SOAP & ALLIED INDUSTRIES LIMITED

ANNUAL REPORT 2021

CONTENTS

Open flap for Notice of Annual Meeting

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 27th of July 2022 at 11.00 hours to transact the following business:

RESOLUTIONS TO BE VOTED AS ORDINARY RESOLUTIONS

1. To adopt the Minutes of the Annual Meeting of Shareholders of the Company held on 30th of September 2021 as true proceedings of the meeting.
   ORDINARY RESOLUTION I
   "RESOLVED that the Minutes of the Annual Meeting of Shareholders of the Company held on 30th of September 2021 be adopted as true proceedings of the meeting."

2. To consider the Annual Report of the Company for the year ended 31st December 2021.

3. To receive the Auditors' Report of the Company for the year ended 31st December 2021.

4. To consider and adopt the Audited Financial Statements of the Company for the year ended 31st December 2021.
   ORDINARY RESOLUTION II
   "RESOLVED that the Audited Financial Statements of the Company for the year ended 31st December 2021 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."

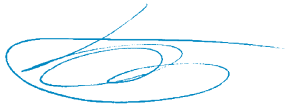
10. To re-appoint Mrs. Anne-Claire F C M Moulin as Director of the Company, to hold office until the next Annual Meeting of Shareholders.
    ORDINARY RESOLUTION VIII
    "RESOLVED that Mrs. Anne-Claire F C M Moulin be hereby re-appointed as Director of the Company, to hold office until the next Annual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

11. To confirm the appointment of 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 the appointment of Mr. A J Errol Martin as Director of the Company, to hold office until the next Annual Meeting of Shareholders, be hereby confirmed."

1. To confirm the appointment of Mr. M Issa Taujoo as Director of the Company, to hold office until the next Annual Meeting of shareholders.
   ORDINARY RESOLUTION X
   RESOLVED that the appointment of Mr. M Issa Taujoo as Director of the Company, to hold office until the next Annual Meeting of Shareholders, be hereby confirmed."

2. To re-appoint, on recommendation of the Board, Messrs. PricewaterhouseCoopers Ltd as Auditors of the Company for the year ending 31st December 2022 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 2022 and that the Board of Directors be authorised to fix their remuneration."

By Order of the Board **6th day of July 2022**



Per Ramanuj Nathoo
Company 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.

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 30th June 2022.

d) The Minutes of the Annual Meeting of Shareholders held on 30th of September 2021 are available for consultation by the Shareholders during office hours, at the Registered Office of the Company.

e) The Board of Directors of Soap & Allied Industries Limited wishes to assure its Shareholders that all the prevailing national sanitary protocols will be strictly observed so as to ensure the smooth running of the meeting.

f) We are closely monitoring the evolution of Covid-19 in Mauritius. If it becomes necessary or appropriate to make further changes to the arrangements for the holding of the Annual Meeting, we will ensure that shareholders are given as much notice as possible.

g) In the event that this meeting cannot be held on 27th July 2022 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.

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of **Soap & Allied Industries Limited** (the "Company") for the year ended 31st December 2021. This report was approved by the Board of Directors on 21st March 2022.

The Annual Meeting of Shareholders of the Company will be held on **27th July 2022 at 11:00 hours** at the Boardroom of the Company situated at Old Moka Road, Bell Village, Port Louis, Mauritius.

The Annual Meeting is an important day in the calendar as it enables the Board to engage with its shareholders on a range of matters concerning the business of the meeting. In addition, it provides a valuable forum for shareholders to ask questions. On behalf of the Board, we strongly encourage you to attend this Annual Meeting.

In view of the Covid-19 pandemic, the Board of Directors of the Company wishes to assure its Shareholders that all prevailing national sanitary protocols will be strictly observed so as to ensure the smooth running of the meeting.

Sincerely,

Saleem Karimjee
Chairman

THE HERBAL EXPERT

Himalaya™

SINCE 1930

La gamme la plus complète de soins naturels pour le visage

FINANCIAL HIGHLIGHTS

REVENUE

RS 701,270,881

RS 720,700,757

GROSS PROFIT

RS 189,864,824

RS 178,428,735

PROFIT BEFORE TAXATION

RS 22,861,857

RS 10,562,096

SHAREHOLDERS FUNDS

RS 227,753,386

RS 263,944,842

EARNINGS PER SHARE

RS 4.81

RS 1.77

2020

2021

Safeguard
ANTIBACTERIAL SOAP

100% PROTECTION

Keep your family Safe

Tous les jours, des gestes aussi ordinaires que faire du jardinage, jouer avec le chien ou encore laisser les enfants jouer dehors nous mettent, ainsi que notre famille, en contact avec des germes et bactéries. Formulé à base d'huiles végétales et d'agents antibactériens, le **Savon Safeguard** nettoie et protège votre peau en éliminant bactéries et germes**.** De plus, sa formule hydratante permet un usage quotidien pour toute la famille.

Stay Safe with Safeguard.

CHAIRMAN'S STATEMENT

Dear Shareholder,

I am pleased to present to you the Annual Report of Soap & Allied Industries Limited ("the Company or SAIL") for the financial year ended 31 December 2021.

Before going any further, on behalf of the Board of Directors and the Staff of the Company I wish to sincerely thank the former Chairman, Mr Bashirali A Currimjee, G.O.S.K., for the unparalleled contribution he made over so many years through his wise counsel, business acumen and leadership skills. It is an immense privilege to have worked with him, and a daunting challenge to try to fill his shoes.

THE CHALLENGING BUSINESS CONDITIONS PERSIST

Across the globe, the negative effects of the Covid-19 pandemic continued relentlessly for much of the year 2021. At home, important segments of the economy had to limit operations, be the domestic market or export oriented, leading to an erosion in disposable income across the population. At the same time, supply chain disruptions brought about by reduced availability of raw material and scarce freight capacity drove up local manufacturing costs, and forced companies to hold larger inventories than they otherwise would. SAIL was no exception to this trend.

The safety of our employees remained our top priority during the year. Beyond deploying strict sanitary protocols and ensuring the use of Personal Protective Equipment (PPE), all employees reporting to work underwent a daily health check conducted by an on-site Medical Doctor. Office staff who could work from home were encouraged to do so.

FINANCIAL PERFORMANCE

The difficult business environment took its toll on the Company. As detailed in the attached audited financial statements, whereas turnover rose by 3% to reach Rs 721m in 2021, net profit after tax dropped from Rs 21.6m in 2020 to just Rs 7.9m due to higher operating costs. Cash generation was similarly constrained.

DIVIDENDS

Although economic activity began to pick up at the end of the year with the easing of several Covid-related restrictions, the outlook for 2022 remains uncertain. The war in Ukraine has made a bad situation even worse, negatively affecting energy and commodity supply and prices. Given the circumstances, the Board deems it wise to maintain a conservative policy and has decided not to declare a dividend for fiscal year 2021.

GOVERNANCE AND BOARD MATTERS

Robust governance is critical to strengthen the effectiveness of the Board, 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 embedded in our culture.

The composition of the Board has been further enhanced since the last Annual General Meeting with the appointment of two Independent Directors – Mr A J Errol Martin and Mr M Issa Taujoo – both of whom add valuable experience and skills to the Board.

CHAIRMAN'S STATEMENT (CONT'D)

I am pleased to report that the Company complies in all material respects with the Code of Corporate Governance of Mauritius, as laid out in the Corporate Governance Report that follows.

ACKNOWLEDGEMENTS

I thank my fellow Directors and Board Committee Members for their unflinching support, guidance, and advice during the year.

On behalf of the Board of Directors, I take this opportunity to express gratitude to our Management team for their continued hard work and dedication to the Company and I salute our employees for their courage and sense of duty, enabling the Company to maintain a regular supply to the population in very challenging times.

Finally, to our valued customers, partners, community, and shareholders, thank you for your ongoing trust.

Saleem Karimjee
Chairman

6th July 2022

Himalaya™
HERBAL HEALTHCARE

Turmeric 95

STRENGTHENS JOINTS & IMMUNITY

CLINICALLY PROVEN

- Alleviates joint pain
- Natural anti-inflammatory
- Boosts immunity

CORPORATE PROFILE

Directors of the Company

Chairman and Non-Executive Director
Mr. Saleem Karimjee
(appointed as Director on 14 April 2021 and Chairman on 28 January 2022)

Mr. Bashirali A Currimjee, G.O.S.K.
(resigned as Chairman, and Non-Executive Director on 31 December 2021)

Managing Director
Mr. Ashraf M Currimjee

Non-Executive Directors
Mr. Azim F Currimjee
Mr. Raffi Currimjee
Mr. Rajvardhan Singh Bhullar *(appointed as Director on 14 April 2021)*
Mrs. Anne-Claire F C M Moulin *(appointed as Director on 01 June 2021)*
Mr. Uday K Gujadhur *(resigned as Director on 07 December 2021)*

Independent Non-Executive Directors
Mr. A J Errol Martin *(appointed as Director on 22 February 2022)*
Mr. M Issa Taujoo *(appointed as Director on 30 May 2022)*

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

REPORT FROM THE BOARD OF DIRECTORS

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 2021.

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.

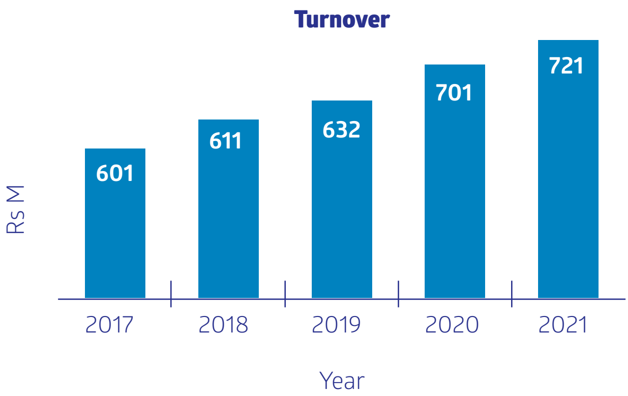
The Company's Brands

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 Health	Himalaya Animal Care
Rice	Cercle Vert

Results

The Company's turnover for the year 2021 stood at Rs 721M compared to Rs 701M in the year 2020. The Company's profit after tax for the year 2021 stood at Rs 7.9M as compared to a net profit after tax of Rs 21.6M in 2020.

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



REPORT FROM THE BOARD OF DIRECTORS
(CONT'D)

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 2021, 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:

	2021 (Rs)	2020 (Rs)
Audit fees	**790,454**	790,454
Other services	**73,360**	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 21st March 2022.

