 | N/A | 7 |
| Mr. Azim Fakhruddin CURRIMJEE[2] | Non-Executive | 5 | 4 | 3 |
| Mr. Raffi CURRIMJEE[2] | Non-Executive | 4 | 4 | 3 |
| Mr. Rajvardhan S BHULLAR | Non-Executive | 5 | N/A | 7 |
| Mrs. Anne-Claire F C M MOULIN | Non-Executive | 5 | N/A | 7 |
| Mr. Errol MARTIN | Independent | 5 | 4 | 7 |
| Mr. Issa TAUJOO[1] | Independent | 3 | 3 | N/A |

1. Mr Issa Taujoo has been appointed as Independent Director on 30 May 2022.
2. Messrs Saleem Karimjee, Azim F Currimjee and Raffi Currimjee resigned as Members of the Strategy & Finance Committee during the year 2022.

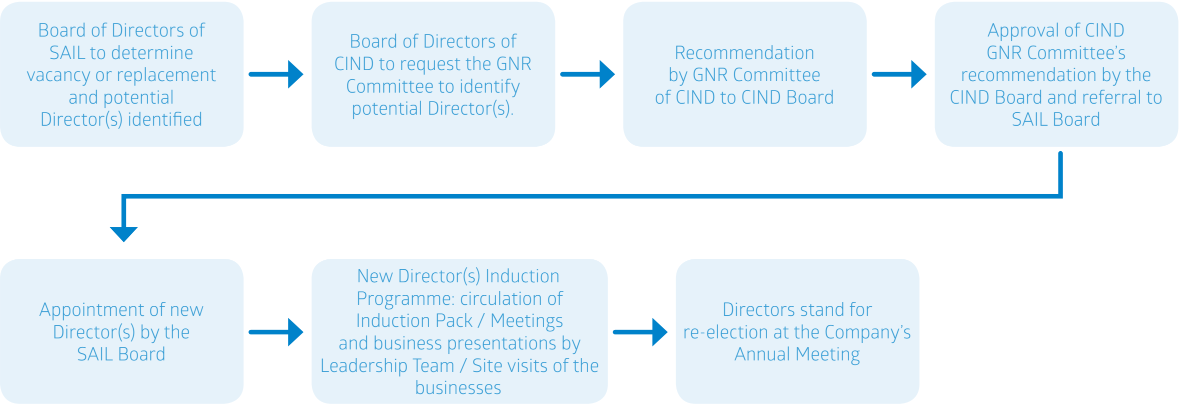
## Principle 03: Director Appointment Procedures

*There should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of Directors. The search for Board candidates should be conducted, and appointments made, on merit, against objective criteria (to include skills, knowledge, experience, and independence and with due regard for the benefits of diversity on the Board, including gender). The Board should ensure that a formal, rigorous and transparent procedure be in place for planning the succession of all key officeholders.*

## Principle 03: Director Appointment Procedures (Cont'd)

### Director's Appointment and Re-election, Induction and Orientation

The appointment, replacement and removal of Non-Executive and Independent Directors on the Board of the Company shall be approved by the Board of CIND, on the recommendation of its GNR Committee. The proposals from the Board of Directors of CIND are then recommended to the Company's Board for approval. The detailed process for appointment of Directors is as follows:




### Professional Development of Directors

The Board values ongoing professional development and recognizes the importance of all Directors receiving regular training to be able to serve effectively on, and contribute to, the Board and Board Committees.

The Company provides regular updates to the Directors to best develop their knowledge and capabilities. Directors are kept abreast of major developments in the business, competitive and regulatory environments regularly at Board Meetings.

## Principle 03: Director Appointment Procedures (Cont'd)

### Professional Development of Directors (Cont'd)

Directors are further encouraged to undergo continual professional development to ensure that they can fulfil their obligations and to continually improve the performance of the Board. They are given the opportunity to attend training workshops organised by external facilitators. A professional training on the Director's duties and Board Governance was organised by Currimjee Jeewanjee and Company Limited in Year 2022 and facilitated by Dentons Training and Consultancy (Mauritius) Ltd which was attended by 7 Directors and a member of the Leadership Team.

### Succession Planning

The Board is responsible for the succession planning of Directors, Managing Director and Leadership Team.

The succession planning of the Directors is addressed at the level of the CIND GNR Committee and thereafter at the Board of CIND whereas the succession planning of the Managing Director is addressed at the level of the GNR Committee of Currimjee Limited ('CL') and the CL Board in collaboration with the CIND GNR.

As part of their mandate, the HROC of CIND reviews the succession planning for the Leadership Team.

The dynamics of the interactions between the Company's Board and the holding companies Boards and Committees, provides assurance that the best candidates with the requisite skills, experience and diversity are identified, considering the Company's current and future needs, are appointed for the key positions.

## Principle 04 - Director Duties, Remuneration and Performance

*Directors should be aware of their legal duties. Directors should observe and foster high ethical standards and a strong ethical culture in their organisation. Each Director must be able to allocate sufficient time to discharge his or her duties effectively. Conflicts of interest should be disclosed and managed. The Board is responsible for the governance of the organisation's information strategy, information technology and information security. The Board, committees and individual Directors should be supplied with information in a timely manner and in an appropriate form and quality in order to perform to required standards. The Board, committees and individual Directors should have their performance evaluated and be held accountable to appropriate stakeholders. The Board should be transparent, fair and consistent in determining the remuneration policy for Directors and senior executives.*

The Directors are aware of their fiduciary duties as laid out in the Companies Act. The Induction Pack for newly appointed Directors contain inter-alia the following documents to help the Director better understand the Company and the governance system in place for the effective discharge of his/ her duties:

» Board Charter;
» Governance Framework;
» Related Party Transaction Policy; and
» Information on the Company's Strategy and Financials.

### Conflict of Interest and Related Party Transaction Policy

The Board Charter contains provisions to manage any potential conflict of interest and each Director is required to disclose any actual or potential conflicts of interests and recuse himself from participating in any discussion or decision on transactions in which he/she has an interest. All such disclosures of interest have been duly recorded in the minutes of Board meetings.

## Principle 04: Director Duties, Remuneration and Performance (Cont'd)

### Conflict of Interest and Related Party Transaction Policy (Cont'd)

The Related Party Transaction Policy outlines the approval process, disclosure and reporting requirements for related party transaction(s) and ensures transparency in the conduct of such transaction(s) in the best interest of the Company and its Shareholders. The Audit & Risk Committee is assigned the responsibility to monitor and report related party transactions outside the normal course of business to the Board. The Board ensures that all related party transactions are carried out at arm's length. Transactions with related parties are disclosed in the financial statements.

The Company Secretary also maintains an interest register, which is available to Shareholders, upon written request to the Company Secretary.

### Information

The Chairman, with the assistance of the Leadership Team, the Managing Director and the Secretary, ensures that Directors are provided with relevant Board papers in a timely manner so that they can participate effectively in Board deliberations and decisions.

The Directors also have access to the Company's Leadership Team as and when required with the approval of the Chairman and the Managing Director.

### Information Technology and Information Security Governance

All significant investments on information technology and expenditures, based on the business needs for the financial year, are provided for in the annual budget of the Company and approved by the Board. The Company has an IT policy in place. The Information Security Governance policy has been devised to ensure that the Company's core and supporting business operations continue to operate with minimal disruptions and to protect the organization's information assets. Policies have been implemented to control the usage, access and security of Information Technology tools. The IT Officer reports to the Financial Controller for all IT related matters.

In view of ensuring compliance with the Mauritius Data Protection Act 2017 and the EU General Data Protection Regulations, the Company has worked with an external consultant to put in place all the required policies and processes and deployment was completed in year 2021.

### Board, Board Committee & Individual Director evaluation

The Board is evaluated on an annual basis. The exercise is carried out internally through the circulation of a questionnaire. The results and appropriate action plans are presented at the Board. The Board evaluation questionnaire for the year 2022 will be submitted to the Board for approval and will be used to assess the performance of the Board for year 2022.

The evaluation of the Individual Directors is carried out annually and will be conducted for the year 2022.

The evaluation of the Audit & Risk Committee and Strategy & Finance Committee will be conducted for year 2022. The feedback will be shared with the respective Committees for formulation of improvement actions as may be required.

## Principle 04: Director Duties, Remuneration and Performance (Cont'd)

### Remuneration Policy

The remuneration and benefits received by Directors during the financial year under review from the Company were as follows:

| Name of Director | Category of Director | Year 2022 Rs | Year 2021 Rs |
|---|---|---|---|
| Mr. Saleem KARIMJEE | Chairman and Non-Executive | 510,000 | 115,000 |
| Mr. Ashraf Mustanshir CURRIMJEE | Executive | 12,315,391 | 11,104,405 |
| Mr. Azim Fakhruddin CURRIMJEE | Non-Executive | 11,000 | - |
| Mr. Raffi CURRIMJEE | Non-Executive | 11,000 | - |
| Mr. Rajvardhan S BHULLAR | Non-Executive | 185,000 | 125,000 |
| Mrs. Anne-Claire F C M MOULIN | Non-Executive | 606,375 | 256,674 |
| Mr. Issa TAUJOO[1] | Independent | 129,167 | - |
| Mr Errol MARTIN | Independent | 187,500 | - |

1. Mr Issa Taujoo has been appointed as Independent Director on 30 May 2022.

The variable remuneration includes the Variable Performance Pay (VPP) which is paid directly to the Managing Director. The Company does not have any other long-term incentive Scheme.

None of the Directors were paid any remuneration in the form of share options.

### Executive Directors' Service Contracts

Mr Ashraf M Currimjee has a service contract with the Company and his remuneration is reviewed on a yearly basis.

### Directors' & Officers' Liability Insurance

A liability insurance cover for Directors and Officers has been subscribed by the Company. The policy provides cover for the risks arising out of acts or omissions of the Directors and Officers of the Company in the performance of their duties, to the extent permitted by law.

## Principle 04: Director Appointment Procedures (Cont'd)

### Directors' interests in Shares

The Directors' indirect interests in the stated capital of the Company at 31 December 2022 were as follows:

| Director | Indirect interests* in the Company's shares through Currimjee Limited<br>% |
|---|---|
| Mr. Saleem KARIMJEE | - |
| Mr. Ashraf Mustanshir CURRIMJEE | 4.721 |
| Mr. Azim Fakhruddin CURRIMJEE | 5.188 |
| Mr. Raffi CURRIMJEE | 3.049 |
| Mr. Rajvardhan S BHULLAR | - |
| Mrs. Anne-Claire F C M MOULIN | - |
| Mr. Issa TAUJOO | - |
| Mr Errol MARTIN | - |

* Indirect interest includes shares held in the Company through the ultimate holding company and the Directors' associates.

## Principle 05: Risk Governance and Internal Control

*The Board should be responsible for risk governance and should ensure that the organisation develops and executes a comprehensive and robust system of risk management. The Board should ensure the maintenance of a sound internal control system.*

### Risk Governance

The management of risk is overall responsibility of the Board, including the development of risk management strategies to manage risks and putting in place a system for the on-going assessment of risks so as to reduce them to an acceptable level, taking into account the objectives of the Company.

Senior Management assumes responsibility for identifying and monitoring the risks as appropriate to their position in the organisation. Consumer habits in the home and personal care products are changing which requires a thorough understanding and monitoring. Additionally, there is fierce competition from imported products and dominance of large modern trade retailers.

The process of reviewing and documenting the accounting and financial internal control system in place is being followed with the objective to limit the risk of not achieving the business objectives of the Company and provide reasonable assurance that the financial statements are free from material misstatement.

The Company is exposed to a variety of risks, and the key risks are listed below:

- **Strategic risks** which are associated with achieving high-level goals, aligned with and supporting the Company's mission. The Company has put in place processes to monitor the evolution in the market and constantly review and measure the effectiveness of the strategies put in place.

## Principle 05: Risk Governance and Internal Control (Cont'd)

### Risk Governance (Cont'd)

- **Operational risks** resulting from a loss due to inadequate or failed internal production processes. Operational risks are mitigated through rigorous internal quality control and external testing by accredited institutions. The Company is ISO 9001 certified and ensures standards are maintained.

- **Financial / Reporting risks** associated with the reliability of reporting and other financial risks are outlined in note 27 to the financial statements.

- **Fraud risks** arise from breaches in internal controls or fraudulent acts intended to defraud or misappropriate the Company's property. The Internal Auditors and the Internal Controller regularly carry out compliance tests and physical verifications.

- **Human Capital risks** arising from people resources management. With a view to mitigate this category of risks, the Company ensures adherence to the Employment Rights Act 2008 and the Occupational Health and Safety Act. The Company has put in place a yearly employee satisfaction survey and a proper training plan.

- **Information Technology risks** arising from cybersecurity threat. The Company has put in place a robust Information Policy security and IT processes in place. There is continuous monitoring and upgrade of our IT infrastructure. We have a technical service agreement with Currimjee Informatics Ltd to monitor our servers and networking. To safeguard our network and data, the Company made significant investments in new tools and put strict control measures in place. Management is aware that the human factor remains the primary weak link in system defenses. Anti-virus and firewalls are installed and updated regularly across all systems. Yearly drills and assessment of disaster recovery facilities are carried out. External and internal IT audits are conducted including pen tests every 2 years followed by an awareness programme on security matters for the staff. Our disaster recovery is structured around a state-of-the-art data centre at Emtel Ltd.

- **Compliance and regulatory risks** arising from failure to comply with applicable laws and regulations and codes of conduct. There are also Regulatory Risks including changes of duty structures, excise duty, VAT and the introduction of special taxes or levies applicable to the industry. These risks are mitigated through regular compliance reviews to monitor and update control processes on a continual basis. Thus, specific training is regularly given to relevant staff. In addition, professional legal and tax advice is sought in-house and / or externally as and when required.

### Internal Control

The Board is responsible for monitoring the system of internal control and should satisfy itself that the system is functioning effectively. Management is responsible for the design, implementation and monitoring of the internal control system. Appropriate processes, procedures and policies incorporating relevant internal controls, have been designed and implemented, to provide reasonable assurance that the control objectives are attained.

The Board acknowledges that a system of internal control can only provide reasonable but not absolute assurance against the occurrence of misstatements, human error, losses, fraud and other irregularities.

Whilst retaining the overall responsibilities, the Board has delegated the authority to the Audit & Risk Committee for monitoring and reviewing the effectiveness of the Company's internal control and compliance systems. The Board also relies on the internal audit function to report on any weaknesses in the internal control systems and make recommendations to Management and to the Audit & Risk Committee for appropriate actions.

## Principle 05: Risk Governance and Internal Control (Cont'd)

### Whistleblowing policy

The Company has a whistleblowing policy, which has been communicated all employees and Directors. The Company encourages its Directors, employees and anyone associated who have concerns about any aspect of malpractices encountered within the Company to come forward and voice those concerns within the defined process without fear of reprisals.

The whistleblowing policy ensures that the whistleblower's identity is treated with confidentiality. However, under certain circumstances and depending on the case, the employee may need to come forward as a witness to assist in the investigation.

## Principle 6 - Reporting with Integrity

*The Board should present a fair, balanced and understandable assessment of the organisation's financial, environmental, social and governance position, performance and outlook in its annual report and on its website.*

The Board recognizes that Environmental, Social and Good Corporate Governance ("ESG") is an evaluation of the Company's collective conscientiousness for social and environmental factors and has continued to integrate ESG into the Company's strategies.

### Health and Safety

The Company is committed to ensuring and maintaining the highest standards of safety and health for its employees, customers, contractors and visitors. The Company recognises that Health and Safety is of fundamental importance to its workforce and due recognition is given to related matters. Emphasis is laid on the need to provide and maintain a safe and healthy working environment for all employees as well as customers, contractors and visitors. The Company complies with the Occupational Safety and Health Act 2005 and its subsidiary regulations. A Health & Safety Officer assesses, reviews and ensures that the Company adheres to the best practices in this respect. The Health & Safety officer reports to the Human Resource Manager.

### Environment & Sustainability

The Company is committed to sustainable development and strives to ensure that its operations are conducted in a way that minimises their impact on the environment and on the society at large.

We are sustaining the initiatives on Environment and Sustainability which are as follows:

- recycling all plastic waste generated during manufacturing of bottles and caps.
- using Grid Type Cartons for different variants in almost all products in order to reduce wastage, inventories and liberating extra space.
- disposing of wastes such as cartons and bags at authorized Land-fills.
- using solar panel for electric lights and water heaters.
- disposal of waste water and air emissions are done within standard parameters fixed by the Regulatory Authorities. There is a monthly monitoring in place.
- increasing green space within the factory compound by planting more plants.

The Head of Manufacturing leads the Environment & Sustainability initiatives with Management support.

## Principle 6 - Reporting with Integrity (Cont'd)

### Corporate Social Responsibility (CSR) Projects in 2022

The Company channels a significant part of its CSR contributions to the Currimjee Foundation, the vehicle through which the CSR projects of the Currimjee Group are managed and monitored. Details of the projects undertaken by the Currimjee Foundation can be viewed on the website: http://www.currimjee.com

### Donations

The Company did not make any political donations during the year under review. Non-political or charitable donations amounted to Rs 65,670 for the year ended 31 December 2022 (2021 – Rs 45,000).

## Principle 7 – Audit

*Organisations should consider having an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board and the management. The Board should establish formal and transparent arrangements to appoint and maintain an appropriate relationship with the organisation's auditors.*

### Internal Audit

The Board has outsourced the provision of internal audit services to Deloitte since year 2021.

As part of their delivery of internal audit services, the Internal Auditor:

(a) Reviews the risk assessment results of prior years to establish the Company's risk profile, which will enable a three-year risk based internal audit plan (IA plan) to be formulated and agreed upon by the Audit and Risk Committee.
(b) Conducts internal audits as per the agreed IA plan and report on the audit outcomes to the Audit and Risk Committee.
(c) Conducts internal audits using its qualified and competent staff, up to date technology and leading class risk-based methodology in line with IIA standards.
(d) Performs data analytics enabled internal audits to provide greater coverage over entire populations of data and internal controls, and thereby provide greater insights into areas under review.

The Internal Auditor's methodology aims ultimately to position the internal audit reviews to proactively drive strategic value to the organization, by providing:

(a) Key insights that enable the business to focus on the risks that matter and which aim to improve the quality and effect of work delivered.
(b) Robust mechanism to identify performance improvement opportunities (including robustness and efficiency of operations, quality of information for better decision making, optimizing use of available resources such as technology).
(c) Strategic insights that improve business performance.
(d) Prioritization of recommendations to facilitate implementation and sense of achievement.

The deliverables for the above workstream are (1) the Internal Auditor's recommendations for additional risks that apply to the Company in scope that are not captured in the existing risk registers of the business units; (2) list of top inherent risks ranked in terms of significance; and (3) an internal audit plan for 3 years that targets the higher risk areas that lend themselves to internal audits.

## Principle 7 – Audit (Cont'd)

### Internal Audit (Cont'd)

Additionally, the Internal Auditor reviews the design and operating effectiveness of the Company's controls in operation for the areas identified as part of the internal audit plan and submit as deliverable an internal audit report to the Audit & Risk Committee for each internal audit visit, including their observations and agreed upon management actions to remediate control gaps.

The Internal Auditor reports independently to the Chairman of the Audit & Risk Committee on all internal audit matters and is responsible for providing assurance to the Audit & Risk Committee regarding the implementation, operation and effectiveness of the Company's internal control systems. In this respect, reliance is placed on the work undertaken by the Internal Auditor in line with the approved internal audit plan. The plan ensures that all significant areas of the Company's activities are duly covered in turn over a predetermined timeframe.

The Internal Auditor has unrestricted access to the Company's records, the Chairman of the Company, the Chairman of the Audit & Risk Committee, the Managing Director, the Leadership Team and employees, for the effective performance of their duties.

Following completion of internal audit engagements, salient internal audit observations are reported to Management in a closing meeting, followed by the issue of the internal audit reports. These reports are then presented at Audit & Risk Committee meetings, to communicate significant audit findings as well as Management's proposed action plans. Regular follow-up audits are also undertaken to monitor progress on the implementation of internal audit recommendations by Management, which are then reported back to the Audit & Risk Committee. The appointed Internal Auditor works closely with and shares their internal audit findings with the external auditors.

During the year 2022, the Internal Auditor's main audit assignments for the Company consisted of Review of Risk Management Framework, Inventory Management, ITGC and Follow-up of Order to Cash cycle, Review of Procure to Pay & Direct Costs, Cash Management, Sales & Marketing Expenses

### External Audit

The re-appointment of PricewaterhouseCoopers for the financial year 2022 was approved by the Shareholders in September 2022.

The Audit & Risk Committee has reviewed and reported to the Board on the clarity and accuracy of the Group's financial statements. While conducting their reviews, the Committee considered the following:
- the accounting policies and practices applied;
- material accounting judgements and assumptions made by management or significant issues or audit risks identified by the external Auditor; and
- compliance with relevant accounting standards and other regulatory financial reporting requirements, including the Code of Corporate Governance.

All significant issues raised by the external auditors during the audit are reviewed and monitored at the level of the Audit & Risk Committee until they are fully addressed.

The external auditors are free to meet the Audit & Risk Committee without the presence of management should they wish to do so. No such meeting was required during the year under review. Nonetheless, the Chairman of the Audit & Risk Committee regularly consults the External Audit Partner. The Board is regularly informed of all material issues discussed at the Audit & Risk Committee.

## Principle 7 – Audit (Cont'd)

### External Audit (Cont'd)

The fees paid to the External Auditors for audit and other services are disclosed in the Report from the Board of Directors.

The fees paid by the Company for non-audit services relate to fees paid for tax and advisory services.

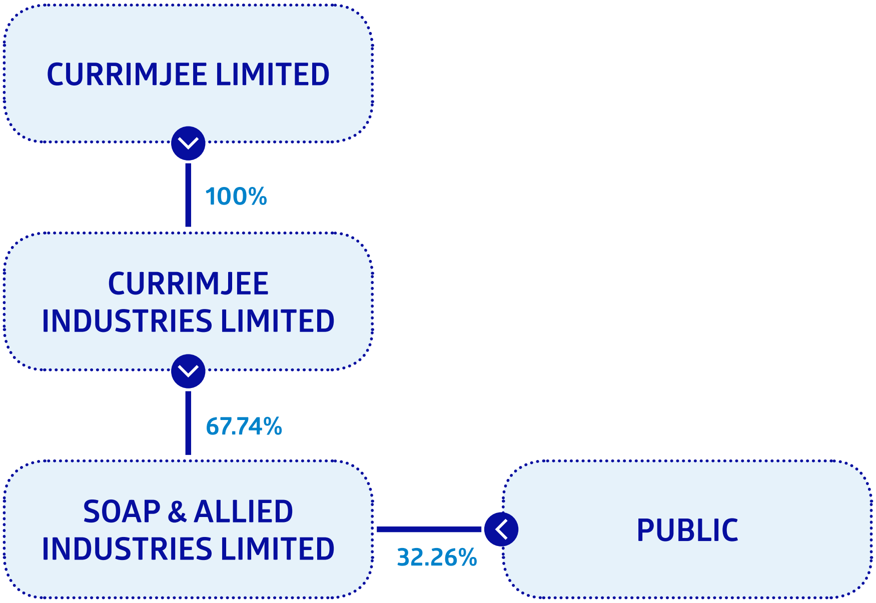
The Board ensures that provision of non-audit services by the External Audit firm are delivered by a team of officers that is completely independent from the external audit team, to ensure that the Auditor's objectivity and independence are safeguarded.

## Principle 8 - Relations with Shareholders and Other Key Stakeholders

*The Board should be responsible for ensuring that an appropriate dialogue takes place among the organisation, its shareholders and other key stakeholders. The Board should respect the interests of its shareholders and other key stakeholders within the context of its fundamental purpose.*

### Ownership Structure

As at 31 December 2022, the Company has issued 4,495,008 Ordinary Shares of Rs 10 each and the shareholding structure of the Company is set out below:



## Principle 8 - Relations with Shareholders and Other Key Stakeholders (Cont'd)

### Company's Key Stakeholders


The Company is committed to respond to the needs and expectations of its key stakeholders and considers their interests in its dealings with them. The Board ensures that information is delivered in an open, transparent, meaningful and regular manner to the stakeholders. It engages with its key Stakeholders through existing communications platforms (Annual Report, Shareholders meetings and Social Media. Regular presentations are also made to the Company's bankers.

### Substantial Shareholding

With the exception of Currimjee Industries Limited, no other shareholder directly holds more than 5% of the share capital of the Company.

### Shareholders' Agreement

To the knowledge of the Company, there was no such agreement with any of its Shareholders for the year under review.

### Share Registry and Transfer Office

The Share Registry is managed by the Company Secretary. The Company had 844 registered Shareholders as at 31 December 2022.

## Principle 8 - Relations with Shareholders and Other Key Stakeholders (Cont'd)

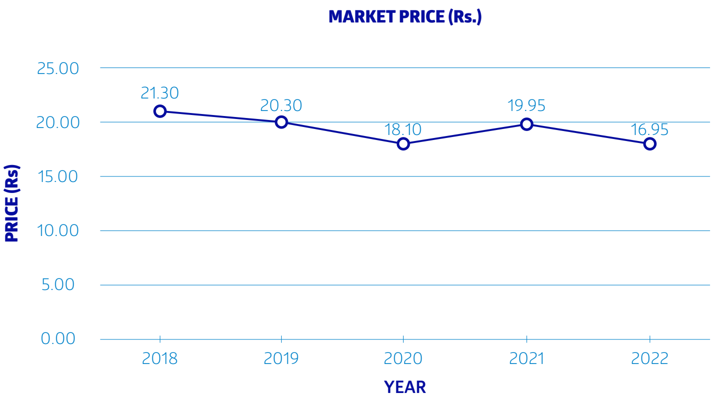
### Shareholding Profile

The share ownership and the category of shareholders as at 31 December 2022 are set out below:

| Number of shareholders | Size of Shareholding Shares | Number of Shares Owned | % of Total Issued Shares |
|---|---|---|---|
| **482** | 1-500 | 80,875 | **1.801** |
| **113** | 501-1,000 | 82,265 | **1.830** |
| **213** | 1,001-5,000 | 437,039 | **9.723** |
| **11** | 5,001-10,000 | 74.561 | **1.659** |
| **21** | 10,001-50,000 | 400,835 | **8.920** |
| **1** | 50,001-100,000 | 89,730 | **1.996** |
| **2** | 100,001- 250,000 | 284,540 | **6.330** |
| **1** | Over 500,000 | 3,044,963 | **67.741** |
| **844** | **Total** | **4,495,008** | **100%** |
| **Number of shareholders** | **Category of Shareholders** | **Number of Shares Owned** | **% of Total Shares Issued** |
| **34** | Other Corporate Bodies | 3,400,319 | **75.647** |
| **805** | Individuals | 1,073,947 | **23.892** |
| **3** | Investment & Trust Companies | 768 | **0.017** |
| **2** | Pension & Provident Funds | 19,974 | **0.444** |
| **846** | **Total** | **4,495,008** | **100%** |

### Share Price Information

The share of the Company has a nominal value of Rs 10 and the Company share price evolution over the last 5 years is as follows:



## Principle 8 - Relations with Shareholders and Other Key Stakeholders (Cont'd)

### Calendar of Events

The calendar of key events is set out below:

| No. | Date | Event |
|---|---|---|
| 01 | DECEMBER 2022 | Financial Year end 31 December 2022 |
| 02 | MARCH 2023 | Abridged Audited Financial Statements for the year Ended 31 December 2022 |
| 03 | MAY 2023 | Abridged Unaudited Financial Statements for the Period Ended 31 March 2023 |
| 04 | JUNE 2023 | Annual Meeting of Shareholders |
| 05 | AUGUST 2023 | Abridged Unaudited Financial Statements for the Period Ended 30 June 2023 |
| 06 | NOVEMBER 2023 | Abridged Unaudited Financial Statements for the Period Ended 30 September 2023 |

### Employee Share Scheme

There is no Employee Share Scheme in place.