Mr. Saleem Karimjee
Chairman

Mr. Ashraf M Currimjee
Managing Director


Fairy
LESSIVE LIQUIDE
JE CHOISIS
LA TECHNOLOGIE
AU MEILLEUR PRIX
BIO
ACTIVE
BOOSTER
ACTION DESINCRUSTANTE
Fairy
LESSIVE LIQUIDE
3L


Olivier Delagrange
LE SAVON LIQUIDE MAINS
ANTIBACTÉRIEN No.1
Olivier Delagrange
ANTI-BACTÉRIEN
Verdure & Nature
Savon Liquide Mains
500ml
Nuance Exotique
Fleur de Citron
Lavande de Provence
Brise Marine
Fleur de Cerise
Douceur Florale

CORPORATE GOVERNANCE REPORT

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 adopted by the National Code of Corporate Governance of Mauritius 2016 ('the Code'). Details on how the Company has applied the Code's principles are set out in this Report.

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, is committed to maintain and advocate an effective corporate governance framework while applying the principles of the Code.

Year 2021 was yet another challenging year due to the Covid 19 pandemic. The Board has continued to be proactive by further adapting the protocols put in place last year to ensure business continuity. In keeping with its sense of responsibility, the Company provided ongoing assistance to its employees and the community to support them through these challenging circumstances.

Throughout this Report, we have highlighted how the Company, supported by its strong governance structure, has navigated through the crisis, with the contribution of our Leadership Team and our employees.

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 constructing its website and it will be launched in 2022.

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 unitary Board and is responsible for leading and controlling the organisation as well as meeting all legal and regulatory requirements.

The Board's governance structure is set out in an approved Board Charter ('the Charter'), which defines the role, function and objective of the Board of Directors and its Board Committees, the Position Statements of the Chairman, the Managing Director and the Company Secretary.

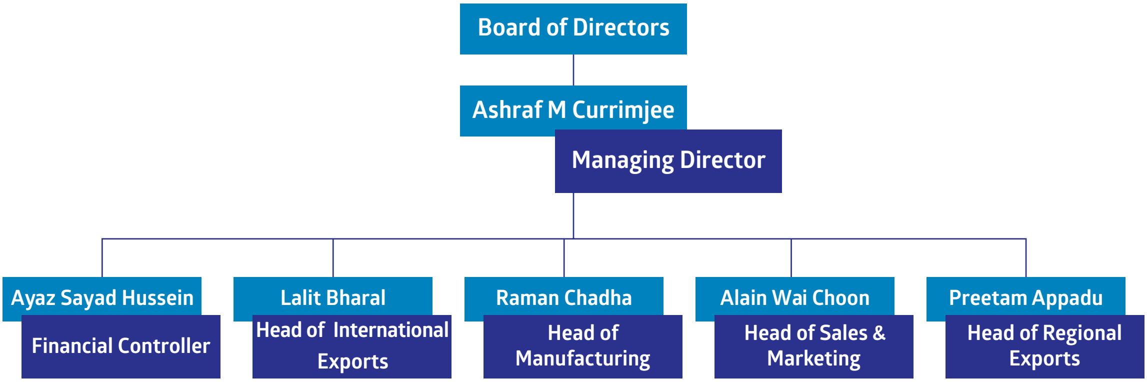
The Company's Code of Conduct sets out the ethical and professional standards of behaviours and attitudes to be followed by the employees and Directors.

CORPORATE GOVERNANCE REPORT
(CONT'D)

Principle 01 : Governance Structure (Cont'd)

Statement of Accountabilities (Cont'd)

Organisational Chart – Key leadership positions



The profiles of the key leadership positions are set out below.

Mr. Ayaz Sayad Hussein – Financial Controller
Mr. Ayaz Sayad Hussein, a Fellow of the Association of Chartered Certified Accountants (FCCA), is the Financial Controller since July 2010. He joined the Currimjee Group since March 1993 and held senior Finance position.

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 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 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 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 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 only disclose Directorships in public and listed companies. Details of other directorships are available at the Company's registry.

CORPORATE GOVERNANCE REPORT
(CONT'D)

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: Member of the Strategy & Finance Committee

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 Soap & Allied Industries Limited, a company listed on the Stock Exchange of Mauritius.
- Non-executive Director on the Board of the Currimjee Family holding company, Currimjee Limited and on numerous subsidiaries of 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 and Strategy & Finance 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.
- Non-executive Director on the Board of the Currimjee Family holding company, Currimjee Limited and on numerous subsidiaries of 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.
- Chairman of the Business Regulatory Review Council, set up under the aegis of Ministry of Finance, Economic Planning and Development of Mauritius.
- Former Vice-President of COMESA Business Council.

Principle 01 : Governance Structure (Cont'd)

Profiles of the key leadership positions (Cont'd)

- Former Vice-President of Economic Development Board of Mauritius.
- Former Director of SBM Holdings, SBM Mauritius and SBM Kenya.
- Former Chairman of SBM India.

Directorship in other listed and public companies: Soap and Allied Industries Limited

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

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

Experience:
- Deputy Managing Director of Quality Beverages Limited, a company listed on the Stock Exchange of Mauritius.
- Held key executive Positions in the Food and Beverage Cluster of the Currimjee group for the last 25 Years and has participated as a Non-executive director on the Board of the Currimjee family holding company, Currimjee Ltd and on numerous subsidiaries of the Currimjee group.

Directorship in other public and listed companies: Soap & Allied Industries Ltd, 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 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 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 F C M 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
- 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

CORPORATE GOVERNANCE REPORT
(CONT'D)

Principle 01 : Governance Structure (Cont'd)

Profiles of the key leadership positions (Cont'd)

- 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
(appointed on 22 February 2022)

Committee Membership: 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.

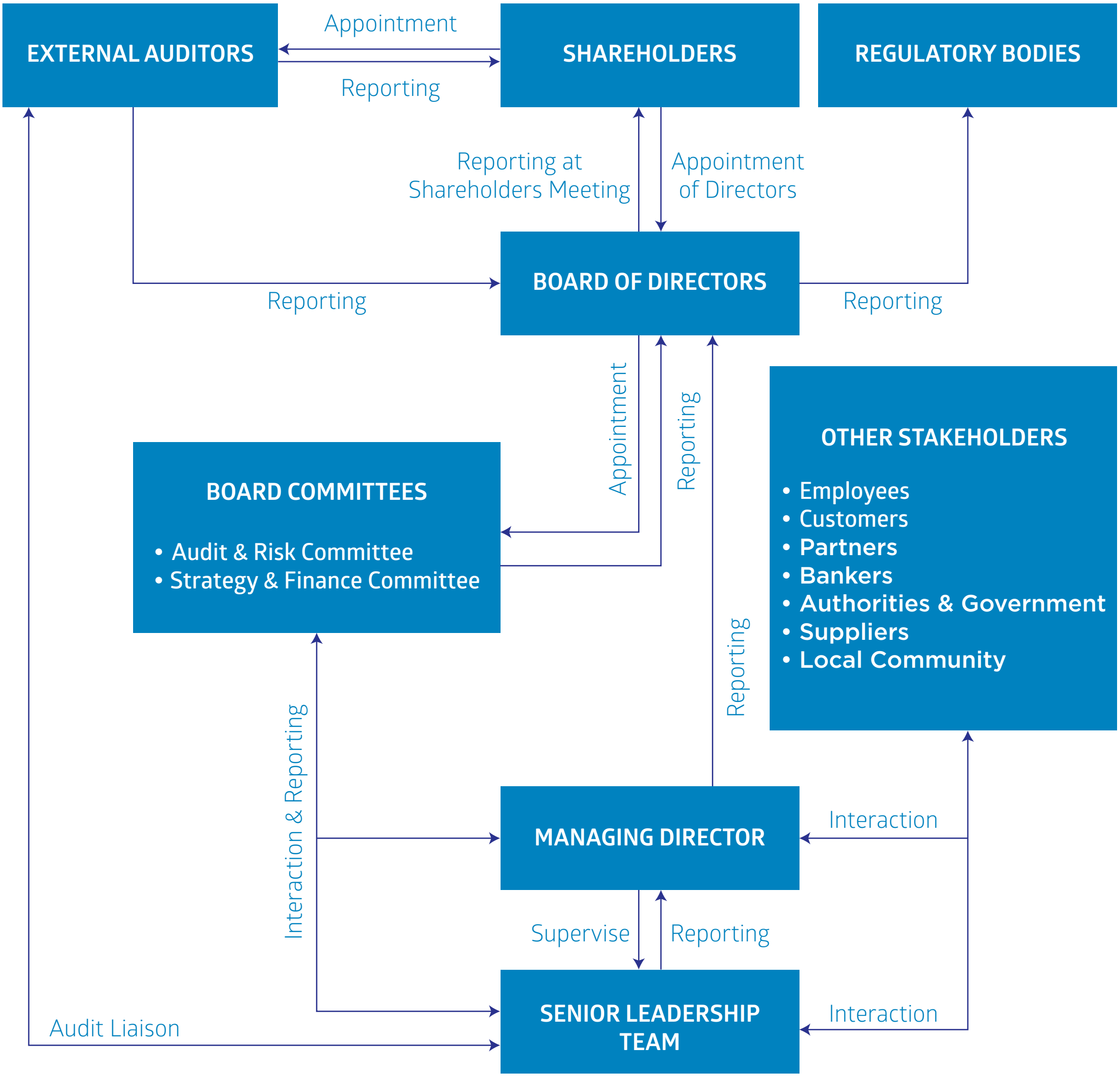
Directorship in other listed and public companies: None

CORPORATE GOVERNANCE REPORT
(CONT'D)

Principle 01 : Governance Structure (Cont'd)

Corporate Governance Framework

The following illustration depicts the Company's corporate governance framework and the reporting lines for the Company, the Board of Directors and its Board Committees.



CORPORATE GOVERNANCE REPORT
(CONT'D)

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 seven Directors including one Independent Director, five Non-Executive Directors and one Executive Director.

Mr Saleem Karimjee and Mrs Anne Claire F C M Moulin were appointed as Independent Directors on 14 April 2021 and 01 June 2021, respectively. Following the amendment brought to the Companies Act 2001 with respect to the definition of Independent Directors, they have been re-classified as Non-Executive Directors.

Mr Uday K Gujadhur has resigned as Director and Chairman of the Audit & Risk Committee of the Company on 07 December 2021.

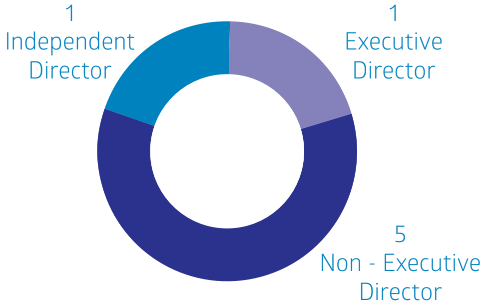
Mr Bashirali A Currimjee retired as Chairman and Director of the Company on 31 December 2021 and was succeeded by Mr Saleem Karimjee, as Chairman effective 28 January 2022.

Mr A J Errol Martin has been appointed as Independent Director with effect from 22 February 2022. The Company is in the process of appointing a second Independent Director.

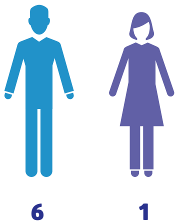
The Directors come from different industries and backgrounds with strong business, international and management experience which are crucial given the nature and scope of activities of the Group and the number of Board Committees.

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.

Board Composition



Gender Diversity



Board Size
7

6 decisions adopted by way of Written Resolutions of Directors

5
Board Meetings

CORPORATE GOVERNANCE REPORT
(CONT'D)

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

Size and Composition of the Board (Cont'd)

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 an 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.

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 Board meeting.
3. Circulating Notice, Agenda and Board Papers well in advance of 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 meetings may be convened, if required. A similar process as set out above is followed. The agenda for the Committee meetings is set out in consultation with the respective Committee Chairman, the Managing Director and the Secretary.

Board Focus areas

The Board met five times during the year under review. In view of the prevailing travel restrictions during the Covid-19 pandemic, Board Meetings were organized by videoconference to give the opportunity to all Directors to attend and participate at Board Meetings and to respect the sanitary protocols.

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

Board Focus areas (Cont'd)

The key areas discussed at Board Meetings held during the year are set out below:

FINANCIAL & STRATEGY MATTERS	GOVERNANCE
Approval of the Annual Report for the year ended 31 December 2020.	Re-election of Chairman of the Board in accordance with the provisions of the Companies Act 2001.
Quarterly Review of the performance of the Company against budget, including operational and financial highlights.	Re-appointment of Directors of the Board, in accordance with the provision of the Companies Act 2001.
Approval of the Annual Operating Plan (AOP) for year 2022.	Appointment of 3 additional Directors on the Board.
Review of the performance of the Company following the Covid 19 pandemic, including its impact on the operations and measures taken to sustain the business.	Receive the reports and recommendation from the Board Committees.
Review and monitoring of key investments and new product developments.	Approval of the Corporate Governance Report 2020.
Review of the Company's Risk Matrix.	Taking cognizance of the results from the evaluation of the Board and Committees and recommended action plan for year 2020.
Receive the reports and recommendations from the Board Committees.	Outsourcing of Internal Audit Services.
Appointment of external auditors for financial year 2020, following tender process. Approval of Banking facilities.	Planning of Board Meetings for year 2022.

Board Committees

The Board has established two 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 their respective terms of reference.

Audit & Risk Committee

Strategy & Finance Committee

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

Board Committees (Cont'd)

The Human Resources Committee and the Corporate Governance Committee of the Company has now been set up at the level of the holding company, Currimjee Industries Ltd ('CIND'), to guide the Board on matters related to Human Resources and Corporate Governance.

The responsibilities of each Board Committee are defined in their respective Committee Charters, duly approved by the Board.

During the year under review, the Terms of Reference of the Audit & Risk Committee were revised and approved by the Board.

Audit & Risk Committee	
Composition	The Audit & Risk Committee was chaired by Mr Uday K Gujadhur, a Non-Executive Director, until 07 December 2021, date on which he resigned from the Board. On 03 March 2022, Mr. Azim F Currimjee was appointed as Interim Chairman and Mr A J Errol Martin, an Independent Non-Executive Director, was appointed as additional Member of the Audit & Risk Committee on 22 February 2022. The Board is in the process of appointing a second Independent Director and reviewing the Chairmanship of the Audit & Risk Committee in order to align with the requirements of the Code. **The Committee's current composition is as follows:** – Mr Azim F Currimjee – Interim Chairman – Mr Raffi Currimjee – Mr A J 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; – Review the Company's internal controls related to financial reporting and disclosure controls and procedures and monitoring the effectiveness of the internal audit function; – Compliance with the Financial conditions of any loan covenants; – Review the internal audit recommendations and monitoring their implementation; – Make recommendations to the Board in relation to the appointment, re-appointment and removal of the External Auditor; – 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); – Assess annually the independence and objectivity of the External Auditor, their expertise and resources and the effectiveness of the audit process; – Meet regularly with the External Auditor, including meeting(s) as appropriate at the Audit planning stage before the Audit and once after the Audit at the reporting stage; – 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; – Approve Related Party Transactions, as per the Related Party Transactions Policy.

CORPORATE GOVERNANCE REPORT
(CONT'D)

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

Board Committees (Cont'd)

Audit & Risk Committee	
Focus areas for year 2021	– Review of Audited Financial Statements for financial year 2020. – Review of External Auditors' client service report & letter of representation. – Appointment of Deloitte as Internal Audit Service provider. – Approval of internal audit plan and review implementation of audit recommendations. – Review of Enterprise Risk Management Reports. – Appointment of External Auditors and approval of their engagement letter. – Approval of External Auditor's client service plan. – Review compliance with bank covenants. – Review implementation in line with the Data Protection Act. – Take note of Related Party Transactions. – Review of the Committee's Terms of Reference.
Strategy & Finance Committee	
Composition	The Strategy & Finance Committee was set up on 19 November 2021. **The Committee's current composition is as follows:** Mrs Anne Claire F C M Moulin - Chairman Mr Ashraf M Currimjee Mr Azim F Currimjee Mr Raffi Currimjee Mr Rajvardhan Singh Bhullar Mr Saleem Karimjee Mr A J Errol Martin (Appointed as Member on 22 February 2022).
Main Terms of Reference	– Ensure an effective strategic planning process is in place. – Review and propose the strategic objectives and options to the Board and monitoring effectiveness of strategies. – Approve and monitor large investments within limits of authority. – Develop and recommend long-term financial objectives for the Company.

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

Board Committees (Cont'd)

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	Corporate Governance Committee
Number of meetings held during the year		**5**	**5**	**1**
Mr. Bashirali A CURRIMJEE[1]	NED	5	-	-
Mr. Ashraf Mustanshir CURRIMJEE[6]	ED	5	-	1
Mr. Azim Fakhruddin CURRIMJEE	NED	5	5	1
Mr. Raffi CURRIMJEE	NED	5	5	1
Mr. Saleem KARIMJEE[2]	NED	3	-	-
Mr. Rajvardhan Singh BHULLAR[3]	NED	4	-	-
Mrs. Anne-Claire F C M MOULIN [4]	NED	3	-	-
Mr. Uday K GUJADHUR [5]	NED	5	5	-

Key: ED: Executive Director NED: Non-Executive Director

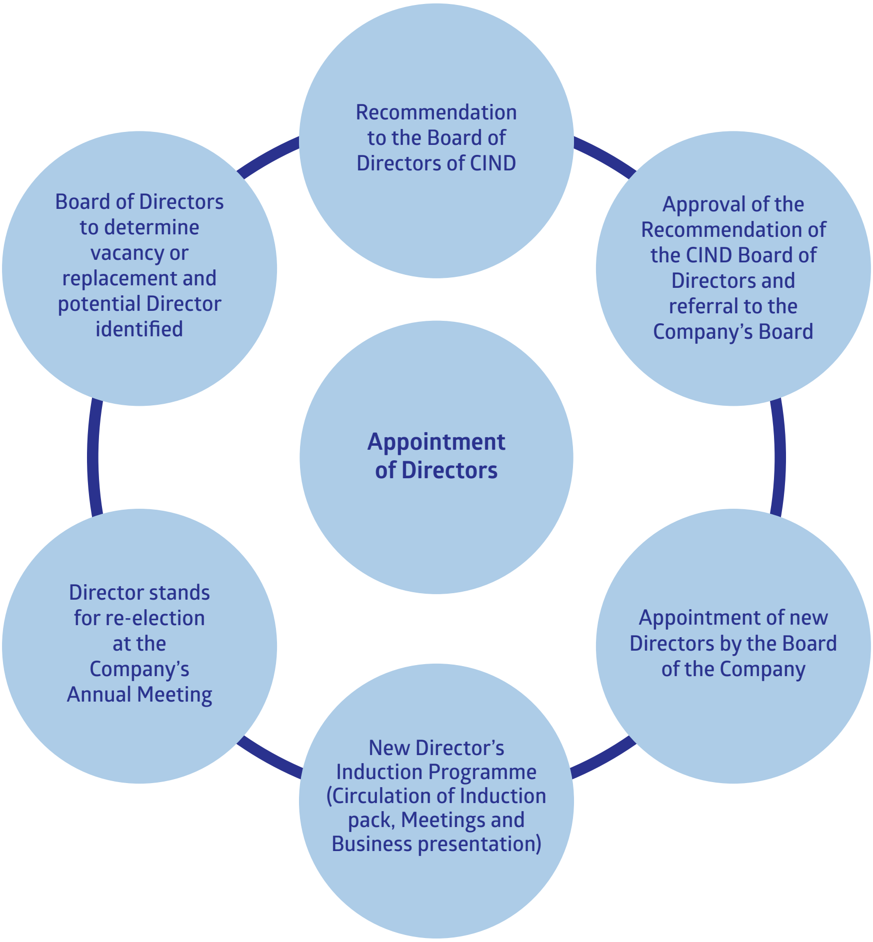
Notes:
1. Mr Bashirali A Currimjee resigned as Chairman and Director on 31 December 2021.
2. Mr Saleem Karimjee was appointed as Director and Chairman of the Company on 14 April 2021 and 28 January 2022 respectively.
3. Mr Rajvardhan Singh Bhullar was appointed as Director on 14 April 2021.
4. Mrs Anne-Claire F C M Moulin was appointed as Director on 01 June 2021.
5. Mr Uday K Gujadhur resigned as Director and Chairman of the ARC Committee on 07 December 2021.
6. Mr Ashraf M Currimjee is in attendance at the ARC Committee.

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.

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

The Board of Directors of Currimjee Industries Ltd ('CIND') is responsible for the appointment, replacement and removal of Directors on the Board of the Company. The proposals from the Board of Directors of Currimjee Industries Ltd are recommended to the Company's Board for approval. The detailed process for appointment of Directors is as follows:



CORPORATE GOVERNANCE REPORT
(CONT'D)

Principle 03 : Director Appointment Procedures (Cont'd)

Professional Development of Directors

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.

Succession Planning

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

The succession planning of the Directors is addressed at the level of the Board of Currimjee Industries Ltd whereas the succession planning of the Managing Director is addressed at the level of the Nomination & Remuneration Committee of Currimjee Limited ('CL') and the CL Board in collaboration with the Human Resources & Organisation Committee of Currimjee Industries Ltd.

As part of their mandate, the Human Resources & Organisation Committee of Currimjee Industries Ltd is also responsible for the succession planning for the Senior 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 is not allowed to take part in any discussion or decision on transactions in which they have an interest.

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 Senior 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. Ongoing relevant information is also shared with Directors between two Board Meetings to keep them abreast of developments.