### Dividend Policy

The Dividend Policy of the Company is set as a percentage of Profit After Tax. The Board has adopted a prudent and conservative approach to cash flow management. And therefore, to further build and preserve the Company's cash reserves, the Board has decided not to declare a dividend for financial year 2022.

Approved by the Board of Directors and signed on its behalf on 30th March 2023.

**Mr. Saleem Karimjee**
Chairman

**Mr. Azim F Currimjee**
Director

# STATEMENT OF COMPLIANCE

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

**Name of Public Interest Entity ("PIE"): Soap & Allied Industries Limited**

**Reporting Period: 01 January 2022 to 31 December 2022**

We, the Directors of **Soap & Allied Industries 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 respects, save and except for the following:

**Website Disclosures**

The Board believes that all material information on the Company and its governance framework, recommended to be disclosed on the website as per the Code, is available to shareholders and stakeholders through (i) the quarterly Abridged Financial Statements on the website of the Stock Exchange of Mauritius and in the local newspapers, and (ii) the Annual Report & Financial Statements filed at the Registrar of Companies. The Company is currently in the process of updating its website to contain all such disclosures as required by the Code.

**Principle 1: Governance Structure**

**Profile of Directors**

The Board has decided to disclose directorships in only public and listed companies. Details of other directorships are available at the Company's registry.

**Principle 2**

**Composition of the Audit and Risk Committee**

The Audit & Risk Committee is not composed of a majority of Independent Directors.

**SIGNED BY:**

**Mr. Saleem Karimjee**
Chairman

**Mr. Azim F Currimjee**
Director

Date: 30th March 2023.

## UNDER SECTION 166(d) OF THE MAURITIUS COMPANIES ACT 2001

We certify that in terms of the compliance report as submitted and approved by the Board, the Company has filed with the Registrar of Companies, for the year ended 31 December 2022, all such returns as are required of the Company under the Companies Act 2001 of Mauritius.

**Currimjee Secretaries Limited**
**Per Mr. Ramanuj Nathoo**
Secretary

**Date: 30th March 2023**


Olivier Delagrange
7 parfums uniques
et irrésistibles
Savon liquide mains
antibactérien No.1

pwc

## Report on the Audit of the Financial Statements

### Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Soap & Allied Industries Limited (the "Company") as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

### What we have audited

The financial statements of Soap & Allied Industries Limited set out on pages 50 to 102 comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

### 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 Financial Statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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## Report on the Audit of the Financial Statements (Cont'd)

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Accounting treatment for Retirement Benefit Obligations**<br><br>See note 3 of the financial statements for the Director's disclosures of the accounting policies for retirement benefit obligations.<br><br>At 31 December 2022, the Company had a retirement benefit liability of Rs 156,254,000 (2021: Rs 180,479,000). This retirement benefit liability, as disclosed in note 16, requires a valuation of the retirement benefit obligations. Management has involved an independent actuary to calculate the obligations<br><br>The valuation is dependent on market conditions and key assumptions such as discount rates, salary increases, inflation and life expectancy.<br><br>The setting of these assumptions is complex and requires the exercise of significant judgement. | We performed the following procedures with the assistance of our internal actuarial experts:<br><br>• Obtained the retirement benefit obligations valuation reports and an understanding of the methodology used to calculate the retirement benefit obligations.<br><br>• Assessed the competence, capabilities and objectivity of the external actuary and verified its qualifications.<br><br>• Agreed the assumptions for discount rate and inflation rates used by the actuary to independent benchmarks. We compared the assumptions around salary increases and life expectancy to national and industry averages.<br><br>• Tested the data used in the valuation of the pension obligations, to assess whether the basis of the valuation is appropriate.<br><br>Furthermore, we evaluated whether disclosures in the financial statements relating to retirement benefit obligations were in accordance with International Financial Reporting Standards. |

### Other Information

The Directors are responsible for the other information. The other information comprises the corporate profile, the report from the Board of Directors, the corporate governance report, the statement of compliance and the secretary's certificate but does not include the financial statements and our auditor's report thereon, which we have obtained prior to the date of this auditor's report, and the chairman's statement and the financial highlights, which are expected to be made available to us after that date.

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

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## Report on the Audit of the Financial Statements (Cont'd)

### Other Information (Cont'd)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, 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.

When we read the chairman's statement and the financial highlights which have not been made available to us prior to the date of this auditor's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements, the Directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

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**Report on the Audit of the Financial Statements (Cont'd)**

**Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)**

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

- 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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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## Report on the Audit of the Financial Statements (Cont'd)

## Report on Other Legal and regulatory Requirements

### Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

(a) we have no relationship with or interests in the Company other than in our capacity as auditor and tax advisor;
(b) we have obtained all the information and explanations we have required; and
(c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

### Mauritian Financial Reporting Act 2004

Our responsibility under the Mauritian Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance ("Code") 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 Company has, pursuant to section 75 of the Mauritian Financial Reporting Act 2004, complied with the requirements of the Code.

### Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

PricewaterhouseCoopers

Robert Coutet, licensed by FRC

30 March 2023

# Erina, soins naturels pour nos petits compagnons


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# STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

| | Notes | 2022 | 2021 |
|---|---|---|---|
| | | **Rs** | Rs |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | **260,910,874** | 252,256,847 |
| Right of use assets | 6 | **33,195,875** | 42,650,779 |
| Intangible assets | 7 | **6,101,710** | 7,068,234 |
| Investment property | 8 | **28,000,000** | 27,300,000 |
| Financial assets at fair value through other comprehensive income | 9 | **288,491** | 4,967,295 |
| Deferred tax asset | 10 | **-** | 309,898 |
| | | **328,496,950** | 334,553,053 |
| **Current assets** | | | |
| Inventories | 11 | **352,929,281** | 326,858,565 |
| Trade and other receivables | 12 | **178,763,913** | 195,362,367 |
| Amounts owed by related parties | 26 | **339,331** | 366,739 |
| Cash and cash equivalents | 13 | **8,812,467** | 5,693,398 |
| Current income tax asset | 18(a) | **141,933** | - |
| | | **540,986,925** | 528,281,069 |
| **Total assets** | | **869,483,875** | 862,834,122 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Stated capital | 14(i) | **44,950,080** | 44,950,080 |
| Share premium | | **79,637,489** | 79,637,489 |
| Investment property reserve | 14(ii) | **11,768,459** | 11,768,459 |
| Investment revaluation reserve | 14(iii) | **(2,371,672)** | 2,307,132 |
| Revaluation reserve | 14(iv) | **82,115,796** | 77,528,540 |
| Retained earnings | | **56,097,703** | 47,753,142 |
| **Total equity** | | **272,197,855** | 263,944,842 |
| **Non-current liabilities** | | | |
| Deferred tax liability | 10 | **772,016** | - |
| Borrowings | 15 | **9,530,803** | 38,581,920 |
| Retirement benefit obligations | 16 | **156,254,000** | 180,479,000 |
| | | **166,556,819** | 219,060,920 |
| **Current liabilities** | | | |
| Borrowings | 15 | **278,975,498** | 245,763,608 |
| Trade and other payables | 17 | **145,226,508** | 131,017,914 |
| Current income tax liability | 18(a) | **-** | 1,613,579 |
| Amounts owed to related parties | 26 | **6,527,195** | 1,433,259 |
| | | **430,729,201** | 379,828,360 |
| **Total equity and liabilities** | | **869,483,875** | 862,834,122 |

Approved by the Board of Directors and authorised for issue on 30th March 2023

**Saleem Karimjee**
Chairman

**Azim F Currimjee**
Director

The notes on pages 54 to 102 form an integral part of these financial statements.

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

| | Notes | 2022 | 2021 |
|---|---|---|---|
| | | Rs | Rs |
| Revenue | 19 | **880,907,526** | 720,700,757 |
| Cost of sales | | **(736,684,648)** | (548,855,641) |
| Gross profit | | **144,222,878** | 171,845,116 |
| Investment income | 20 | **171** | 202,518 |
| Other income | 21 | **636,979** | 2,661,354 |
| Gain on fair value of investment property | 8 | **700,000** | - |
| Selling & Distribution costs | | **(45,755,153)** | (41,299,689) |
| Marketing expenses | | **(16,760,115)** | (24,457,855) |
| Administrative expenses | | **(86,193,809)** | (87,493,420) |
| Finance costs | 22 | **(15,019,451)** | (10,895,928) |
| (Loss)/profit before taxation | | **(18,168,500)** | 10,562,096 |
| Taxation | 18(b) | **2,535,100** | (2,624,488) |
| **(Loss)/profit for the year** | 23 | **(15,633,400)** | 7,937,608 |
| **Other comprehensive income, net of income tax** | | | |
| ***Items that will not be classified subsequently to profit or loss:*** | | | |
| Gain on revaluation of properties | | **10,493,986** | - |
| Deferred tax on revaluation of properties | 10 | **(639,133)** | - |
| Remeasurement of defined benefit obligations | 16 | **21,975,000** | 32,324,000 |
| Deferred tax on defined benefit obligations | 10 | **(3,264,636)** | (3,556,676) |
| Revaluation of financial assets at FVTOCI | 9 | **(4,678,804)** | (513,476) |
| **Other comprehensive income for the year net of income tax** | | **23,886,413** | 28,253,848 |
| **Total comprehensive income for the year** | | **8,253,013** | 36,191,456 |
| **Earnings per share** | 24 | **-3.48** | 1.77 |

The notes on pages 54 to 102 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

| | Notes | Stated Capital | Share Premium | Investment Property Reserve | Investment Revaluation Reserve | Revaluation Reserve | Retained Earnings | Total |
|---|---|---|---|---|---|---|---|---|
| | | Rs | Rs | Rs | Rs | Rs | Rs | Rs |
| | | 14(i) | | 14(ii) | 14(iii) | 14(iv) | | |
| At 1 January 2021 | | 44,950,080 | 79,637,489 | 11,768,459 | 2,820,608 | 77,528,540 | 11,048,210 | 227,753,386 |
| Profit for the year | | - | - | - | - | - | 7,937,608 | 7,937,608 |
| Other comprehensive income: | | | | | | | | |
| Remeasurement of retirement benefit obligations | | - | - | - | - | - | 32,324,000 | 32,324,000 |
| Revaluation of financial assets at FVTOCI | | - | - | - | (513,476) | - | - | (513,476) |
| Deferred tax on remeasurement of, retirement benefit obligations | | - | - | - | - | - | (3,556,676) | (3,556,676) |
| | | - | - | | (513,476) | - | 28,767,324 | 28,253,848 |
| At 31 December 2021 | | 44,950,080 | 79,637,489 | 11,768,459 | 2,307,132 | 77,528,540 | 47,753,142 | 263,944,842 |
| Loss for the year | | - | - | - | - | - | **(15,633,400)** | **(15,633,400)** |
| Other comprehensive income: | | | | | | | | |
| Remeasurement of retirement benefit obligations | | - | - | - | - | - | **21,975,000** | **21,975,000** |
| Gain on revaluation of land and buildings | | - | - | - | - | **10,493,986** | - | **10,493,986** |
| Deferred tax relating to revaluation | | - | - | - | - | **(639,133)** | - | **(639,133)** |
| Revaluation of financial assets at FVTOCI | | - | - | - | **(4,678,804)** | - | - | **(4,678,804)** |
| Deferred tax on remeasurement of retirement benefit obligations | | - | - | - | - | - | **(3,264,636)** | **(3,264,636)** |
| Revaluation surplus realised on depreciation | | - | - | - | - | **(5,267,597)** | **5,267,597** | - |
| | | - | - | - | **(4,678,804)** | **4,587,256** | **23,977,961** | **23,886,413** |
| At 31 December 2022 | | **44,950,080** | **79,637,489** | **11,768,459** | **(2,371,672)** | **82,115,796** | **56,097,703** | **272,197,855** |

The notes on pages 54 to 102 form an integral part of these financial statements.