The Directors also have access to the Company's Senior Management Team as and when required with the approval of the Chairman and 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 organisation's information assets. Policies have been implemented to control the usage, access and security of Information Technology tools.

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

Information Technology and Information Security Governance (Cont'd)

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.

An IT security audit was carried out by an external consultant in May 2021 with a full scanning of the IT systems encompassing vulnerability assessment and penetrations test, phishing attacks and review of the IT policies in place. A cybersecurity awareness training was also conducted in July 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 to the Board. The last exercise was conducted in year 2020 and the Board evaluation questionnaire for the year 2021 has also been approved by the Board and will be used to assess the performance of the Board for year 2021.

The evaluation of the Individual Directors is carried out annually. The last exercise was conducted in year 2020 and such evaluation will also be conducted for the year 2021.

The evaluation of the Audit & Risk Committee is also carried out internally on an annual basis. The last exercise was undertaken in year 2020.

Remuneration Philosophy

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 2021 Rs	Year 2020 Rs
Mr. Bashirali A CURRIMJEE	NED	-	35,048
Mr. Ashraf Mustanshir CURRIMJEE	ED	11,104,405	9,963,938
Mr. Azim Fakhruddin CURRIMJEE	NED	-	15,456
Mr. Raffi CURRIMJEE	NED	-	15,456
Mr. Saleem KARIMJEE	NED	115,000	-
Mr. Rajvardhan Singh BHULLAR	NED	125,000	-
Mrs. Anne-Claire F C M MOULIN	NED	256,674	-
Mr. Uday K GUJADHUR	NED	220,000	220,000
	TOTAL	**11,821,079**	**10,249,898**

Key: ED: Executive Director NED: Non-Executive Director

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.

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

Executive Directors' Service Contracts

Mr Ashraf M Currimjee has a service contract with the Company, with no prescribed expiry terms.

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.

Directors' interests in Shares

The Directors' indirect interests in the stated capital of the Company at 31 December 2021 were as follows:

Director	Indirect interests in the Company's shares through Currimjee Limited %
Mr Bashirali A Currimjee	0.068
Mr Ashraf M Currimjee	4.721
Mr Azim F Currimjee	5.188
Mr Raffi Currimjee	3.049

Principle 5 - 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.

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

Risk Governance (Cont'd)

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.

- **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 Worker's Rights Act 2019 (as amended) and the Occupational Health and Safety Act 2005. The Company has put in place a yearly employee satisfaction survey and a proper training plan.

- **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.

CORPORATE GOVERNANCE REPORT
(CONT'D)

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 consultant assesses, reviews and ensures that the Company adheres to the best practices in this respect.

A well elaborated COVID-19 protocol is in place enabling our organisation to provide essential products like hand sanitizers and other sanitary products around the island as well as our overseas customers. A Medical Practitioner has been appointed to carry out daily health check for each and every employee reporting at the Factory. The work from home for the back office staff is supporting the core operations of the business and at the same time keeping our employees safe. Moreover, Management is supporting all its employees to get vaccinated and is continuously liaising with the Ministry of Health for the necessary arrangements.

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.

Principle 06 : Reporting with Integrity (Cont'd)

Corporate Social Responsibility (CSR) Projects in 2021

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 45,000 for the year ended 31 December 2021 (2020 – Rs 42,366).

Principle 07 : 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 decided to outsource the provision of internal audit services as from year 2021. In this respect, a tender exercise was carried out and upon the recommendation of the Audit & Risk Committee, the Board has appointed Deloitte for the provision of internal audit services to the Company effective 2021.

As part of their delivery of internal audit services, Deloitte will:

a. Review 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. Conduct internal audits as per the agreed IA plan and report on the audit outcomes to the Audit and Risk Committee.

c. Conduct internal audits using its qualified and competent staff, up to date technology and leading class risk-based methodology in line with IIA standards.

d. Perform 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.

Deloitte 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).

Principle 07 : Audit (Cont'd)

Internal Audit (Cont'd)

c. Strategic insights that improve business performance.

d. Prioritization of recommendations to facilitate implementation and sense of achievement.

In delivering internal audit services, the first workstream of Deloitte has been to review and update the Company's Internal Audit Charter. In so doing, Deloitte has benchmarked the existing IA Charter against the guidelines provided by the Institute of Internal Auditors, and adapted it for the outsourced internal audit model. Deloitte then delivered an updated Internal Audit Charter which was approved by the Audit & Risk Committee.

The primary objective of the Risk Assessment exercise is to establish a risk universe for the Company from which Deloitte can decide the areas to be audited, thereby ensuring the audit scope is correct. Deloitte uses the existing risk registers at business unit level and apply their tools, knowledge resources and experience to identify any additional risks they believe are relevant to the business. This forms the basis for crafting a 3-year internal audit plan that focuses on the higher risk areas which will be subject to audits.

The deliverables for the above workstream are (1) Deloitte's recommendations for additional risks that apply to the Company in scope that are not captured in the existing risk registers of the Company; (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.

Additionally, Deloitte will review the design and operating effectiveness of the Company's controls in operation for the areas identified as part of the internal audit plan. As deliverable, Deloitte will submit 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.

Deloitte reports independently to the Chairman of the Audit & Risk Committee and the Chairman of the Board on all internal audit matters. Deloitte 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 Deloitte 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.

Deloitte has unrestricted access to the Company's records, the Chairman of the Company, the Chairman of the Audit & Risk Committee, Management 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. As the appointed Internal Auditor, Deloitte works closely with and shares their internal audit findings with the external auditors.

CORPORATE GOVERNANCE REPORT
(CONT'D)

Principle 07 : Audit (Cont'd)

External Audit

Following a tender exercise in year 2020, PricewaterhouseCoopers was appointed as External Auditors of the Company. At the Annual Meeting held in June 2021, the re-appointment of PricewaterhouseCoopers for the financial year 2021 was approved. 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.

The fees paid to the External Auditors for audit and other services were as follows:

	The Company	
	Year 2021	Year 2020
	Rs	Rs
Audit	790,454	790,454
Non-Audit	73,360	73,360
Total	**863,814**	**863,814**

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.

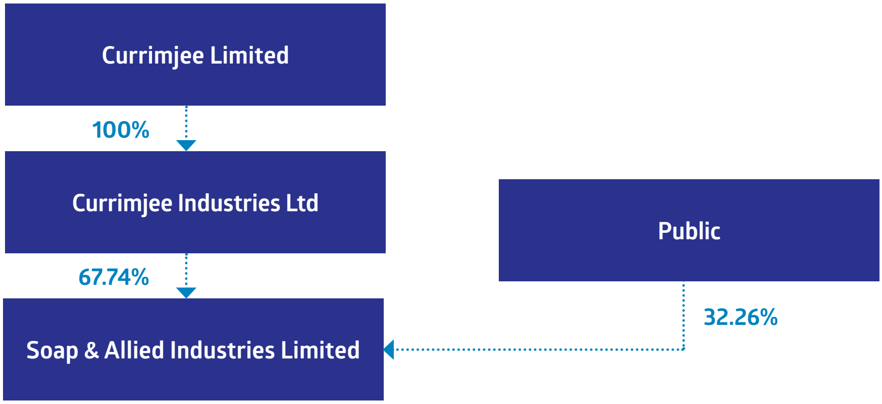
CORPORATE GOVERNANCE REPORT
(CONT'D)

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 2021, the Company has issued 4,495,008 Ordinary Shares of Rs 10 each and the shareholding structure of the Company is set out below:



Company's Key Stakeholders

The Company is committed to respond to the needs and expectations of its key stakeholders and takes into account 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.

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

Substantial Shareholding

With the exception of Currimjee Industries Ltd, 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 846 registered Shareholders as at 31 December 2021.

Shareholding Profile

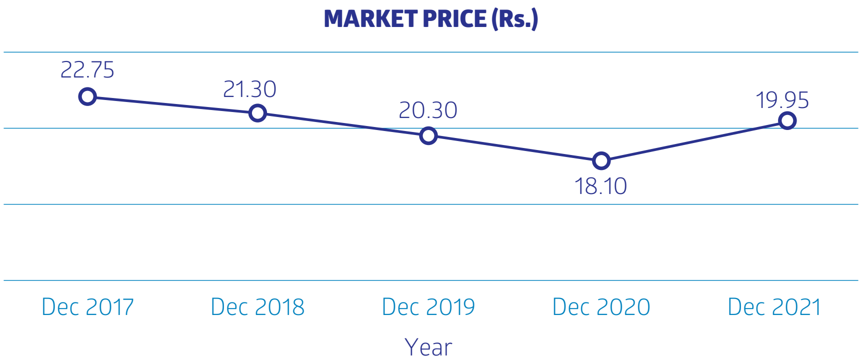
The share ownership and the category of shareholders as at 31 December 2021 are set out below:

Number of shareholders	Size of Shareholding Shares	Number of Shares Owned	% of Total Issued Shares
484	1-500	82,014	1.825
113	501-1,000	81,963	1.823
213	1,001-5,000	436,402	9.709
11	5,001-10,000	74,561	1.659
21	10,001-50,000	400,835	8.917
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
846	**Total**	**4,495,008**	**100%**
Number of shareholders	**Category of Shareholders**	**Number of Shares Owned**	**% of Total Shares Issued**
35	Other Corporate Bodies	3,399,820	75.635
806	Individuals	1,074,446	23.903
3	Investment & Trust Companies	768	0.017
2	Pension & Provident Funds	19,974	0.444
846	**Total**	**4,495,008**	**100%**

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

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:



Calendar of Events

The calendar of key events is set out below:

- **March 2022** – Abridged Audited Financial Statements for the year ended 31st December 2021
- **May 2022** – Abridged unaudited Financial Statements for the quarter ended 31st March 2022
- **July 2022** – Annual Meeting of Shareholders
- **August 2022** – Abridged unaudited Financial Statements for the period ended 30th June 2022
- **November 2022** – Abridged unaudited Financial Statements for the period ended 30th September 2022

CORPORATE GOVERNANCE REPORT
(CONT'D)

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

Employee Share Scheme

There is no Employee Share Scheme in place.

Dividend Policy

Payment of dividends is subject to the profitability of the Company, its cash flow, reserves and its capital expenditure requirements. In view of the prevailing uncertainties due to COVID-19, 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 2021.

Approved by the Board of Directors and signed on its behalf on 21st March 2022.

Mr. Saleem Karimjee
Chairman

Mr. Raffi 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 2021 to 31 December 2021

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 constructing its website and it will be launched in 2022.

Principle 1: Governance Structure

Profile of Directors

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

Principle 2

Appointment of a second Independent Director

Mr. A J Errol Martin has been appointed as Independent Director with effect from 22 February 2022. The Company is in the process of appointing a second Independent Director.

Composition of the Audit and Risk Committee

The Audit & Risk Committee is not composed of a majority of Independent Directors. The Board is in the process of reviewing the composition to align with the requirements of the Code.

STATEMENT OF COMPLIANCE
(CONT'D)

Chairman of the Audit and Risk Committee

The Audit & Risk Committee was chaired by Mr Uday K Gujadhur, a Non-Executive Director, until 07 December 2021, date on which he resigned from the Board. On 03 March 2022, Mr. Azim F Currimjee was appointed as Interim Chairman and Mr A J Errol Martin, an Independent Non-Executive Director, was appointed as additional Member of the Audit & Risk Committee on 22 February 2022.

The Board is in the process of appointing a second Independent Director and reviewing the Chairmanship of the Audit & Risk Committee in order to align with the requirements of the Code.

SIGNED BY:

Mr. Saleem Karimjee
Chairman

Mr. Raffi Currimjee
Director

Date: 21st March 2022

SECRETARY'S CERTIFICATE

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 2021, all such returns as are required of the Company under the Companies Act 2001 of Mauritius.

Currimjee Secretaries Limited
Per Ramanuj Nathoo (Mr)
Secretary

Date: 21st March 2022

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2021

Independent Auditor's Report

To the Shareholders of Soap & Allied Industries Limited

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 2021, 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 48 to 101 comprise:

- the statement of financial position as at 31 December 2021;
- 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.

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 See note 3 of the financial statements for the Director's disclosures of the accounting policies for retirement benefit obligations. At 31 December 2021, the Company had a retirement benefit liability of Rs 180,479,000 (2020: Rs 212,421,000). 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. The valuation is dependent on market conditions and key assumptions such as discount rates, salary increases, inflation and life expectancy. 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: • Obtained the retirement benefit obligations valuation reports and an understanding of the methodology used to calculate the retirement benefit obligations. • Assessed the competence, capabilities and objectivity of the external actuary and verified its qualifications. • 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. • Tested the data used in the valuation of the pension obligations, to assess whether the basis of the valuation is appropriate. 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 is 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.

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.

Independent Auditor's Report (Cont'd)

To the Shareholders of Soap & Allied Industries Limited (Cont'd)

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

Other Information (Cont'd)

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

In addition to the responsibilities described above and our work undertaken in the course of the audit, the Mauritian Financial Reporting Act 2004 requires us to report certain matters as described below.

Corporate Governance Report

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.

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.

Independent Auditor's Report (Cont'd)

To the Shareholders of Soap & Allied Industries Limited (Cont'd)

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

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

- 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.

- 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.

Independent Auditor's Report (Cont'd)

To the Shareholders of Soap & Allied Industries Limited (Cont'd)

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.

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

Robert Coutet, licensed by FRC

28 March 2022

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	Notes	2021	2020
		Rs	Rs
ASSETS			
Non-current assets			
Property, plant and equipment	5	**252,256,847**	253,983,941
Right of use assets	6	**42,650,779**	49,727,400
Intangible assets	7	**7,068,234**	7,877,424
Investment property	8	**27,300,000**	27,300,000
Financial assets at fair value through other comprehensive income	9	**4,967,295**	5,480,771
Deferred tax asset	10	**309,898**	4,244,999
		334,553,053	348,614,535
Current assets			
Inventories	11	**326,858,565**	294,800,808
Trade and other receivables	12	**195,362,367**	170,404,287
Amounts owed by related parties	26	**366,739**	218,247
Cash and cash equivalents	13	**5,693,398**	307,614
		528,281,069	465,730,956
Total assets		**862,834,122**	814,345,491
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)	**2,307,132**	2,820,608
Revaluation reserve	14(iv)	**77,528,540**	77,528,540
Retained earnings		**47,753,142**	11,048,210
Total equity		**263,944,842**	227,753,386
Non-current liabilities			
Borrowings	15	**38,581,920**	40,019,531
Retirement benefit obligations	16	**180,479,000**	212,421,000
		219,060,920	252,440,531
Current liabilities			
Borrowings	15	**245,763,608**	232,681,216
Trade and other payables	17	**131,017,914**	98,629,790
Current income tax liability	18(a)	**1,613,579**	1,445,661
Amounts owed to related parties	26	**1,433,259**	1,394,907
		379,828,360	334,151,574
Total equity and liabilities		**862,834,122**	814,345,491

Approved by the Board of Directors and authorised for issue on 21st March 2022

Saleem Karimjee
Chairman

Ashraf M Currimjee
Managing Director

The notes on pages 52 to 101 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		Rs	Rs
Revenue	19	**720,700,757**	701,270,881
Cost of sales		**(542,272,022)**	(511,406,057)
Gross profit		**178,428,735**	189,864,824
Investment income	20	**202,518**	72
Other income	21	**2,661,354**	94,877
Distribution costs		**(47,883,308)**	(44,383,548)
Marketing expenses		**(24,457,855)**	(21,385,626)
Administrative expenses		**(87,493,420)**	(90,737,985)
Finance costs	22	**(10,895,928)**	(10,590,757)
Profit before taxation		**10,562,096**	22,861,857
Taxation	18(b)	**(2,624,488)**	(1,234,709)
Profit for the year	23	**7,937,608**	21,627,148
Other comprehensive income, net of income tax			
Items that will not be classified subsequently to profit or loss:			
Remeasurement of defined benefit obligations	16	**32,324,000**	(19,040,000)
Deferred tax on defined benefit obligations	10	**(3,556,676)**	2,359,555
Revaluation of financial assets at FVTOCI	9	**(513,476)**	1,843,559
Other comprehensive income for the year net of income tax		**28,253,848**	(14,836,886)
Total comprehensive income for the year		**36,191,456**	6,790,262
Earnings per share	24	**1.77**	4.81

The notes on pages 52 to 101 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Stated Capital	Share Premium	Investment Property Reserve	Investment Revaluation Reserve	Revaluation Reserve	Retained Earnings	Total
	Rs **14(i)**	Rs	Rs 14(ii)	Rs 14(iii)	Rs 14(iv)	Rs	Rs
At 1 January 2020	44,950,080	79,637,489	11,768,459	977,049	77,528,540	6,101,507	220,963,124
Profit for the year	-	-	-	-	-	21,627,148	21,627,148
Other comprehensive income:							
Remeasurement of retirement benefit obligations	-	-	-	-	-	(19,040,000)	(19,040,000)
Revaluation of financial assets at FVTOCI	-	-	-	1,843,559	-	-	1,843,559
Deferred tax on remeasurement of retirement benefit obligations	-	-	-	-	-	2,359,555	2,359,555
	-	-		1,843,559	-	(16,680,445)	(14,836,886)
At 31 December 2020	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**

The notes on pages 52 to 101 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		Rs	Rs
Cash flows from operating activities			
Profit before taxation		**10,562,096**	22,861,857
Adjustments for:			
Depreciation of property,plant and equipment	5	**17,658,249**	19,195,127
Depreciation of right of use assets	6	**7,864,274**	7,899,416
Amortisation of intangible assets	7	**1,067,349**	722,082
Finance costs	22	**10,895,928**	10,590,757
Investment income	20	**(202,518)**	(72)
(Profit)/loss on disposal of plant and equipment	21	**(97,248)**	158,473
Loss on disposal of right of use assets	21	**-**	97,202
Retirement benefit obligations	23	**16,993,000**	17,349,000
Write off of inventory	11	**(2,955,865)**	(1,338,853)
Provision for inventory	11	**5,400,000**	4,000,000
Loss allowance on trade receivables	12	**(31,336)**	(967)
Unrealised loss on foreign exchange		**5,127**	584,723
		56,596,960	59,256,888
		67,159,056	82,118,745
Increase in inventories		**(34,501,892)**	(112,157,826)
(Increase)/decrease in trade and other receivables		**(24,862,126)**	10,409,475
(Increase)/decrease in amounts owed by related parties		**(148,492)**	18,029
Increase in trade and other payables		**32,111,472**	32,853,918
Increase/(decrease) in amounts owed to related parties		**38,352**	(342,327)
		(27,362,686)	(69,218,731)
Net cash generated from operations		**39,796,370**	12,900,014
Interest paid		**(10,899,928)**	(10,590,757)
Tax paid		**(2,084,956)**	(849,407)
Employer contribution	16(a)	**(16,611,000)**	(16,183,000)
Tax deducted at source	18(a)	**(22,908)**	(18,233)
Income tax refund	18(a)	**29,719**	29,895
		(29,589,073)	(27,611,502)
Net cash generated/(used in) operating activities		**10,207,297**	(14,711,488)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	**(16,074,065)**	(36,506,817)
Acquisition of intangible assets	7	**(258,159)**	(2,918,812)
Proceeds on disposal of property,plant and equipment		**240,158**	1,334,695
Proceeds on disposal of right of use assets		**-**	360,870
Investment income		**202,518**	72
Net cash used in investing activities		**(15,889,548)**	(37,729,992)
Cash flows from financing activities			
Repayment of lease liabilities	15	**(9,286,796)**	(9,078,830)
Deposits paid for leases		**-**	(365,800)
Dividend paid	25	**-**	(3,371,256)
Proceeds from borrowings		**96,365,464**	71,562,100
Repayment of borrowings		**(21,539,436)**	(39,972,680)
Net cash from financing activities		**65,539,232**	18,773,534
Net increase/(decrease) in cash and cash equivalents		**59,856,981**	(33,667,946)
Effects of exchange rate changes		**(57,093)**	(779,473)
Cash and cash equivalents at 1 January	13	**(149,481,807)**	(115,034,388)
Cash and cash equivalents at 31 December	13	**(89,681,919)**	(149,481,807)

The notes on pages 52 to 101 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 2021.

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 39 'Financial Instruments': Recognition and measurement
- IFRS 4 'Insurance Contracts'
- IFRS 7 'Financial Instruments': Disclosures
- Amendments to IFRS 9 'Financial Instruments'
- IFRS 16 'Leases' Covid-19- Related Rent Consessions Amendment
- IFRS 16 'Leases'- interest rate benchmark (IBOR) reform (Phase 2)

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 2021, 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' on Classification of liabilities as Current or Non Current (Annual periods beginning on or after 1 January 2022)

- Amendments to IAS 16 'Property, Plant and Equipment': Proceeds before Intended Use (Annual periods beginning on or after 1 January 2022)

- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets on Onerous Contracts -Cost of Fulfilling a Contract (Annual periods beginning on or after 1 January 2022)

- Amendments to IFRS 3 'Business Combinations'- Asset or liability in a business combination clarity (Annual periods beginnig on or after 1 January 2022)

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONT'D)

Relevant Standards, amendments and interpretations in issue but not yet effective (Continued)

- IFRS 17 'Insurance Contracts Amendments' (Annual periods beginning on or after 1 January 2023)
- Annual Improvement Cycle (Annual periods beginning on or after 1 January 2022)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Revenue recognition

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

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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. 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.