| | Notes | 2022 | 2021 |
|---|---|---|---|
| | | Rs | Rs |
| **Cash flows from operating activities** | | | |
| (Loss)/profit before taxation | | (18,168,500) | 10,562,096 |
| *Adjustments for:* | | | |
| Depreciation of property,plant and equipment | 5 | 19,510,217 | 17,658,249 |
| Depreciation of right of use assets | 6 | 7,855,085 | 7,864,274 |
| Amortisation of intangible assets | 7 | 1,106,524 | 1,067,349 |
| Finance costs | 22 | 15,019,451 | 10,895,928 |
| Investment income | 20 | (171) | (202,518) |
| Fair value gain on investment property | 8 | (700,000) | - |
| Profit on disposal of plant and equipment | 21 | (47,310) | (97,248) |
| Retirement benefit obligations | 16 | 18,361,000 | 16,993,000 |
| Write off of inventory | 11 | 767,045 | 2,955,865 |
| Movement in provision for inventory | 11 | (3,400,000) | 5,400,000 |
| Loss allowance on trade receivables | 12 | (144,995) | (31,336) |
| Unrealised (gain)/loss on foreign exchange | | (4,058,464) | 5,127 |
| | | 54,268,382 | 62,508,690 |
| | | 36,099,882 | 73,070,786 |
| Increase in inventories | | (23,437,761) | (40,413,622) |
| Decrease/(increase) in trade and other receivables | | 17,213,649 | (24,862,126) |
| Decrease/(increase) in amounts owed by related parties | | 27,408 | (148,492) |
| Increase in trade and other payables | | 16,590,502 | 32,111,472 |
| Increase in amounts owed to related parties | | 851,936 | 38,352 |
| | | 11,245,734 | (33,274,416) |
| **Net cash generated from operations** | | 47,345,616 | 39,796,370 |
| Interest paid | | (15,019,451) | (10,899,928) |
| Tax paid | | (2,045,192) | (2,084,956) |
| Employer contribution | 16 | (16,369,000) | (16,611,000) |
| Tax deducted at source | 18(a) | (22,768) | (22,908) |
| Income tax refund | 18(a) | 25,693 | 29,719 |
| | | (33,430,718) | (29,589,073) |
| **Net cash generated from operating activities** | | 13,914,898 | 10,207,297 |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 5 | (16,377,042) | (16,074,065) |
| Acquisition of intangible assets | 7 | (140,000) | (258,159) |
| Proceeds on disposal of property, plant and equipment | | 353,913 | 240,158 |
| Investment income | | 171 | 202,518 |
| **Net cash used in investing activities** | | (16,162,958) | (15,889,548) |
| **Cash flows from financing activities** | | | |
| Repayment of lease liabilities | 15 | (9,152,728) | (9,286,796) |
| Proceeds from borrowings | | 175,199,118 | 96,365,464 |
| Repayment of borrowings | | (206,830,202) | (21,539,436) |
| **Net cash (used in)/generated from financing activities** | | (40,783,812) | 65,539,232 |
| **Net (decrease)/increase in cash and cash equivalents** | | (43,031,872) | 59,856,981 |
| Effects of exchange rate changes | | 1,206,356 | (57,093) |
| **Cash and cash equivalents at 1 January** | 13 | (89,681,919) | (149,481,807) |
| **Cash and cash equivalents at 31 December** | 13 | (131,507,435) | (89,681,919) |

The notes on pages 54 to 102 form an integral part of these financial statements.

## 1. LEGAL FORM AND ACTIVITY

Soap & Allied Industries Limited (the "Company") is a public company incorporated in Mauritius. Its registered office is situated at 38, Royal Street, Port Louis and carries out its activities at Old Moka Road, Bell Village, Port Louis.

The Company is listed on the Development and Enterprise Market (DEM) of the Stock Exchange of Mauritius.

The principal activity of the Company is the manufacturing and distribution of laundry and toilet soaps, detergents and cosmetics and distribution of imported fast-moving consumer goods, including food items.

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

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("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 1 January 2022.

**New and revised standards that are effective for the current year**

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for the current and prior periods but may affect the accounting treatment for future transactions or arrangements.

- IAS 16 'Property, Plant and Equipment': Proceeds before intended use
- IAS 37 'Provisions, Contingent Liabilities and Contingent Assets on Onerous Contracts': Cost of Fulfilling a Contract
- IFRS 3 'Business Combinations': Asset or liability in a business combination clarity
- IFRS 16 'Leases' Lease liability in a Sale and Leaseback
- Annual Improvements Cycle

**Relevant Standards, amendments and interpretations in issue but not yet effective**

The following new Standards, amendments to Standards and Interpretations are effective for annual periods beginning after 1 January 2022, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the Company's financial statements.

- Amendments to IAS 1 'Presentation of Financial Statements' Disclosure of Accounting Policies (Annual periods beginning on or after 1 January 2023)

- Amendments to IAS 12 'Income Taxes' Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Annual periods beginning on or after 1 January 2023)

- IFRS 17 'Insurance Contracts' (Annual periods beginning on or after 1 January 2023)

- IFRS 17 'Insurance Contracts Amendments' (Annual periods beginning on or after 1 January 2023)

## 3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Company are as follows:-

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and comply with the requirements of Mauritius Companies Act 2001 and Financial Reporting Act 2004.

The financial statements have been prepared on the historical cost basis, except for the revaluation of land and buildings, investment property and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 Company 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 financial statements is determined on such a basis, except leasing transactions that are within the scope of IAS 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 described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- 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

- Level 3 inputs are unobservable inputs for the asset or liability.

(b) Revenue recognition

The Company recognises revenue from sale of manufactured goods locally and overseas. The Company also sells trading goods locally and overseas.

Revenue is recognised when control of the products has 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' acceptance of the products

For exports, revenue is recognised when control of the goods has been transferred to the customers. In majority of the cases, this condition is met when the goods are loaded on the ship and customer receives the bill of lading (delivery). In some cases, revenue is recognised when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has primary responsibility when selling the goods and bears all the risks of obsolescence and loss in relation to the goods.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(b) Revenue recognition (Cont'd)

A receivable is recognised by the Company 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.

The goods are often sold with retrospective volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the selling price net of the estimate volume discounts. The estimate for volume discount is based on the most likely amount method.

There is no right of return policy on the sale of goods.

The Company has trade agreements with some of its customers where cash payments are made to them in order to have their products prominently displayed (slotting fees) and for co-operative advertising (advertising by the customers of the Company's products). The consideration payable to a customer is accounted for as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the entity.

*Other income*

- Interest income is accrued on time basis by reference to the principal outstanding and at the effective interest rate applicable.
- Dividend income is recognised when the right to receive payment is established.
- Rental is recognised on accrual basis.

(c) Property, plant and equipment

Freehold land and buildings are stated at their revalued amounts being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. The value of land and buildings are assessed annually by the Directors and triennially by an independent valuer.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. A transfer is made from revaluation reserve to retained earnings. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

Other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

(c) Property, plant and equipment (Cont'd)

Depreciation is provided on the cost or the revalued amount of the assets on a straight line basis over their expected useful lives. The annual depreciation rates are:

| | |
|---|---|
| Buildings | - 2.5% |
| Plant and machinery | - 6.5%-33.3% |
| Furniture and fittings | - 10.0% |
| Computer equipment | - 25.0% |
| Laboratory equipment | - 10.0% |
| Motor vehicles | - 9.5%-16% |

There was a change in depeciation range for certain plant and machinery items where the depreciation rate changed from 14% to 33.3%. The impact on depreciation for this change in accounting estimate amounts to Rs 760,023 in the current year.

No depreciation is provided on freehold land.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(d) Investment property

Property held to earn rentals and/or for capital appreciation is stated at its fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

(e) Intangible assets

- Goodwill

  Goodwill arising on acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

  For the purposes of impairment testing, goodwill is allocated to each of the company's cash-generating units. A cash-generating unit to which goodwill has been allocated is tested annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated to the unit and then to other assets in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

  On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

- Computer software

  Computer software that is not considered to form an integral part of any hardware equipment is recorded as intangible assets. The software is capitalised at cost and amortised over its expected useful life of 3 years.

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

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in first out (FIFO) method. Cost is based on the invoiced value of materials plus in the case of finished goods, a proportion of labour and factory overheads, based on a normal level of production. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(g) Foreign currency

*Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency').The financial statements are presented in Mauritian Rupees (Rs), which is Soap & Allied Industries Limited's functional and presentation currency.

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling on the transaction date. Monetary assets and liabilities expressed in foreign currencies are translated to Mauritian Rupees at the rates of exchange ruling at reporting date. Exchange differences arising from foreign currency translation are accounted for in profit or loss.

(h) Financial instruments

*Financial Assets*

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset. Financial asset are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

*Classification of financial assets*

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, the Company has made an irrevocable election to account for the equity investment at fair value through other comprehensive income (FVTOCI).

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

(h) Financial instruments (Cont'd)

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Its finanical assets are subsequently measured as follows:

*(i) Debt Instruments*

The Company's debt instruments are measured at amortised cost and represents assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest. These category includes: cash and bank balances, trade and other receivables and amounts owed by related companies.

Interest income from these financial assets is included in 'Investment income' in the statement of profit or loss and other comprehensive income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income. Impairment losses are presented in administrative expenses in the statement of profit or loss.

*(ii) Equity instruments designated as at FVTOCI*

Equity instruments are measured subsequently at FVTOCI as the Company has made an irrevocable election to designate investement at FVTOCI. Designation of FTOCI is not permitted if the equity instrument is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in investment revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Investment income' line item in profit or loss.

The Company has designated its investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

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

(h) Financial instruments (Cont'd)

*Foreign exchange gains and losses*

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in investment revaluation reserve.

*Impairment of financial assets*

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company'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

(i) Definition of default

The Company considers a financial asset in default when contractual payments are 365 days past due based on the business environment in which the entity operates taking into consideration the market dynamics, customer base and competition. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

(ii) Write-off policy

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures. Any recoveries made are recognised in profit or loss.

*Financial liabilities*

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the net proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

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

(h) Financial instruments (Cont'd)

*Financial liabilities (Cont'd)*

*(i) Borrowings (Cont'd)*

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid is recognised in profit or loss as other income or finance costs.

*(ii) Trade and other payables*

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

*Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the company'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.

(i) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

*Current income tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

*Deferred tax*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities

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

(i) Income tax (Cont'd)

*Deferred tax (Cont'd)*

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 company intends to settle its current tax assets and liabilities on a net basis.

(j) Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company 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).

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;
- The amount expected to be payable by the lessee under residual value guarantees;
- 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 within "Borrowings" line in the statement 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.

The Company 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.

- 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 Company 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.

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

(j) Leases (Cont'd)

The Company as lessee (Cont'd)

Whenever the Company 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 Company 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 statement of financial position.

The Company 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.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

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 Company has applied this practical expedient.

The Company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the leased term.

(k) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts used in working capital management. Bank overdrafts are shown within Borrowings in current liabilities in the statement of financial position.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(l) Retirement benefit obligation

*(i) Defined benefit plan*

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expense or income
- Remeasurement

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

*(ii) Define contribution plan*

Payments to the defined contribution plan are recognised as an expense when employees have rendered service entitling them to the contributions.

*(iii) Other retirement benefits*

The present value of the unfunded obligation is recognised in the statement of financial position as a non-current liability based on the valuation carried out by a firm of actuaries annually. The recognition and presentation of the components of the retirement benefit obligations are similar to the defined benefit plan (as above).

*(iv) State plan*

Contributions to the National Pension Scheme are expensed to profit or loss in the period in which they fall due.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is higher of an asset's net selling price and value in use, that is the present value of estimated future cash flows expected to arise from continuing to use the asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

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

(m) Impairment of non-financial assets (Cont'd)

An impairment loss is recognised as an expense in profit or loss immediately, unless the asset is carried at revalued amount in which case the impairment loss is recognised against the fair value reserve for the asset to the extent that the impairment loss does not exceed the amount held in the fair value reserve for that same asset. Any excess is recognised immediately in profit or loss.

(n) Provisions

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provision is reviewed at each reporting date and adjusted to reflect the current best estimate.

(o) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(p) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(q) Business and geographical segments

The Company presents segmental information using business segments as its primary reporting format and geographical segments as its secondary reporting format. This is based on the internal management and financial reporting systems and reflects the risks and earnings structure of the Company. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements.

(r) Stated capital

Ordinary shares are classified as equity.

## 4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION

In the application of the Company's accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

## 4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION (CONT'D)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

*(i) Property valuation*

In arriving at the fair value of the investment properties, which is determined on an open market value basis, independent valuers have to make assumptions that are mainly based on market conditions existing at the reporting date. Should these assumptions and estimates change, or not be met, the valuation as adopted in the financial statements will be affected. Freehold land and buildings, and building component of owner-occupied leasehold properties are valued every three years by independent valuers. In the intervening years, the Company reviews the carrying values and adjustment is made where there is a material change. (Refer to Note 5 and 8 for further details).

*(ii) Pension obligations*

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 expected long-term rate of return on the relevant plan assets and the discount rate.

The Company determines the appropriate discount rate at the end of each year. The Nelson Siegel model has been used to derive a yield curve and to extrapolate the discount rates at the corresponding duration for this year's exercise for the Company. Other key assumptions for pension obligations are based in part on current market conditions.

These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Company's financial statements within the next year. Further information on the carrying amounts of the Company's defined benefit obligations and the sensitivity of those amounts to changes in discount rate are provided in Note 16.

Other key assumptions for pension obligations are based in part on current market conditions.

*(iii) Fair value of unquoted investment*

In arriving at the fair value of the investments in unquoted equity shares, which is determined on a market approach basis, management has to make assumptions that are mainly based on data existing at the reporting date. Should these assumptions and estimates change, or not be met, the valuation as adopted in the financial statements will be affected. (Refer to Note 9 for further details).

*(iv) Impairment of goodwill*

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit, revenue growth rates and a suitable discount rate in order to calculate present value. Goodwill was not impaired during the year. (Refer to Note 7 for further details).

## 5. PROPERTY, PLANT AND EQUIPMENT

| | Land and buildings | Plant and machinery | Furniture and fittings | Capital work in progress | Computer equipment | Laboratory equipment | Motor vehicles | Total |
|---|---|---|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs | Rs | Rs | Rs |
| COST/VALUATION | | | | | | | | |
| At 1 January 2021 | 146,295,000 | 198,490,273 | 3,491,930 | 9,225,847 | 14,524,512 | 571,412 | 31,192,086 | 403,791,060 |
| Additions | 2,420,000 | 6,567,937 | 162,516 | - | 810,644 | - | 6,112,968 | 16,074,065 |
| Capitalisation | - | 9,225,847 | - | (9,225,847) | - | - | - | - |
| Write offs | - | (601,818) | (96,513) | - | (1,274,687) | - | - | (1,973,018) |
| Disposals | - | (335,807) | - | - | (32,900) | - | (701,604) | (1,070,311) |
| At 31 December 2021 | **148,715,000** | **213,346,432** | **3,557,933** | **-** | **14,027,569** | **571,412** | **36,603,450** | **416,821,796** |
| Transfer from Right of Use Assets | **-** | **1,791,428** | **-** | **-** | **-** | **-** | **1,803,500** | **3,594,928** |
| Additions | **6,706,554** | **4,846,263** | **263,584** | **-** | **452,245** | **125,200** | **3,983,196** | **16,377,042** |
| Revaluation | **1,488,446** | **-** | **-** | **-** | **-** | **-** | **-** | **1,488,446** |
| Write offs | **-** | **(5,414,472)** | **(130,700)** | **-** | **(693,748)** | **-** | **-** | **(6,238,920)** |
| Disposals | **-** | **-** | **-** | **-** | **-** | **-** | **(899,509)** | **(899,509)** |
| At 31 December 2022 | **156,910,000** | **214,569,651** | **3,690,817** | **-** | **13,786,066** | **696,612** | **41,490,637** | **431,143,783** |
| ACCUMULATED DEPRECIATION | | | | | | | | |
| At 1 January 2021 | 2,905,625 | 114,132,408 | 2,321,617 | - | 8,616,396 | 344,263 | 21,486,810 | 149,807,119 |
| Charge for the year | 2,966,125 | 10,321,542 | 200,088 | - | 2,449,799 | 41,690 | 1,679,005 | 17,658,249 |
| Write offs | - | (601,818) | (96,513) | - | (1,274,687) | - | - | (1,973,018) |
| Disposals | - | (335,807) | - | - | (4,112) | - | (587,482) | (927,401) |
| At 31 December 2021 | **5,871,750** | **123,516,325** | **2,425,192** | **-** | **9,787,396** | **385,953** | **22,578,333** | **164,564,949** |
| Transfer from Right of Use Assets | **-** | **810,109** | **-** | **-** | **-** | **-** | **1,185,000** | **1,995,109** |
| Charge for the year | **3,133,790** | **11,696,080** | **190,783** | **-** | **2,164,878** | **46,338** | **2,278,348** | **19,510,217** |
| Revaluation | **(9,005,540)** | **-** | **-** | **-** | **-** | **-** | **-** | **(9,005,540)** |
| Write offs | **-** | **(5,414,472)** | **(130,700)** | **-** | **(693,748)** | **-** | **-** | **(6,238,920)** |
| Disposals | **-** | **-** | **-** | **-** | **-** | **-** | **(592,906)** | **(592,906)** |
| At 31 December 2022 | **-** | **130,608,042** | **2,485,275** | **-** | **11,258,526** | **432,291** | **25,448,775** | **170,232,909** |
| NET BOOK VALUE | | | | | | | | |
| At 31 December 2022 | 156,910,000 | 83,961,609 | 1,205,542 | - | 2,527,540 | 264,321 | 16,041,862 | 260,910,874 |
| At 31 December 2021 | 142,843,250 | 89,830,107 | 1,132,741 | - | 4,240,173 | 185,459 | 14,025,117 | 252,256,847 |

Property, plant and equipment with a nil net book value which are no longer used by the Company have been written off in 2022 and 2021.

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

The Company's freehold land and buildings were revalued by Noor Dilmohamed & Associates, Certified Practising Valuer, at 31 December 2022 in accordance with the RICS Valuation Standards. The land and buildings have been valued on the basis of its market value, being the estimated amount for which the property could be exchanged between knowledgeable willing parties in an arm's length transaction. In arriving at the market value, the valuer has used the sales comparison approach for land and the depreciated replacement cost approach for buildings. The depreciated replacement cost approach estimates the value by computing the current cost of replacing a property 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 was credited to revaluation reserve.

The significant unobservable input used in the valuation of land pertains to recent market sale price per square metre ("sqm") of Rs 5,500 (2021: Rs 4,735) 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 fair value, vice versa.

The significant unobservable input used in valuation of buildings pertains to depreciation rate of 2.5%-4.55% (2021: 2.85%-4%) taking into account the differences into structures, type of construction, functionality, maintenance and physical state of each components of the building. A significant increase in the depreciation rate would result in a significant decrease in fair value, and vice versa.

The fair value of freehold land amounting to Rs 34,930,000 (2021: Rs 30,070,000) is classified under level 2 and the fair value of buildings amounting to Rs 121,980,000 (2021: Rs 112,773,250) is classified under Level 3 in the fair value hierarchy at 31 December 2022.

If freehold land and buildings had been stated at historical costs, the carrying amounts would have been as follows:

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Freehold land | **300,000** | 300,000 |
| Buildings | **59,184,944** | 55,140,662 |
| | **59,484,944** | 55,440,662 |

The Company has pledged its property, plant and equipment except assets under lease to secure banking facilities as disclosed in Note 15.

## 6. RIGHT OF USE ASSETS

| | Land and buildings | Plant and machinery | Motor vehicles | Total |
|---|---|---|---|---|
| | Rs | Rs | Rs | Rs |
| COST | | | | |
| At 1 January 2021 | 18,392,542 | 38,846,167 | 15,794,326 | 73,033,035 |
| Additions | - | 787,653 | - | 787,653 |
| At 31 December 2021 | **18,392,542** | **39,633,820** | **15,794,326** | **73,820,688** |
| Transfer to Property, plant and equipment | **-** | **-1,791,428** | **-1,803,500** | **-3,594,928** |
| At 31 December 2022 | **18,392,542** | **37,842,392** | **13,990,826** | **70,225,760** |
| ACCUMULATED DEPRECIATION | | | | |
| At 1 January 2021 | 5,435,522 | 12,299,070 | 5,571,043 | 23,305,635 |
| Charge for the year | 2,717,732 | 3,203,340 | 1,943,202 | 7,864,274 |
| At 31 December 2021 | **8,153,254** | **15,502,410** | **7,514,245** | **31,169,909** |
| Transfer to Property, plant and equipment | **-** | **-810,109** | **-1,185,000** | **-1,995,109** |
| Charge for the year | **2,717,732** | **3,322,700** | **1,814,653** | **7,855,085** |
| At 31 December 2022 | **10,870,986** | **18,015,001** | **8,143,898** | **37,029,885** |
| CARRYING AMOUNT | | | | |
| At 31 December 2022 | **7,521,556** | **19,827,391** | **5,846,928** | **33,195,875** |
| At 31 December 2021 | 10,239,288 | 24,131,410 | 8,280,081 | 42,650,779 |

The Company leases several assets including land, buildings, plant and machinery and motor vehicles.

The Company has not applied any low cost or short term exemptions.

The Company has options to purchase certain plant and machinery and motor vehicles for a nominal amount at the end of the lease term. The Company's obligations are secured by the lessors' title to the leased assets.

The maturity analysis of the leases is presented in Note 15.

| | 2022 | 2021 |
|---|---|---|
| | **Rs** | Rs |
| Amounts recognised in profit and loss | | |
| Depreciation expense on right-of-use assets | 7,855,085 | 7,864,274 |

## 7. INTANGIBLE ASSETS

| | Goodwill | Computer software | Total |
|---|---|---|---|
| | Rs | Rs | Rs |
| **COST** | | | |
| At 1 January 2021 | 5,500,000 | 4,869,597 | 10,369,597 |
| Additions | - | 258,159 | 258,159 |
| At 31 December 2021 | **5,500,000** | **5,127,756** | **10,627,756** |
| Additions | **-** | **140,000** | **140,000** |
| At 31 December 2022 | **5,500,000** | **5,267,756** | **10,767,756** |
| **ACCUMULATED AMORTISATION** | | | |
| At 1 January 2021 | - | 2,492,173 | 2,492,173 |
| Charge for the year | - | 1,067,349 | 1,067,349 |
| At 31 December 2021 | **-** | **3,559,522** | **3,559,522** |
| Charge for the year | **-** | **1,106,524** | **1,106,524** |
| At 31 December 2022 | **-** | **4,666,046** | **4,666,046** |
| **CARRYING AMOUNT** | | | |
| At 31 December 2022 | **5,500,000** | **601,710** | **6,101,710** |
| At 31 December 2021 | 5,500,000 | 1,568,234 | 7,068,234 |

Goodwill

Goodwill has been allocated for impairment testing purposes to the following cash generating unit (CGU).

| | 2022 | 2021 |
|---|---|---|
| | **Rs** | Rs |
| Trading division | **5,500,000** | 5,500,000 |

The Company tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. Cash flows beyond five years are extrapolated using an estimated terminal growth rate of 1% and a pre-tax discount rate of 8.09%.

The directors are of the opinion that the intangible assets have not been impaired.

## 7. INTANGIBLE ASSETS (CONT'D)

Other key assumptions considered in determining the recoverable amount are as follows:

| | | 2022 |
|---|---|---|
| Sales volume | Average annual growth rate over the 5-year forecast period; based on past performance and management's expectation of market development | **2 %** |
| Sales price | Average annual growth rate over the 5-year forecast period; based on current industry trends and long-term inflation forecasts | **-1%** |

## 8. INVESTMENT PROPERTY

| | 2022 | 2021 |
|---|---|---|
| | **Rs** | Rs |
| At fair value | | |
| At 1 January | **27,300,000** | 27,300,000 |
| Gain on property revaluation | **700,000** | - |
| At 1 January and 31 December | **28,000,000** | 27,300,000 |

Land has been classified as Investment Property under IAS 40.

The property was revalued at 31 December 2022 at its open market value by Elevante Property Services Ltd, Chartered Valuation Surveyor based on comparable sales taking into account recent transactions.

The fair value of investment property is classified under Level 2 in the fair value hierarchy as the fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. There were no transfer between level 1 and level 2 during the year.

No rent is received for the investment property as it consists of bare land and direct expenses of Rs 24,861 were incurred (2021: Rs 26,401).

The land is owned jointly with Compagnie Immobiliere Limitee.

The investment property of the Company has been pledged to secure bank overdrafts and loans.

## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

Investments classified at FVTOCI

| | 2022 | 2021 |
|---|---|---|
| | **Rs** | Rs |
| At 1 January | **4,967,295** | 5,480,771 |
| Fair value movement during the year | **(4,678,804)** | (513,476) |
| At 31 December | **288,491** | 4,967,295 |

## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI) (CONT'D)

These investments in equity instruments are unquoted and not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the Directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

The Directors have valued the unquoted investment using the market approach. Under the market approach, fair value is determined by reference to observable valuation measures for comparable companies (e.g., multiplying a key performance metric of the investee company, such as EBITDA, by a relevant valuation multiple observed in the range of comparable companies or transactions – adjusted by the Directors for differences between the investment and the referenced comparables). A discount is applied for lack of marketability and size.

The fair value of the investments is classified under level 3 of the fair valuation hierarchy.

The following table summarises the quantitative information about the significant unobservable inputs used in the level 3 fair value measurements.

| Description | Fair value at | | Unobservable inputs | Input factor | | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|
| | 2022 Rs | 2021 Rs | | 2022 | 2021 | |
| Unquoted equity investment | 288,491 | 4,967,295 | EBITDA Multiple | 8.81 | 11.02 | Increased EBITDA (+0.5) and lower discount (-1%) would increase fair value by Rs 368,037. Lower EBITDA (-0.5) and higher discount (+1%) would decrease fair value by Rs 359,557.Increased discount by size (+1%) would decrease the fair value by Rs 81,939 and lower discount by size would increase the fair value by Rs 81,939<br><br>2021:Increased EBITDA (+0.5) and lower discount (-1%) would increase fair value by Rs 468,422. Lower EBITDA (-0.5) and higher discount (+1%) would decrease fair value by Rs 458,882.Increased discount by size (+1%) would decrease the fair value by Rs 115,217 and lower discount by size would increase the fair value by Rs 115,217. |
| | | | Discount by size | 22.5% | 22.5% | |
| | | | Discount for lack of marketability | 15% | 15% | |

## 10. DEFERRED TAX (LIABILITY)/ASSET

Deferred tax is calculated on all temporary differences under the liability method at the rate of 5% (2021:5%) on export and 17% on local sales (2021:17%).