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%-14%
Furniture and fittings	- 10.0%
Computer equipment	- 25.0%
Laboratory equipment	- 10.0%
Motor vehicles	- 9.5%-16%

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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).

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 gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented in administrative expenses in the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial instruments (Cont'd)

Financial Assets (Cont'd)

Measurement (Cont'd)

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial instruments (Cont'd)

Financial Assets (Cont'd)

(ii) Equity instruments designated as at FVTOCI (Cont'd)

Impairment of financial assets (Cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial instruments (Cont'd)

Financial Assets (Cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Leases (Cont'd)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Stated capital

Ordinary shares are classified as equity.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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.

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 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.

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

Key sources of estimation uncertainty (Cont'd)

(iii) Fair value of unquoted investment

In arriving at the fair value of the investments in unquoted equity shares, which is determined on market approach basis, management have 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 2020	146,295,000	188,369,808	3,560,809	-	11,531,084	542,211	26,685,863	376,984,775
Transfer from Right of Use Assets	-	10,129,190	-	-	-	-	3,247,421	13,376,611
Additions	-	16,818,993	154,133	9,225,847	4,777,214	130,000	5,400,630	36,506,817
Write offs	-	(16,827,718)	(223,012)	-	(1,783,786)	(100,799)	-	(18,935,315)
Disposals	-	-	-	-	-	-	(4,141,828)	(4,141,828)
At 31 December 2020	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
ACCUMULATED DEPRECIATION								
At 1 January 2020	-	114,075,094	2,346,901	-	8,021,332	407,705	20,948,854	145,799,886
Transfer from Right of Use Assets	-	4,622,566	-	-	-	-	1,773,515	6,396,081
Charge for the year	2,905,625	12,262,466	197,728	-	2,378,850	37,357	1,413,101	19,195,127
Write offs	-	(16,827,718)	(223,012)	-	(1,783,786)	(100,799)	-	(18,935,315)
Disposals	-	-	-	-	-	-	(2,648,660)	(2,648,660)
At 31 December 2020	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
NET BOOK VALUE								
At 31 December 2021	142,843,250	89,830,107	1,132,741	-	4,240,173	185,459	14,025,117	252,256,847
At 31 December 2020	143,389,375	84,357,865	1,170,313	9,225,847	5,908,116	227,149	9,705,276	253,983,941

Property, plant and equipment with a nil net book value has been written off in 2021 and 2020 since they are no longer used by the Company.

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 2019 in accordance with the RICS Valuation Standards. The land and buildings has 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 valuers have assessed the fair value of the above assets at 31 December 2021 and concluded that there is no material change with respect to the valuation done at 31 December 2019.

The significant unobservable input used in valuation of land pertains to recent market sale price per square metre ("sqm") of Rs 2,845 (2020: Rs 2,845) 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 2.85% -3.33% (2020: 2.85%-3.33%) 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 30,070,000 (2020: Rs 30,070,000) is classified under level 2 and the fair value of buildings amounting to Rs 112,773,250 (2020: Rs 113,319,375) is classified under Level 3 in the fair value hierarchy at 31 December 2021.

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

	2021	2020
	Rs	Rs
Freehold land	**300,000**	300,000
Buildings	**55,140,662**	55,215,270
	55,440,662	55,515,270

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

6. RIGHT OF USE ASSETS

	Land and buildings	Plant and machinery	Motor vehicles	Total
	Rs	Rs	Rs	Rs
COST				
At 1 January 2020	18,392,542	48,116,732	17,861,347	84,370,621
Transfer to Property, plant and equipment	-	(10,129,190)	(3,247,421)	(13,376,611)
Additions	-	858,625	1,751,800	2,610,425
Disposals	-	-	(571,400)	(571,400)
At 31 December 2020	**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**
ACCUMULATED DEPRECIATION				
At 1 January 2020	2,717,790	13,749,817	5,448,021	21,915,628
Transfer to Property, plant and equipment	-	(4,622,566)	(1,773,515)	(6,396,081)
Charge for the year	2,717,732	3,171,819	2,009,865	7,899,416
Disposals	-	-	(113,328)	(113,328)
At 31 December 2020	**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**
CARRYING AMOUNT				
At 31 December 2021	**10,239,288**	**24,131,410**	**8,280,081**	**42,650,779**
At 31 December 2020	12,957,020	26,547,097	10,223,283	49,727,400

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.

	2021	2020
	Rs	Rs
Amounts recognised in profit and loss		
Depreciation expense on right-of-use assets	7,864,274	7,899,416

7. INTANGIBLE ASSETS

	Goodwill	Computer software	Total
	Rs	Rs	Rs
COST			
At 1 January 2020	5,500,000	5,230,803	10,730,803
Additions	-	2,918,812	2,918,812
Write offs	-	(3,280,018)	(3,280,018)
At 31 December 2020	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
ACCUMULATED AMORTISATION			
At 1 January 2020	-	5,050,109	5,050,109
Charge for the year	-	722,082	722,082
Write offs	-	(3,280,018)	(3,280,018)
At 31 December 2020	-	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
CARRYING AMOUNT			
At 31 December 2021	5,500,000	1,568,234	7,068,234
At 31 December 2020	5,500,000	2,377,424	7,877,424

Intangible assets with a nil net book value have been written off in 2020 since they are no longer used by the Company.

Goodwill

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

	2021	2020
	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 7.37%.

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:

		2021
Sales volume	Average annual growth rate over the 5-year forecast period; based on past performance and management's expectation of market development	**1 %**
Sales price	Average annual growth rate over the 5-year forecast period; based on current industry trends and long-term inflation forecasts	-

8. INVESTMENT PROPERTY

	2021	2020
	Rs	Rs
At fair value		
At 1 January and 31 December	**27,300,000**	27,300,000

Land has been classified as Investment Property under IAS 40.

The property was revalued at 31 December 2021 at its open market value by Noor Dilmohamed & Associates, Certified Practising valuer 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 26,401 were incurred (2020: Rs 23,678).

The land is owned jointly with Compagnie Immobilière Limitée.

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

	2021	2020
	Rs	Rs
At 1 January	**5,480,771**	3,637,212
Fair value movement during the year	**(513,476)**	1,843,559
At 31 December	**4,967,295**	5,480,771

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
	2021 Rs	2020 Rs		2021	2020	
Unquoted equity investment	4,967,295	5,480,771	EBITDA Multiple	11.02	10.5	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%	-	
			Discount for lack of marketability	15%	15%	
						2020: Increased EBITDA (+0.5) and lower discount (-1%) would increase fair value by Rs 418,508. Lower EBITDA (-0.5) and higher discount (+1%) would decrease fair value by Rs 410,568

10. DEFERRED TAX ASSET

Deferred tax is calculated on all temporary differences under the liability method at the rate of 5% (2020:5%) on export and 17% on local sales (2020:17%).

	2021	2020
	Rs	Rs
At 1 January	**4,244,999**	1,320,720
Items recognised in profit or loss		
Movement for the year (Note 18b)	**(378,425)**	564,724
Items recognised in other comprehensive income		
Remeasurement of retirement benefit obligations (Note 16)	**(3,556,676)**	2,359,555
At 31 December	**309,898**	4,244,999

	At 1 January 2020	Charge/ (credit) to statement of profit or loss	Charge/ (credit) to statement of OCI	At 31 December 2020	Charge/ (credit) to statement of profit or loss	Charge/ (credit) to statement of OCI	At 31 December 2021
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Deferred tax liabilities							
Accelerated capital allowances	16,980,033	350,213	-	17,330,246	**1,400,652**	**-**	**18,730,898**
Revaluation of Property, Plant and Equipment	5,698,995	-	-	5,698,995	**-**	**-**	**5,698,995**
	22,679,028	350,213	-	23,029,241	**1,400,652**	**-**	**24,429,893**
Deferred tax assets							
Retirement benefit obligations	(23,911,546)	(53,432)	(2,359,555)	(26,324,533)	**(766,605)**	**3,556,676**	**(23,534,462)**
Tax losses	-	-	-	-	**-**	**-**	**-**
Loss allowances	(88,202)	(861,505)	-	(949,707)	**(255,622)**	**-**	**(1,205,329)**
	(23,999,748)	(914,937)	(2,359,555)	(27,274,240)	**(1,022,227)**	**3,556,676**	**(24,739,791)**
Deferred tax assets	(1,320,720)	(564,724)	(2,359,555)	(4,244,999)	**378,425**	**3,556,676**	**(309,898)**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

11. INVENTORIES

	2021	2020
	Rs	Rs
Foodstuff and cosmetics (traded)	52,433,715	55,341,710
Raw materials	117,729,247	120,598,559
Packing materials	32,232,887	41,563,621
Finished goods and work in progress	79,279,728	47,223,815
Goods in transit	36,525,785	20,746,967
Spare parts, diesel oil and others	18,246,962	16,471,760
Provision for inventory	(9,589,759)	(7,145,624)
	326,858,565	294,800,808

Inventories recognised as an expense during the year ended 31 December 2021 amounted to Rs 436,788,200 (2020: Rs 404,768,185). The inventories of the Company have been pledged to secure bank overdrafts and loans. A provision amounting to Rs 9,589,759 (2020: Rs 7,145,624) in respect of slow moving stock is recognized in inventories at the year end.

Movement in provision for inventory

	2021	2020
	Rs	Rs
Balance at beginning of year	7,145,624	4,484,477
Provision for the year	5,400,000	4,000,000
Write offs	(2,955,865)	(1,338,853)
Balance at end of the year	9,589,759	7,145,624

12. TRADE AND OTHER RECEIVABLES

	2021	2020
	Rs	Rs
Trade receivables	174,149,478	142,732,185
Loss allowance	(486,531)	(517,867)
	173,662,947	142,214,318
Other receivables	15,758,152	21,738,313
Prepayments	5,941,268	6,451,656
	195,362,367	170,404,287

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 2019	12,401	506,433	518,834
Decrease in loss allowance recognised in profit or loss during the year	(967)	-	(967)
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**

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 2021 and at 31 December 2020. 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.