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| At 1 January | **309,898** | 4,244,999 |
| *Items recognised in profit or loss* | | |
| Movement for the year (Note 18b) | **2,821,855** | (378,425) |
| *Items recognised in other comprehensive income* | | |
| *Revaluation of buildings* | **(639,133)** | - |
| Remeasurement of retirement benefit obligations (Note 16) | **(3,264,636)** | (3,556,676) |
| At 31 December | **(772,016)** | 309,898 |

| | At 1 January 2021 | Charge/ (credit) to statement of profit or loss | Charge/ (credit) to statement of OCI | At 31 December 2021 | Charge/ (credit) to statement of profit or loss | Charge/ (credit) to statement of OCI | At 31 December 2022 |
|---|---|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs | Rs | Rs |
| Deferred tax liabilities | | | | | | | |
| Accelerated capital allowances | 17,330,246 | 1,400,652 | - | 18,730,898 | **(1,065,952)** | **-** | **17,664,946** |
| Revaluation of Property, Plant and Equipment | 5,698,995 | - | - | 5,698,995 | **-** | **639,133** | **6,338,128** |
| | 23,029,241 | 1,400,652 | - | 24,429,893 | **(1,065,952)** | **639,133** | **24,003,074** |
| Deferred tax assets | | | | | | | |
| Retirement benefit obligations | (26,324,533) | (766,605) | 3,556,676 | (23,534,462) | **276,574** | **3,264,636** | **(19,993,252)** |
| Tax losses | - | - | - | - | **(2,551,518)** | **-** | **(2,551,518)** |
| Loss allowances | (949,707) | (255,622) | - | (1,205,329) | **519,041** | **-** | **(686,288)** |
| | (27,274,240) | (1,022,227) | 3,556,676 | (24,739,791) | **(1,755,903)** | **3,264,636** | **(23,231,058)** |
| Deferred tax assets | (4,244,999) | 378,425 | 3,556,676 | (309,898) | **(2,821,855)** | **3,903,769** | **772,016** |

## 11. INVENTORIES

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Foodstuff and cosmetics (traded) | **50,552,688** | 52,433,715 |
| Raw materials | **168,166,847** | 117,729,247 |
| Packing materials | **37,704,942** | 32,232,887 |
| Finished goods and work in progress | **76,626,808** | 79,279,728 |
| Goods in transit | **8,409,738** | 36,525,785 |
| Spare parts, diesel oil and others | **16,890,972** | 18,246,962 |
| Provision for inventory | **(5,422,714)** | (9,589,759) |
| | **352,929,281** | 326,858,565 |

Inventories recognised as an expense during the year ended 31 December 2022 amounted to Rs 621,204,418 (2021: Rs 436,788,200). The inventories of the Company have been pledged to secure bank overdrafts and loans. A provision amounting to Rs 5,422,714 (2021: Rs 9,589,759) in respect of slow moving stock is recognized in inventories at the year end.

Movement in provision for inventory

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Balance at beginning of year | **9,589,759** | 7,145,624 |
| Provision for the year | **(3,400,000)** | 5,400,000 |
| Write offs | **(767,045)** | (2,955,865) |
| Balance at end of the year | **5,422,714** | 9,589,759 |

## 12. TRADE AND OTHER RECEIVABLES

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Trade receivables | **163,568,046** | 174,149,478 |
| Loss allowance | **(341,536)** | (486,531) |
| | **163,226,510** | 173,662,947 |
| Other receivables | **11,723,057** | 15,758,152 |
| Prepayments | **3,814,346** | 5,941,268 |
| | **178,763,913** | 195,362,367 |

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

### Trade receivables

The average credit period on sale of goods is 60 days.

Before accepting any new customer, the Company assesses the potential customer's credit quality and defines limits by customer and these are reviewed on a regular basis.

The Company measures 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. The Company has recognised a loss allowance of 100% against all receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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.

| | Collectively Assessed | Individually Assessed | Total |
|---|---|---|---|
| | Rs | Rs | Rs |
| Balance at 31 December 2020 | 11,434 | 506,433 | 517,867 |
| Decrease in loss allowance recognised in profit or loss during the year | (11,176) | (20,160) | (31,336) |
| Balance at 31 December 2021 | 258 | 486,273 | 486,531 |
| Increase/(decrease) in loss allowance recognised in profit or loss during the year | **14,688** | **(159,683)** | **(144,995)** |
| Balance at 31 December 2022 | **14,946** | **326,590** | **341,536** |

In the current year, bad debts have been written off amounting to Rs 396,995 (2021: Rs 283,336) under selling and distribution costs.

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

The following table details the risk profile of local trade receivables based on the Company's provision matrix at 31 December 2022 and at 31 December 2021. As the Company's historical credit loss experience does not show significantly different loss patterns for different local customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base.

| 2022 | | Local trade receivables - past due | | | | | |
|---|---|---|---|---|---|---|---|
| | Not past due | <30 days | 31-60 days | 61-90 days | 91-365 days | >365 days | Total |
| **Expected credit loss rate** | **0.015%** | **0.004%** | **0.019%** | **0.045%** | **89.64%** | **-** | |
| **Estimated total gross carrying amount at default (Rs)** | **79,751,811** | **50,891,587** | **2,146,895** | **325,168** | **364,538** | **-** | **133,479,999** |
| **Lifetime ECL (Rs)** | **11,946** | **2,265** | **402** | **146** | **326,777** | **-** | **341,536** |

| 2021 | | Local trade receivables - past due | | | | | |
|---|---|---|---|---|---|---|---|
| | Not past due | <30 days | 31-60 days | 61-90 days | 91-365 days | >365 days | Total |
| Expected credit loss rate | 0.013% | 0.003% | 0.016% | 0.069% | 83.54% | 100.00% | |
| Estimated total gross carrying amount at default (Rs) | 76,037,246 | 51,723,970 | 4,621,490 | 971,139 | 535,924 | 25,544 | 133,915,313 |
| Lifetime ECL (Rs) | 10,168 | 1,689 | 762 | 672 | 447,696 | 25,544 | 486,531 |

The Company has included amounts due from related parties amounting to Rs 339,331 (2021: Rs 366,739) in its computation.

The Company has a credit insurance coverage on all its trade receivables to the extent of 90% of the trade receivables balance (both local and export debtors) provided that they have not breached any of the eligibility criteria. A "Loss Given Default" of 10% has been applied on trade receivables which are covered by insurance.

Based on past experience, there has not been any history of default on export debtors. Management has made an assessment on the probability of default of the export debtors amounting to Rs 30,427,378 (2021: Rs 40,600,904) at reporting date and the ECL calculated thereon is immaterial and has not been accounted for.

## 13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Cash and bank balances | **8,812,467** | 5,693,398 |
| Bank overdrafts (Note 15) | **(140,319,902)** | (95,375,317) |
| Cash and cash equivalents as per Statement of Cash Flows | **(131,507,435)** | (89,681,919) |

## 14. STATED CAPITAL

14(i) Issued and fully paid

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| At 1 January and 31 December (4,495,008 ordinary shares at Rs 10 each) | **44,950,080** | **44,950,080** |

Each of the above share confer to its holder the following rights:

(a) the right to vote on poll for every share held at a meeting of the Company on any resolution;

(b) the right to an equal share in dividends authorised by the Board; and

(c) the right to an equal share in the distribution of the surplus assets of the company, on winding up

14(ii) Investment property reserve

The investment property reserve represents revaluation surplus recognised on adoption of IAS 40.

14(iii) Investment revaluation reserve

Investment revaluation reserve relates to accumulated revaluation gains on previous quoted securities which were subsequently de-listed. This will be derecognised upon disposal of the investment.

14(iv) Revaluation reserve

Revaluation reserve relates to surplus on revaluation of land and buildings.

## 15. BORROWINGS

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Current | | |
| Bank overdrafts (Note 13) | 140,319,902 | 95,375,317 |
| Bank loans | 132,728,950 | 111,340,978 |
| Loan from related party | - | 30,000,000 |
| Lease liabilities | 5,926,646 | 9,047,313 |
| | 278,975,498 | 245,763,608 |
| Non-current | | |
| Bank loans | - | 23,019,056 |
| Lease liabilities | 9,530,803 | 15,562,864 |
| | 9,530,803 | 38,581,920 |
| Total borrowings | 288,506,301 | 284,345,528 |

(a) The bank loans bear interest at 3.35% to 7.25% p.a. (2021: 3.15% to 6% p.a) and are secured by fixed and floating charges on the Company's assets except assets under lease.

Bank loans comprise of loan repayable over one year, 5 years and revolving loan renewable annually.

(b) The loan from related party bore interest at 3.25% to 3.85% p.a.,was unsecured and was repaid during the year.

(c) The bank overdrafts bear interest at 4.5% to 7.14% (2021: 2.5% to 4.35%) and are secured by floating charges on the assets of the Company except assets under lease.

*Compliance with loan covenants*

The Company had a breach in the financial covenants of one of its borrowings. The borrowings have been reclassified to current liabilities.

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Amounts recognised in profit and loss | | |
| Interest expense on lease liabilities (Note 22) | 872,468 | 1,368,829 |

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Repayment of lease liabilities - Capital portion | 9,152,728 | 9,286,796 |

## 15. BORROWINGS (CONT'D)

Disclosure required by IFRS 16

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Maturity analysis | | |
| Year 1 | 6,629,174 | 10,274,272 |
| Year 2 | 3,954,938 | 6,629,174 |
| Year 3 | 1,751,073 | 3,954,938 |
| Year 4 | 800,963 | 1,751,073 |
| Year 5 | 268,110 | 800,963 |
| Onwards | 6,947,136 | 7,215,246 |
| | 20,351,394 | 30,625,666 |

The Company does not face significant liquidity risk with regards to its lease liabilities. All the lease obligations are denominated in Mauritian Rupees.

## 16. RETIREMENT BENEFIT OBLIGATIONS

Amounts recognised in the statement of financial position:

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Pension plan (Note (a)) | 32,070,000 | 55,881,000 |
| Other retirement benefits (Note (b)) | 114,316,000 | 116,843,000 |
| Residual retirement gratuities (Note (c)) | 9,868,000 | 7,755,000 |
| | 156,254,000 | 180,479,000 |

(a) Pension plan

The pension plan is a final salary defined benefit plan and is wholly funded. The assets of the funded plan are held independently and administered by Island Life Assurance Company Limited. On 1 January 2022, the pension plan has been closed to new entrants and as from this date, new entrants joined a defined contribution scheme.

The Company operates a final salary defined benefit pension plan for all of its employees.

The plan exposes the Company 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.

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

(a) Pension plan (Cont'd)

Interest risk:

A decrease in the bond yield 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.

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 plan participants above the assumed rate will increase the plan liability whereas a decrease below the assumed rate will decrease the liability.

There has been no plan amendment, curtailment or settlement during the year.

Amounts recognised in statement of financial position at end of year:

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Present value of funded obligation | 99,257,000 | 118,514,000 |
| Fair value of plan assets | (67,187,000) | (62,633,000) |
| Liability recognised in the statement of financial position at end of year | 32,070,000 | 55,881,000 |

Amounts recognised in profit or loss:

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Current service cost | 5,834,000 | 6,879,000 |
| Net interest expense | 2,352,000 | 2,304,000 |
| Total included in staff costs (Note 23) | 8,186,000 | 9,183,000 |

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

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

Amounts recognised in other comprehensive income:

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Return on plan assets below expected interest income | 7,321,000 | (3,653,000) |
| Liability experience gain | (331,000) | 12,915,000 |
| Liability gain due to change in financial assumptions | (27,201,000) | (44,129,000) |
| | (20,211,000) | (34,867,000) |
| Total | (12,025,000) | (25,684,000) |

Movements in the present value of the defined benefit obligations were as follows:

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Present value of obligation at 1 January | 118,514,000 | 144,005,000 |
| Current service cost | 5,834,000 | 6,879,000 |
| Interest expense | 5,499,000 | 3,821,000 |
| Benefits paid | (3,058,000) | (4,977,000) |
| Liability experience (gain)/loss | (331,000) | 12,915,000 |
| Liability gain due to change in financial assumptions | (27,201,000) | (44,129,000) |
| Present value of obligation at 31 December | 99,257,000 | 118,514,000 |

Movements in the present value of the plan assets were as follows:

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Fair value of plan assets at 1 January | 62,633,000 | 54,897,000 |
| Interest income | 3,147,000 | 1,517,000 |
| Employer contributions | 11,786,000 | 7,543,000 |
| Benefits paid | (3,058,000) | (4,977,000) |
| Return on plan assets excluding interest income | (7,321,000) | 3,653,000 |
| Fair value of plan assets at 31 December | 67,187,000 | 62,633,000 |

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

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

The major categories of plan assets at the reporting date are as follows:

| | Allocation of plan assets | |
|---|---|---|
| | 2022 | 2021 |
| | % | % |
| Equities - Overseas quoted | **14** | 6 |
| Equities - Local quoted | **27** | 32 |
| Equities - Local unquoted | **1** | 3 |
| Debt - Overseas quoted | **5** | - |
| Debt - Local quoted | **6** | 7 |
| Debt - Local unquoted | **15** | 21 |
| Cash and other | **32** | 31 |
| | **100** | 100 |

Fair value of plan assets

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Equities - Overseas | **9,406,180** | 3,757,980 |
| Equities - Local quoted | **18,140,490** | 20,042,560 |
| Equities - Local unquoted | **671,870** | 1,878,990 |
| Debt - Overseas quoted | **3,359,350** | - |
| Debt - Local quoted | **4,031,220** | 4,384,310 |
| Debt - Local unquoted | **10,078,050** | 13,152,930 |
| Cash and other | **21,499,840** | 19,416,230 |
| | **67,187,000** | 62,633,000 |

The principal actuarial assumptions were:

| | 2022 | 2021 |
|---|---|---|
| Discount rate | **6.7%** | 4.7% |
| Rate of salary increases-Others/Directors | **3.0%/2.0%** | 2.0% |
| Rate of pension increases-Others/Directors | **0.0%/1.0%** | 0.0% |
| Average retirement age (ARA) | **65** | 65 |
| Assumed annuity rates for: | | |
| Male at ARA | **9.3 years** | 10.7 years |
| Female at ARA | **10.6 years** | 12.4 years |

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

(a) Pension plan (Cont'd)

Sensitivity analysis on defined benefit obligation at end of period:

| | 2022<br>Rs | 2021<br>Rs |
|---|---|---|
| Increase due to 1% decrease in discount rate | **15,477,000** | 21,776,000 |
| Decrease due to 1% increase in discount rate | **12,690,000** | 17,442,000 |
| Increase due to 1% increase in salary increase rate | **9,170,000** | 12,126,000 |
| Decrease due to 1% decrease in salary increase rate | **8,244,000** | 10,811,000 |

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

Future cash flows

The funding policy is to pay contributions to an external legal entity at the rate recommended by the entity's actuaries.

| | |
|---|---|
| Expected employer contribution for the next year | Rs 11,693,000 |
| Weighted average duration of the defined benefit obligation | 14 years |

The most recent actuarial valuation of the funded plan was carried out at 31 December 2022 by AON Solutions Ltd, actuaries and consultants.

(b) Other retirement benefits

Amounts recognised in statement of financial position at year end:

| | 2022<br>Rs | 2021<br>Rs |
|---|---|---|
| Liability recognised in statements of financial position at end of year | **114,316,000** | 116,843,000 |

Amounts recognised in profit or loss:

| | 2022<br>Rs | 2021<br>Rs |
|---|---|---|
| Current service cost | **3,785,000** | 3,972,000 |
| Interest expense | **5,406,000** | 3,135,000 |
| Total included in staff costs (Note 23) | **9,191,000** | 7,107,000 |

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

(b) Other retirement benefits (Cont'd)

Amounts recognised in other comprehensive income:

| | 2022 | 2021 |
|---|---|---|
| | **Rs** | Rs |
| Liability experience loss/(gain) | **6,797,000** | 13,909,000 |
| Liability (gain)/loss due to change in financial assumptions | **(9,994,000)** | (11,760,000) |
| | **(3,197,000)** | 2,149,000 |
| Total | **5,994,000** | 9,256,000 |

Reconciliation of the present value of unfunded benefit obligation:

| | 2022 | 2021 |
|---|---|---|
| | **Rs** | Rs |
| Present value at 1 January | **116,843,000** | 116,276,000 |
| Current service cost | **3,785,000** | 3,972,000 |
| Interest expense | **5,406,000** | 3,135,000 |
| Benefits paid | **(8,521,000)** | (8,689,000) |
| Liability experience loss | **6,797,000** | 13,909,000 |
| Liability gain due to change in financial assumptions | **(9,994,000)** | (11,760,000) |
| Present value of obligation at 31 December | **114,316,000** | 116,843,000 |

The principal actuarial assumptions were:

| | 2022 | 2021 |
|---|---|---|
| Discount rate | **6.6%** | 4.8% |
| Medical cost increases | **6.6%** | 4.8% |
| Rate of pension increases | **1.0%** | 1.0% |

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

(b) Other retirement benefits (Cont'd)

Sensitivity analysis on other benefit obligation at end of period:

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Increase due to 1% decrease in discount rate | 12,980,000 | 14,457,000 |
| Decrease due to 1% increase in discount rate | 10,818,000 | 11,894,000 |
| Increase due to 1% increase in salary increase rate | 694,000 | 866,000 |
| Decrease due to 1% decrease in salary increase rate | 666,000 | 830,000 |

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the other benefit obligation.

Future cash flows

The funding policy is to pay benefits out of the reporting entity's cash flow as and when due.

| | |
|---|---|
| Expected employer contribution for the next year | Rs 10,042,000 |
| Weighted average duration of the defined benefit obligations | 10 years |

The most recent actuarial valuation of the unfunded plan was carried out at 31 December 2022 by AON Solutions Ltd,actuaries and consultants.

(c) Residual retirement gratuities

Amounts recognised in statements of financial position at end of year:

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Liability recognised in the statement of financial position at end of year | 9,868,000 | 7,755,000 |

Amounts recognised in profit or loss:

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Current service cost | 619,000 | 476,000 |
| Past service cost | - | 35,000 |
| Net interest expense | 365,000 | 192,000 |
| Total included in staff costs (Note 23) | 984,000 | 703,000 |

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

(c) Residual retirement gratuities (Cont'd)

Amounts recognised in other comprehensive income:

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Liability experience loss/(gain) | 365,000 | (494,000) |
| Liability loss due to change in financial assumptions | 1,068,000 | 888,000 |
| | 1,433,000 | 394,000 |
| Total | 2,417,000 | 1,097,000 |

Movements in the present value of the defined benefit obligations were as follows:

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Present value of obligation at 1 January | 7,755,000 | 7,037,000 |
| Current service cost | 619,000 | 476,000 |
| Interest expense | 365,000 | 192,000 |
| Past service cost | - | 35,000 |
| Other benefits paid | (304,000) | (379,000) |
| Liability experience loss/(gain) | 365,000 | (494,000) |
| Liability loss due to change in financial assumptions | 1,068,000 | 888,000 |
| Present value of obligation at 31 December | 9,868,000 | 7,755,000 |

The principal actuarial assumptions were:

| | 2022 | 2021 |
|---|---|---|
| Discount rate | 6.6% | 4.8% |
| Rate of salary increases- Others/Directors | 3.0%/2.0% | 2.0% |
| Average retirement age (ARA) | 65 | 65 |
| Assumed annuity rates for: | | |
| Male at ARA | 9.3 years | 10.7 years |
| Female at ARA | 10.6 years | 12.4 years |

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

(c) Residual retirement gratuities (Cont'd)

Sensitivity analysis on other retirement benefit obligations at end of period:

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Increase due to 1% decrease in discount rate | **494,000** | 351,000 |
| Decrease due to 1% increase in discount rate | **413,000** | 281,000 |
| Decrease due to 1% increase in salary increase rate | **41,000** | 75,000 |
| Increase due to 1% decrease in salary increase rate | **108,000** | 164,000 |

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period on the above assumptions while leaving all other assumptions unchanged. The results are particularly sensitive to a change in discount rate due to the nature of the liabilities being the difference between the pure retirement gratuities under the Employment Rights Act 2008 and the deductions allowable, being five times the annual pension provided and half the lump sum received by the member at retirement from the pension fund with reference to the Company's share of contributions.

Future cash flows

The funding policy is to pay benefits out of the reporting entity's cash flow as and when due.

| | |
|---|---|
| Expected employer contribution for the next year | Rs 579,000 |
| Weighted average duration of the defined benefit obligations | 10 years |

The most recent actuarial valuation of the retirement gratuities plan was carried out at 31 December 2022 by AON Solutions Ltd, actuaries and consultants.

(d) National Pension Plan

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| National Pension Scheme contributions expensed | **3,517,428** | 3,356,900 |

## 17. TRADE AND OTHER PAYABLES

| | 2022 | 2021 |
|---|---|---|
| | **Rs** | Rs |
| Trade payables | **36,825,358** | 74,343,727 |
| Other payables | **7,068,698** | 3,840,753 |
| Accruals | **31,490,574** | 28,675,280 |
| Import loans | **69,841,878** | 24,158,154 |
| | **145,226,508** | 131,017,914 |

The average credit period on purchases is 25 days. No interest is charged by creditors and the Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

## 18. TAXATION

Income tax is calculated at the rate of 3% from revenue from export (2021: 3%) and 15% from revenue from local sales (2021: 15%) on the profit for the year as adjusted for corporate tax purposes and Corporate Social Responsibility (CSR) of 2%. No provision has been made for the year ended 31 December 2022 as the Company has tax losses of Rs 20,710,374 (2021: provision of Rs 1,330,412 was made).

The Company is required to set up a CSR fund equivalent to 2% of its chargeable income of the preceding year to implement a CSR programme in accordance with its own CSR framework. Where the amount paid out of the CSR fund is less than the amount provided under the fund, the difference shall be remitted to the Director-General at the time of submission of the income tax return of the year under review.

(a) Current income tax (asset)/liability

| | 2022 | 2021 |
|---|---|---|
| | **Rs** | Rs |
| At 1 January | **1,613,579** | 1,445,661 |
| Charge for the year | **-** | 1,930,922 |
| Payment during the year | **(2,045,192)** | (1,809,210) |
| CSR | **286,755** | 39,395 |
| Tax deducted at source | **(22,768)** | (22,908) |
| Refund during the year | **25,693** | 29,719 |
| At 31 December | **(141,933)** | 1,613,579 |

## 18. TAXATION (CONT'D)

(b) Tax expense

| | 2022 Rs | 2021 Rs |
|---|---|---|
| Charge for the year | - | 1,930,922 |
| CSR provision | **286,755** | 315,141 |
| Deferred tax movement (Note 10) | **(2,821,855)** | 378,425 |
| Tax expense | **(2,535,100)** | 2,624,488 |
| Tax reconciliation | | |
| (Loss)/profit before tax | **(18,168,500)** | 10,562,096 |
| Tax at effective tax rate | **(2,238,359)** | 1,162,751 |
| *Effects of:* | | |
| Expenses not deductible for tax purposes | **143,457** | 48,160 |
| Allowable expenses | **(86,240)** | - |
| Exempt income | - | (33,000) |
| Investment tax credit | - | (1,578,399) |
| Covid-19 Levy | - | 1,930,922 |
| CSR paid/adjustment | **286,755** | 315,141 |
| (Over)/under provision of deferred tax | **(640,713)** | 778,913 |
| Tax expense | **(2,535,100)** | 2,624,488 |

## 19. REVENUE

The Company derives its revenue from contracts with customers for the transfer of goods at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating Segments (see note 28).

| | 2022 Rs | 2021 Rs |
|---|---|---|
| Local sales - manufacturing goods | **412,213,141** | 373,603,140 |
| Local sales - trading goods | **123,097,660** | 107,387,230 |
| Export sales - manufacturing goods | **344,193,231** | 239,710,387 |
| Export sales - trading goods | **1,403,494** | - |
| | **880,907,526** | 720,700,757 |

## 20. INVESTMENT INCOME

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Dividend income | - | 202,518 |
| Interest receivable | 171 | - |
| | 171 | 202,518 |

## 21. OTHER INCOME

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Rental income | 248,400 | 248,400 |
| Others | 341,269 | 384,784 |
| Profit on disposal of property, plant and equipment | 47,310 | 97,248 |
| Government wage assistance scheme | - | 1,930,922 |
| | 636,979 | 2,661,354 |

## 22. FINANCE COSTS

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| *Interest on:* | | |
| - bank loans | 5,511,186 | 3,863,982 |
| - bank overdrafts | 6,224,553 | 5,220,372 |
| - import loan | 1,609,874 | 178,293 |
| - leases (Note 15) | 872,468 | 1,368,829 |
| - loan from related party (Note 26) | 801,370 | 264,452 |
| | 15,019,451 | 10,895,928 |

## 23. (LOSS)/PROFIT FOR THE YEAR

(Loss)/profit for the year is arrived at after charging/(crediting) the following main expense items:

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Cost of raw materials and finished goods consumed | 621,204,418 | 436,788,200 |
| Staff costs | 145,607,706 | 145,678,144 |
| Depreciation and amortisation | 28,471,826 | 26,589,872 |
| Repairs and maintenance | 14,086,280 | 11,439,067 |
| Advertising | 15,335,615 | 23,673,855 |
| Export expenses | 7,771,013 | 6,583,619 |
| Legal and professional expenses | 9,425,599 | 6,825,532 |
| Loss allowance on trade receivables | (144,995) | (31,336) |
| Exchange gain | (4,789,556) | (1,433,523) |
| Total staff costs are analysed as follows: | | |
| Salaries and allowances | 126,975,238 | 125,271,386 |
| Defined benefit plans and pension | 18,361,000 | 16,993,000 |
| Termination benefits | 271,468 | 3,413,758 |
| | 145,607,706 | 145,678,144 |

| | 2022 | 2021 |
|---|---|---|
| Number of employees | 275 | 276 |

## 24. EARNINGS PER SHARE

Earnings per share are based on (loss)/profit for the year after taxation and on the weighted average number of shares in issue throughout the year.

Loss after tax for the year 2022 amounted to Rs 15,633,400 (2021: profit of Rs 7,937,608). The weighted average number of ordinary shares in issue amounted to 4,495,008 (2021: 4,495,008).

## 25. DIVIDEND

No dividend was declared for the years 2022 and 2021.

## 26. RELATED PARTY TRANSACTIONS

During the year the Company entered into the following trading transactions with related parties, which are related with Currimjee Industries Ltd and the ultimate holding company Currimjee Limited.

Transactions carried out with related parties on commercial terms and conditions were:

| | 2022 | 2021 |
|---|---|---|
| | **Rs** | Rs |
| (a) Sales of goods | **1,862,984** | 1,400,156 |
| (b) Purchases of goods and services | **27,650,671** | 23,459,894 |
| (c) Payment of secretarial, management and consultancy fees | **2,340,419** | 2,476,400 |
| (d) Rental income | **248,400** | 248,400 |
| (e) Interest paid | **801,370** | 264,452 |
| (f) Outstanding balances: | | |
| - Receivables from related parties | **339,331** | 366,739 |
| - Loan payable to related party | **-** | 30,000,000 |
| - Payables to related parties | **6,527,195** | **1,433,259** |
| (g) Compensation of key management personnel of the company | | |
| Executive Director | | |
| Salaries and other short term employee benefits | **9,425,500** | 9,080,564 |
| Other long term benefits | **2,889,891** | 2,023,841 |
| Non Executive and Independent Directors | | |
| Remuneration | **1,640,042** | 716,674 |

Receivables and payables from related parties are interest free, unsecured and with fixed terms of repayment, except for loan payable to related party which bears interest.

## 27. FINANCIAL INSTRUMENTS

In its ordinary operations, the Company is exposed to various risks such as capital risk, foreign currency risks, interest rate risks, credit risks and liquidity risks. The Company has put in place processes for managing these exposures.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2021.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 15, net of cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

## 27. FINANCIAL INSTRUMENTS (CONT'D)

*Gearing Ratio*

The gearing ratio at the year end was as follows:

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Debt (i) | **288,506,301** | 284,345,528 |
| Cash and cash equivalents | **(8,812,467)** | (5,693,398) |
| Net Debt | **279,693,834** | 278,652,130 |
| Equity (ii) | **272,197,855** | 263,944,842 |
| Net debt to equity ratio | **102.75%** | 105.57% |

(i) Debt is defined as long and short term borrowings, lease liabilities and bank overdrafts.
(ii) Equity includes all capital and reserves of the company.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in Note 3(h) to the financial statements.