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**

2020		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	0.011%	0.004%	0.02%	0.10%	46.64%	100.00%	
Estimated total gross carrying amount at default (Rs)	67,245,051	34,842,420	4,951,934	875,484	756,435	154,752	108,826,076
Lifetime ECL (Rs)	7,117	1,232	1,111	879	352,776	154,752	517,867

The Company has included amounts due from related parties amounting to Rs 366,739 (2020: Rs 218,247) 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 40,600,904 (2020: Rs 33,687,862) 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:

	2021	2020
	Rs	Rs
Cash and bank balances	**5,693,398**	307,614
Bank overdrafts (Note 15)	**(95,375,317)**	(149,789,421)
Cash and cash equivalents as per Statement of Cash Flows	**(89,681,919)**	(149,481,807)

14. STATED CAPITAL

14(i) Issued and fully paid

	2021	2020
	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 previously 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

	2021	2020
	Rs	Rs
Current		
Bank overdrafts (Note 13)	**95,375,317**	149,789,421
Bank loans	**111,340,978**	73,424,837
Loan from related party	**30,000,000**	-
Lease liabilities	**9,047,313**	9,466,958
	245,763,608	232,681,216
Non-current		
Bank loans	**23,019,056**	16,377,169
Lease liabilities	**15,562,864**	23,642,362
	38,581,920	40,019,531
Total borrowings	**284,345,528**	272,700,747

(a) The bank loans bear interest at 3.15% to 6% p.a. (2020: 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 bears interest at 3.25% to 3.85% p.a.,is unsecured and is repayable at call.

(c) The bank overdrafts bear interest at 2.5% to 4.35% (2020: 3.85% 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. However there was no impact on the Company as the borrowing is repayable in the next 12 months.

	2021	2020
	Rs	Rs
Amounts recognised in profit and loss		
Interest expense on lease liabilities (Note 22)	**1,368,829**	1,991,121

	2021	2020
	Rs	Rs
Repayment of lease liabilities - Capital portion	**9,286,796**	9,078,830

15. BORROWINGS (CONT'D)

Disclosure required by IFRS 16

	2021	2020
	Rs	Rs
Maturity analysis		
Year 1	**10,274,272**	11,163,814
Year 2	**6,629,174**	10,040,272
Year 3	**3,954,938**	6,395,174
Year 4	**1,751,073**	3,720,938
Year 5	**800,963**	1,595,073
Onwards	**7,215,246**	8,016,209
	30,625,666	40,931,480

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:

	2021	2020
	Rs	Rs
Pension plan (Note (a))	**55,881,000**	89,108,000
Other retirement benefits (Note (b))	**116,843,000**	116,276,000
Residual retirement gratuities (Note (c))	**7,755,000**	7,037,000
	180,479,000	212,421,000

(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 2021, 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:

	2021	2020
	Rs	Rs
Present value of funded obligation	**118,514,000**	144,005,000
Fair value of plan assets	**(62,633,000)**	(54,897,000)
Liability recognised in the statement of financial position at end of year	**55,881,000**	89,108,000

Amounts recognised in profit or loss:

	2021	2020
	Rs	Rs
Current service cost	**6,879,000**	4,582,000
Net interest expense	**2,304,000**	3,061,000
Total included in staff costs (Note 23)	**9,183,000**	7,643,000

16. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Pension plan (Cont'd)

Amounts recognised in other comprehensive income:

	2021 Rs	2020 Rs
Return on plan assets below expected interest income	**(3,653,000)**	2,540,000
Liability experience loss/(gain)	**12,915,000**	(47,000)
Liability (gain)/loss due to change in financial assumptions	**(44,129,000)**	22,739,000
	(34,867,000)	25,232,000
Total	**(25,684,000)**	32,875,000

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

	2021 Rs	2020 Rs
Present value of obligation at 1 January	**144,005,000**	116,449,000
Current service cost	**6,879,000**	4,582,000
Interest expense	**3,821,000**	5,800,000
Benefits paid	**(4,977,000)**	(5,518,000)
Liability experience loss/(gain)	**12,915,000**	(47,000)
Liability (gain)/loss due to change in financial assumptions	**(44,129,000)**	22,739,000
Present value of obligation at 31 December	**118,514,000**	144,005,000

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

	2021 Rs	2020 Rs
Fair value of plan assets at 1 January	**54,897,000**	52,753,000
Interest income	**1,517,000**	2,739,000
Employer contributions	**16,611,000**	16,183,000
Benefits paid	**(14,045,000)**	(14,238,000)
Return on plan assets excluding interest income	**3,653,000**	(2,540,000)
Fair value of plan assets at 31 December	**62,633,000**	54,897,000

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	
	2021	2020
	%	%
Equities - Overseas quoted	6	12
Equities - Local quoted	32	29
Equities - Local unquoted	3	3
Debt - Overseas quoted	-	7
Debt - Local quoted	7	10
Debt - Local unquoted	21	27
Cash and other	31	12
	100	100

Fair value of plan assets

	2021	2020
	Rs	Rs
Equities - Overseas quoted	3,757,980	6,587,640
Equities - Local quoted	20,042,560	15,920,130
Equities - Local unquoted	1,878,990	1,646,910
Debt - Overseas quoted	-	3,842,790
Debt - Local quoted	4,384,310	5,489,700
Debt - Local unquoted	13,152,930	14,822,190
Cash and other	19,416,230	6,587,640
	62,633,000	54,897,000

The principal actuarial assumptions were:

	2021	2020
Discount rate	4.7%	2.7%
Rate of salary increases	2.0%	2.0%
Average retirement age (ARA)	65	65
Average life expectancy for:		
Male at ARA	10.7 years	11.9 years
Female at ARA	12.4 years	13.0 years

16. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Pension plan (Cont'd)

Sensitivity analysis on defined benefit obligation at end of period:

	Rs
Increase due to 1% decrease in discount rate	**21,776,000**
Decrease due to 1% increase in discount rate	**17,442,000**
Increase due to 1% increase in salary increase rate	**12,126,000**
Decrease due to 1% decrease in salary increase rate	**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 7,349,000
Weighted average duration of the defined benefit obligation	17 years

The most recent actuarial valuation of the funded plan was carried out at 31 December 2021 by AON Solutions Ltd, actuaries and consultants.

(b) Other retirement benefits

Amounts recognised in statement of financial position at year end:

	2021	2020
	Rs	Rs
Liability recognised in statements of financial position at end of year	**116,843,000**	116,276,000

Amounts recognised in profit or loss:

	2021	2020
	Rs	Rs
Current service cost	**3,972,000**	2,749,000
Interest expense	**3,135,000**	5,952,000
Total included in staff costs (Note 23)	**7,107,000**	8,701,000

16. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(b) Other retirement benefits (Cont'd)

Amounts recognised in other comprehensive income:

	2021	2020
	Rs	Rs
Liability experience loss/(gain)	**13,909,000**	(22,388,000)
Liability (gain)/loss due to change in financial assumptions	**(11,760,000)**	17,675,000
	2,149,000	(4,713,000)
Total	**9,256,000**	3,988,000

Reconciliation of the present value of unfunded benefit obligation:

	2021	2020
	Rs	Rs
Present value at 1 January	**116,276,000**	121,008,000
Current service cost	**3,972,000**	2,749,000
Interest expense	**3,135,000**	5,952,000
Benefits paid	**(8,689,000)**	(8,720,000)
Liability experience loss/(gain)	**13,909,000**	(22,388,000)
Liability (gain)/loss due to change in financial assumptions	**(11,760,000)**	17,675,000
Present value of obligation at 31 December	**116,843,000**	116,276,000

The principal actuarial assumptions were:

	2021	2020
Discount rate	**4.8%**	2.8%
Medical cost increases	**4.8%**	2.8%
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:

	Rs
Increase due to 1% decrease in discount rate	**14,457,000**
Decrease due to 1% increase in discount rate	**11,894,000**
Increase due to 1% increase in salary increase rate	**866,000**
Decrease due to 1% decrease in salary increase rate	**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 9,910,000
Weighted average duration of the defined benefit obligations	11 years

The most recent actuarial valuation of the unfunded plan was carried out at 31 December 2021 by AON Solutions Ltd,actuaries and consultants.

(c) Residual retirement gratuities

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

	2021	2020
	Rs	Rs
Liability recognised in the statement of financial position at end of year	**7,755,000**	7,037,000

Amounts recognised in profit or loss:

	2021	2020
	Rs	Rs
Current service cost	**476,000**	368,000
Past service cost	**35,000**	254,000
Net interest expense	**192,000**	383,000
Total included in staff costs (Note 23)	**703,000**	1,005,000

16. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(c) Residual retirement gratuities (Cont'd)

Amounts recognised in other comprehensive income:

	2021	2020
	Rs	Rs
Liability experience gain	(494,000)	(1,142,000)
Liability loss/(gain) due to change in financial assumptions	888,000	(337,000)
	394,000	(1,479,000)
Total	1,097,000	(474,000)

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

	2021	2020
	Rs	Rs
Present value of obligation at 1 January	7,037,000	7,511,000
Current service cost	476,000	368,000
Interest expense	192,000	383,000
Past service cost	35,000	254,000
Other benefits paid	(379,000)	-
Liability experience gain	(494,000)	(1,142,000)
Liability loss/(gain) due to change in financial assumptions	888,000	(337,000)
Present value of obligation at 31 December	7,755,000	7,037,000

The principal actuarial assumptions were:

	2021	2020
Discount rate	4.8%	2.8%
Rate of salary increases	2.0%	2.0%
Average retirement age (ARA)	65	65

16. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(c) Residual retirement gratuities (Cont'd)

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

	Rs
Increase due to 1% decrease in discount rate	351,000
Decrease due to 1% increase in discount rate	281,000
Decrease/increase due to 1% increase in salary increase rate	75,000
Decrease due to 1% decrease in salary increase rate	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 Worker's Rights Act 2019 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	-
Weighted average duration of the defined benefit obligation	11 years

The most recent actuarial valuation of the retirement gratuities plan was carried out at 31 December 2021 by AON Solutions Ltd, actuaries and consultants.

(d) National Pension Plan

	2021	2020
	Rs	Rs
National Pension Scheme contributions expensed	3,356,900	2,767,190

17. TRADE AND OTHER PAYABLES

	2021	2020
	Rs	Rs
Trade payables	**74,343,727**	54,664,901
Other payables	**3,840,753**	3,248,216
Accruals	**28,675,280**	26,212,121
Import loans	**24,158,154**	14,504,552
	131,017,914	98,629,790

The average credit period on purchases is 60 days. No interest is charged by creditors and the Company have 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 (2020: 3%) and 15% from revenue from local sales (2020: 15%) on the profit for the year as adjusted for corporate tax purposes and Corporate Social Responsibility (CSR) of 2%. A provision of Rs 1,330,412 has been made for the year ended 31 December 2021 (2020: Rs 1,799,433).