Fair values

Except where stated, the carrying amounts of the Company's financial assets and financial liabilities approximate their fair values due to the short-term nature of the balances involved.

With respect to long term loans and leases, the Directors consider the carrying value of these financial liabilities to approximate their fair values.

Categories of financial instruments

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| *Financial assets* | | |
| At fair value through OCI | | |
| Financial assets at FVTOCI | **288,491** | 4,967,295 |
| At amortised cost | | |
| Trade and other receivables | **171,257,527** | 177,717,472 |
| Cash and cash equivalents | **8,812,467** | 5,693,398 |
| Amount owed by related parties | **339,331** | 366,739 |
| | **180,697,816** | 188,744,904 |

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### Categories of financial instruments (cont'd)

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| *Financial liabilities* | | |
| *At amortised cost:* | | |
| Bank loans | **132,728,950** | 134,360,034 |
| Loan from related party | **-** | 30,000,000 |
| Trade and other payables | **139,415,958** | 128,436,785 |
| Bank overdrafts | **140,319,902** | 95,375,317 |
| Lease liabilities | **15,457,449** | 24,610,177 |
| Amount owed to related parties | **6,527,195** | 1,433,259 |
| | **434,449,454** | 414,215,572 |

### Foreign currency risk management

The Company is exposed to the risk that the exchange rate of the Mauritian rupee relative to the currencies listed below may change in a manner which has a material effect on the reported values of the company's financial assets and financial liabilities.

### Currency profile

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

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| *Financial assets* | | |
| Euro | **25,423,790** | 19,754,395 |
| United States Dollars | **20,338,706** | 23,893,848 |
| Mauritian Rupees | **134,935,320** | 145,096,661 |
| | **180,697,816** | 188,744,904 |
| *Financial liabilities* | | |
| Euro | **1,758,395** | 26,644,009 |
| United States Dollars | **85,872,094** | 98,951,700 |
| Mauritian Rupees | **346,818,965** | 288,619,863 |
| | **434,449,454** | 414,215,572 |

## 27. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency sensitivity analysis

The Company is mainly exposed to the United States Dollars (USD) and Euro.

The following table details the Company's sensitivity to a 10% increase in the Mauritian Rupee against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the Mauritian Rupee strengthens 10% against the relevant currency. For a 10% weakening of the Mauritian Rupee against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

Impact of an appreciation of 10% of the Mauritian Rupee:

| | 2022 | 2021 |
|---|---|---|
| | **Rs** | Rs |
| **Profit or loss** | | |
| USD impact | **6,553,339** | 7,505,785 |
| Euro impact | **(2,366,540)** | 688,961 |

The gain or loss is mainly attributable to the exposure outstanding on USD and Euro receivables and payables at year end in the Company.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Company has policies in place to assess the potential customer's credit quality and define credit limits by customer which are reviewed on a regular basis by management. At the level of operations, outstanding debts are continuously monitored and relevant diminution in value is recognised as and when they become apparent. The Company has significant concentration of risk on the trade receivables as mentioned in Note 12.

The Company's credit risk are primarily attributable to trade receivables, other receivables, amount due from related companies 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 12 and represents the Company's maximum exposure to credit risk. All bank balances are assessed to have low credit risk at reporting date since they are held with reputable banking institutions. The identified impairment loss on these balances was immaterial.

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## 27. FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the company by maintaining an appropriate mix between fixed and floating rate borrowings.

The interest rate profile of the financial liabilities of the Company as at 31 December was:-

| | Currency | | Interest rate p.a. | |
|---|---|---|---|---|
| | | | 2022 | 2021 |
| Bank overdrafts | MRU | Floating | **4.5%-7.14%** | 3.85%-4.35% |
| Bank loans | MRU | Floating | **3.35%-7.25%** | 3.15%-6% |
| Loan from related party | MRU | Floating | **3.25%-3.85%** | 3.25%-3.85% |
| Import loans | MRU | Floating | **4.86%-7.07%** | 3.8%-4.35% |
| Lease liabilities | MRU | Fixed | **4.5%-7.5%** | 4.5%-7.28% |

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for the non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher and all other variables were held constant, the Company's profit for the year ended 31 December 2022 would decrease by Rs 1,714,454 (2021: decrease by Rs 1,419,468). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

## 27. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk management

The Company manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial liabilities.

The maturity profile of the financial liabilities is summarised as follows:

| 2022 | At Call | Less than 1 month | 1-3 months | 3 months to 1 year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs | Rs | Rs |
| Bank loans | **100,000,000** | **1,226,090** | **2,452,180** | **32,586,447** | **-** | **-** | **136,264,717** |
| Trade and other payables | **-** | **38,386,243** | **99,771,567** | **1,258,148** | **-** | **-** | **139,415,958** |
| Bank overdrafts | **140,319,902** | **-** | **-** | **-** | **-** | **-** | **140,319,902** |
| Lease liabilities | **-** | **562,768** | **1,668,235** | **4,347,867** | **6,643,828** | **6,947,135** | **20,169,833** |
| Amount owed to related parties | **-** | **-** | **6,527,195** | **-** | **-** | **-** | **6,527,195** |
| | **240,319,902** | **40,175,101** | **110,419,177** | **38,192,462** | **6,643,828** | **6,947,135** | **442,697,605** |

| 2021 | At Call | Less than 1 month | 1-3 months | 3 months to 1 year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs | Rs | Rs |
| Bank loans | 100,000,000 | 1,140,279 | 2,280,557 | 9,429,173 | 24,194,335 | - | 137,044,344 |
| Loan from related party | 30,000,000 | - | - | - | - | - | 30,000,000 |
| Trade and other payables | - | 24,158,154 | 103,019,007 | 1,259,624 | - | - | 128,436,785 |
| Bank overdrafts | 95,375,317 | - | - | - | - | - | 95,375,317 |
| Lease liabilities | - | 939,476 | 1,812,989 | 7,294,631 | 12,990,886 | 7,195,248 | 30,233,230 |
| Amount owed to related parties | - | - | 1,433,259 | - | - | - | 1,433,259 |
| | 225,375,317 | 26,237,909 | 108,545,812 | 17,983,428 | 37,185,221 | 7,195,248 | 422,522,935 |

The Company has access to unused financing facilities at reporting date. The Company expects to meet its obligations from operating cash flows.

## 28. BUSINESS AND GEOGRAPHICAL SEGMENTS

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief decision maker in order to allocate resources to the segments and to assess their performance.

Products and services from which reportable segments derive their revenues.

The Company is engaged in the manufacturing of soap and detergent products. The Company also imports fast moving consumer goods under its trading division and ensures its own distribution around the country. The principal products and services of each of these divisions are as follows:

Manufacturing - the manufacturing and sale of soap and detergent products.

Trading - trading of fast moving consumer goods.

Segment revenue and segment (loss)/profit

| | Segment revenue | | Segment profit | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | Rs | Rs | Rs | Rs |
| Manufacturing | **756,406,372** | 613,313,527 | **(16,351,908)** | 12,416,813 |
| Trading | **124,501,154** | 107,387,230 | **11,865,709** | 6,177,339 |
| Total of all segments | **880,907,526** | 720,700,757 | **(4,486,199)** | 18,594,152 |
| Other income | | | **636,979** | 2,661,354 |
| Investment income | | | **171** | 202,518 |
| Finance costs | | | **(15,019,451)** | (10,895,928) |
| (Loss)/profit before tax | | | **(18,168,500)** | 10,562,096 |
| Taxation | | | **2,535,100** | (2,624,488) |
| (Loss)/profit for the year | | | **(15,633,400)** | 7,937,608 |

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 3. Segment (loss)/profit represents the (loss)/profit earned by each segment without allocation of investment revenue, finance costs and income taxes. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

## 28. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONT'D)

Segment assets and liabilities

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | Rs | Rs | Rs | Rs |
| Manufacturing | **765,477,647** | 744,827,555 | **571,237,043** | 557,130,030 |
| Trading | **75,575,804** | 85,429,374 | **25,276,961** | 40,145,671 |
| Total segments assets/liabilities | **841,053,451** | 830,256,929 | **596,514,004** | 597,275,701 |
| Financial assets at FVTOCI | **288,491** | 4,967,295 | **-** | - |
| Investment property | **28,000,000** | 27,300,000 | **-** | - |
| Current income tax asset | **141,933** | - | **-** | - |
| Current income tax liability | **-** | - | **-** | 1,613,579 |
| Deferred income tax liability | **-** | - | **772,016** | - |
| Deferred income tax asset | **-** | 309,898 | **-** | - |
| Total assets/liabilities per Statement of Financial Position | **869,483,875** | 862,834,122 | **597,286,020** | 598,889,280 |

Other segment information

| | Depreciation and amortisation | | Additions to non-current assets | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | Rs | Rs | Rs | Rs |
| Manufacturing | **27,300,207** | 25,563,670 | **16,501,858** | 17,058,856 |
| Trading | **1,171,619** | 1,026,202 | **15,184** | 61,021 |
| | **28,471,826** | 26,589,872 | **16,517,042** | 17,119,877 |

All assets are allocated to reportable segments other than investments, investment property, tax asset and deferred tax assets. Goodwill is allocated to reportable segments as described in Note 7. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

## 28. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONT'D)

*Geographical segments*

The Company's operations are local and overseas.

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Local sales | **535,310,801** | 480,990,370 |
| Overseas sales | **345,596,725** | 239,710,387 |
| | **880,907,526** | 720,700,757 |

## 29. OPERATING LEASE ARRANGEMENTS

**The Company as a lessor**

The operating lease relates to an agreement with a company to put up a tower and telecommunication systems on the building of Soap & Allied Industries Limited. The lease term is for twenty years with an option to renew upon mutual consent.

Rental income earned by the Company from its property is set out as in Note 21.

Non-cancellable operating lease receivable

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Not longer than 1 year | **285,660** | 248,400 |
| Longer than 1 year and not longer than 5 years | **1,142,640** | 1,142,640 |
| Longer than 5 years | **1,642,545** | 1,928,205 |
| | **3,070,845** | 3,319,245 |

## 30. CAPITAL COMMITMENTS

| | 2022 | 2021 |
|---|---|---|
| | Rs | Rs |
| Authorised by the Board of Directors but not contracted for: | | |
| Commitments for the acquisition of property, plant and equipment | **116,609** | 5,798,225 |

## 31. HOLDING AND ULTIMATE HOLDING COMPANY

The Company considers Currimjee Industries Ltd, a company incorporated in Mauritius, as the holding company and Currimjee Limited, a company incorporated in Mauritius, as the ultimate holding company.

## 32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Company's liabilities arising from financing activities,including both cash and non-cash changes. Liabilities arising from financial activities are those for which cash flows were,or future cash flows will be classified in the Company's statement of cash flows as cash flows from financing activities.

| | At 1 January 2022 | Financing cash flows (i) | New leases | At 31 December 2022 |
|---|---|---|---|---|
| **2022** | **Rs** | **Rs** | **Rs** | **Rs** |
| **Bank loans** | **134,628,034** | **(1,899,084)** | **-** | **132,728,950** |
| **Loan from related party** | **30,000,000** | **(30,000,000)** | **-** | **-** |
| **Lease liabilities** | **24,610,177** | **(9,152,728)** | **-** | **15,457,449** |
| | **189,238,211** | **(41,051,812)** | **-** | **148,186,399** |

| | At 1 January 2021 | Financing cash flows (i) | New leases | At 31 December 2021 |
|---|---|---|---|---|
| 2021 | Rs | Rs | Rs | Rs |
| Bank loans | 89,802,006 | 44,826,028 | - | 134,628,034 |
| Loan from related party | - | 30,000,000 | - | 30,000,000 |
| Lease liabilities | 33,109,320 | (9,286,796) | 787,653 | 24,610,177 |
| | 122,911,326 | 65,539,232 | 787,653 | 189,238,211 |

(i) The cash flows from bank loans make up the net amount of proceeds from borrowings in the statement of cash flows.

## 33. CONTINGENT LIABILITY

| | 2022 | 2021 |
|---|---|---|
| | **Rs** | Rs |
| Bank guarantees | **140,000** | 80,000 |

## 34. RESTATEMENT NOTE

During the year under review, the Directors have noted that export expenses were classified under selling and distribution costs. Export expenses, in fact, relate directly to the cost of exporting the goods produced and should therefore have been classified under cost of sales.

The Directors have therefore restated the prior year figures as the export expenses amounting to Rs 6,583,619 for the year ended 31 December 2021 were material to the financial statements. The correction was done by restating each of the affected financial statement line items for the prior period as follows:

Statement of profit or loss for the year ended 31 December 2021:

| | As previously reported 2021 | Restatement 2021 | As restated 2021 |
|---|---|---|---|
| | Rs | Rs | Rs |
| | | - | |
| Cost of sales | 542,272,022 | 6,583,619 | 548,855,641 |
| Selling and distribution costs | 47,883,308 | -6,583,619 | 41,299,689 |

The restatement has no impact on the statement of cash flows for the year ended 31 December 2021 and the statement of financial position at 31 December 2021 and 1 January 2021.

## 35. EVENTS AFTER REPORTING PERIOD

Subsequent to 31 December 2022, there is no event that may directly or indirectly impact the Company's activities in material respects by interrupting and disrupting business and transactional activities.

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Convient aux diabétiques

SOAP & ALLIED INDUSTRIES LIMITED

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Mauritius

BRN: C06001441