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 liability

	2021	2020
	Rs	Rs
At 1 January	**1,445,661**	483,973
Charge for the year	**1,930,922**	1,799,433
Payment during the year	**(1,809,210)**	(852,439)
CSR	**39,395**	-
Underprovision in previous year	**-**	3,032
Tax deducted at source	**(22,908)**	(18,233)
Refund during the year	**29,719**	29,895
At 31 December	**1,613,579**	1,445,661

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

18. TAXATION (CONT'D)

(b) Tax expense

	2021	2020
	Rs	Rs
Charge for the year	**1,930,922**	1,799,433
CSR provision	**315,141**	-
Deferred tax movement (Note 10)	**378,425**	(564,724)
Tax expense	**2,624,488**	1,234,709
Tax reconciliation		
Profit before tax	**10,562,096**	22,861,857
Tax at effective tax rate	**1,162,751**	2,833,184
Effects of:		
Expenses not deductible for tax purposes	**5,564,745**	707,079
Allowable expenses	**(5,116,097)**	-
Exempt income	**(33,000)**	(1,787,122)
Investment tax credit	**(1,578,399)**	-
Covid-19 Levy	**1,930,922**	-
Over/(under) provision in deferred tax in prior years	**-**	(419,943)
CSR paid/adjustment	**315,141**	(98,489)
Tax expense	**2,246,063**	1,234,709

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).

	2021	2020
	Rs	Rs
Local sales- manufacturing goods	**373,603,140**	340,590,171
Local sales- trading goods	**107,387,230**	91,429,083
Export sales- manufacturing goods	**239,710,387**	268,150,018
Export sales- trading goods	**-**	1,101,609
	720,700,757	701,270,881

20. INVESTMENT INCOME

	2021	2020
	Rs	Rs
Dividend income	**202,518**	-
Interest receivable	**-**	72
	202,518	72

21. OTHER INCOME

	2021	2020
	Rs	Rs
Rental income	**248,400**	248,400
Others	**384,784**	102,152
Profit/(loss) on disposal of property, plant and equipment	**97,248**	(158,473)
Government wage assistance scheme	**1,930,922**	-
Loss on disposal of right of use assets	**-**	(97,202)
	2,661,354	94,877

22. FINANCE COSTS

	2021	2020
	Rs	Rs
Interest on:		
- bank loans	**3,863,982**	3,163,693
- bank overdrafts	**5,220,372**	5,312,853
- import loan	**178,293**	123,090
- leases (Note 15)	**1,368,829**	1,991,121
- loan from related party (Note 26)	**264,452**	-
	10,895,928	10,590,757

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

23. PROFIT FOR THE YEAR

Profit for the year is arrived at after charging/(crediting) the following:

	2021	2020
	Rs	Rs
Cost of raw materials and finished goods consumed	**436,788,200**	404,768,185
Staff costs	**145,678,144**	143,299,590
Depreciation and amortisation	**26,589,872**	27,816,625
Repairs and maintenance	**11,439,067**	11,093,495
Advertising	**23,673,855**	20,945,626
Export expenses	**6,583,619**	7,173,102
Legal and professional expenses	**6,825,532**	5,992,148
Loss allowance on trade receivables	**(31,336)**	(967)
Exchange gain	**(1,433,523)**	(41,274)
Total staff costs are analysed as follows:		
Salaries and allowances	**125,271,386**	118,026,495
Defined benefit plans and pension	**16,993,000**	17,349,000
Termination benefits	**3,413,758**	7,924,095
	145,678,144	143,299,590

	2021	2020
Number of employees	**276**	264

24. EARNINGS PER SHARE

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

Profit after tax for the year 2021 amounted to Rs 7,937,608 (2020: Rs 21,627,148). The weighted average number of ordinary shares in issue amounted to 4,495,008 (2020: 4,495,008).

25. DIVIDEND

No dividend was declared for the years 2021 and 2020.

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:

	2021	2020
	Rs	Rs
(a) Sales of goods	1,400,156	1,538,356
(b) Purchases of goods and services	23,459,894	24,783,836
(c) Payment of secretarial, management and consultancy fees	2,476,400	2,985,600
(d) Rental income	248,400	248,400
(e) Interest paid	264,452	-
(f) Outstanding balances:		
- Receivables from related parties	366,739	218,247
- Loan payable to related party	30,000,000	-
- Payables to related parties	1,433,259	1,394,907
(g) Compensation of key management personnel of the company		
Executive Director		
Salaries and other short term employee benefits	9,080,564	8,138,496
Other long term benefits	2,023,841	1,825,442
Non Executive and Independent Directors		
Remuneration	716,674	285,960

Receivables and payables from related parties are interest free, unsecured and with fixed terms of repayment.

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 devised a central basis a set of specific policies for managing these exposures.

Capital risk management

The Company manage their capital to ensure that they 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 2020.

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:

	2021	2020
	Rs	Rs
Debt (i)	**284,345,528**	272,700,747
Cash and cash equivalents	**(5,693,398)**	(307,614)
Net Debt	**278,652,130**	272,393,133
Equity (ii)	**263,944,842**	227,753,386
Net debt to equity ratio	**105.57%**	119.60%

(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 and 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

	2021	2020
	Rs	Rs
Financial assets		
At fair value through OCI	**4,967,295**	5,480,771
Financial assets at FVTOCI		
At amortised cost		
Trade and other receivables	**177,717,472**	148,611,578
Cash and cash equivalents	**5,693,398**	307,614
Amount owed by related parties	**366,739**	218,247
	188,744,904	154,618,210

27. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments (Cont'd)

	2021	2020
	Rs	Rs
Financial liabilities		
At amortised cost:		
Bank loans	**134,360,034**	89,802,006
Loan from related party	**30,000,000**	-
Trade and other payables	**128,436,785**	96,643,468
Bank overdrafts	**95,375,317**	149,789,421
Lease liabilities	**24,610,177**	33,109,320
Amount owed to related parties	**1,433,259**	1,394,907
	414,215,572	370,739,122

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:

	2021	2020
	Rs	Rs
Financial assets		
Euro	**19,754,395**	16,524,355
United States Dollars	**23,893,848**	22,184,019
Mauritian Rupees	**145,096,661**	115,909,836
	188,744,904	154,618,210
Financial liabilities		
Euro	**26,644,009**	28,114,177
United States Dollars	**98,951,700**	36,361,983
Mauritian Rupees	**288,619,863**	306,262,962
	414,215,572	370,739,122

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:

	2021	2020
	Rs	Rs
Profit or loss		
USD impact	**7,505,785**	1,417,796
Euro impact	**688,961**	1,158,982

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.

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.	
			2021	**2020**
Bank overdrafts	MRU	Floating	**2.50%-4.35%**	3.85%-4.35%
Bank loans	MRU	Floating	**3.15%-6%**	3.15%-6%
Loan from related party	MRU	Floating	**3.25%-3.85%**	-
Import loans	MRU	Floating	**2.50%-4.35%**	4.5%
Lease liabilities	MRU	Fixed	**4.5%-7.28%**	5.2%-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 2021 would decrease by Rs 1,419,468 (2020: decrease by Rs 1,270,480). 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:

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**

2020	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*	65,000,000	750,256	1,500,511	6,752,300	17,349,214	-	91,352,281
Trade and other payables	-	14,504,552	80,877,022	1,261,894	-	-	96,643,468
Bank overdrafts	149,789,421	-	-	-	-	-	149,789,421
Lease liabilities*	-	918,123	1,836,539	8,318,815	22,220,074	7,443,360	40,736,911
Amount owed to related parties	-	-	1,394,907	-	-	-	1,394,907
	214,789,421	16,172,931	85,608,979	16,333,009	39,569,288	7,443,360	379,916,988

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

The maturity profile of the bank loans and lease liabilities was reported on discounted cash flows basis in the prior year. The disclosure has been amended to correctly represent the maturity profile on an undiscounted cash flow basis.

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 profit

	Segment revenue		Segment profit	
	2021	2020	2021	2020
	Rs	Rs	Rs	Rs
Manufacturing	**613,313,527**	608,740,189	**12,416,813**	28,196,432
Trading	**107,387,230**	92,530,692	**6,177,339**	5,161,233
Total of all segments	**720,700,757**	701,270,881	**18,594,152**	33,357,665
Other income			**2,661,354**	94,877
Investment income			**202,518**	72
Finance costs			**(10,895,928)**	(10,590,757)
Profit before tax			**10,562,096**	22,861,857
Taxation			**(2,624,488)**	(1,234,709)
Profit for the year			**7,937,608**	21,627,148

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 3. Segment profit represents the 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	
	2021	2020	2021	2020
	Rs	Rs	Rs	Rs
Manufacturing	**744,827,555**	697,944,197	**557,130,030**	569,804,143
Trading	**85,429,374**	79,375,524	**40,145,671**	15,342,301
Total segments assets/liabilities	**830,256,929**	777,319,721	**597,275,701**	585,146,444
Financial assets at FVTOCI	**4,967,295**	5,480,771	**-**	-
Investment property	**27,300,000**	27,300,000	**-**	-
Current income tax liability	**-**	-	**1,613,579**	1,445,661
Deferred income tax asset	**309,898**	4,244,999	**-**	-
Total assets/liabilities per Statement of Financial Position	**862,834,122**	814,345,491	**598,889,280**	586,592,105

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	2021	2020	2021	2020
	Rs	Rs	Rs	Rs
Manufacturing	**25,563,670**	26,813,777	**17,058,856**	41,771,054
Trading	**1,026,202**	1,002,848	**61,021**	265,000
	26,589,872	27,816,625	**17,119,877**	42,036,054

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.

Geographical segments

The Company's operations are local and overseas.

	2021	2020
	Rs	Rs
Local sales	**480,990,370**	432,019,254
Overseas sales	**239,710,387**	269,251,627
	720,700,757	701,270,881

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

	2021	2020
	Rs	Rs
Not longer than 1 year	**248,400**	248,400
Longer than 1 year and not longer than 5 years	**1,142,640**	1,105,380
Longer than 5 years	**1,928,205**	2,213,865
	3,319,245	3,567,645

30. CAPITAL COMMITMENTS

	2021	2020
	Rs	Rs
Authorised by the Board of Directors but not contracted for:		
Commitments for the acquisition of property, plant and equipment	**5,798,225**	2,253,786

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021	Financing cash flows (i)	New leases	At 31 December 2021
2021	**Rs**	**Rs**	**Rs**	**Rs**
Bank loans	**89,802,006**	**74,826,028**	**-**	**164,628,034**
Lease liabilities	**33,109,320**	**(9,286,796)**	**787,653**	**24,610,177**
	122,911,326	**65,539,232**	**787,653**	**189,238,211**

	At 1 January 2020	Financing cash flows (i)	New leases	At 31 December 2020
2020	Rs	Rs	Rs	Rs
Bank loans	58,212,586	31,589,420	-	89,802,006
Lease liabilities	39,943,525	(9,078,830)	2,610,425	33,475,120
	98,156,111	22,510,590	2,610,425	123,277,126

(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

	2021	2020
	Rs	Rs
Bank guarantees	**80,000**	8,040,000

34. EVENTS AFTER REPORTING PERIOD

Subsequent to 31 December 2021, 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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SOAP & ALLIED INDUSTRIES LIMITED

Registered Office and Registry
38, Royal Street, Port Louis,
Mauritius

BRN: C06001441