quality beverages
since 1955

ANNUAL REPORT 2020

pepsi
MIRINDA
vital
Lipton
Mountain Dew
7up
Tropicana
tara
Tia's
LESAFFRE
LAVAZZA
parmalat
Vita Ghee
Butterfly
Mil

CONTENTS

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of **Quality Beverages Limited** (the "Company") for the year ended 31st December 2020. This report was approved by the Board of Directors on 25th March 2021.

On behalf of the Board of Directors, we invite you to join us at the Annual Meeting of the Company to be held on **30th September 2021 at 14:00 hours** at the Boardroom of the Company situated at Royal Road, Belle Rose.

In light of the evolution of covid-19 pandemic, the Board of Directors of the Company wishes to ensure its Shareholders that all the appropriate sanitary measures will be strictly observed, in line with the existing guidelines issued by the competent authorities, to ensure the smooth running of the meeting.

Sincerely,

Bashirali A Currimjee, G.O.S.K
Chairman

OUR PURPOSE

An inspiring workplace where we celebrate our success of touching all consumers lives by providing them with their preferred choice of quality food and beverages.

OUR MISSION

We are a diverse team that fully embraces a culture of innovation, change, progress, and recognition. We work together to anticipate our customers' expectations, to provide unique and finest quality moments for our consumers, and ultimately to build value to last.

OUR HISTORY

Quality Beverages Limited (the "Company") dates back to 1955, when the Company was established as the manufacturer and distributor of PepsiCo. brands for the Mauritian territory. Back then, we began to manufacture and distribute Pepsi, Mirinda and Evervess in 8oz. returnable glass bottles only. Today, and after more than 64 years of operation, we have grown to be one of the leading bottlers and distributors of food and beverages in Mauritius.

OUR VALUES

COMMUNITY

We understand that with success comes the responsibility to give back. We believe in supporting our communities, whether through hands-on involvement of our people or as coordinated at corporate level by the Currimjee Foundation. Giving back not only expresses gratitude for our blessings, it makes our communities better places to live, work and grow.

RESPONSIBILITY

We understand that success is not only reflected in the bottom line but also in how we positively impact the surrounding communities and the environment.

INTEGRITY

Through honesty, fairness and respect, we aim to build strong long – term relationships with all the stakeholders.

OPENNESS

We are open and inclusive, always willing to learn from others and demonstrating respect for different cultures, beliefs and ideas.

FORESIGHT

By making an effort to understand the needs of our customers and communities and taking a long-term view, we are able to visualize a better future and make it a reality through conscientious planning.

PASSION

We have the passion required to bring our vision to life, to inspire success and build a better tomorrow for our customers, company, people and country.


pepsi
RISE
#MWAMOKONTAN!

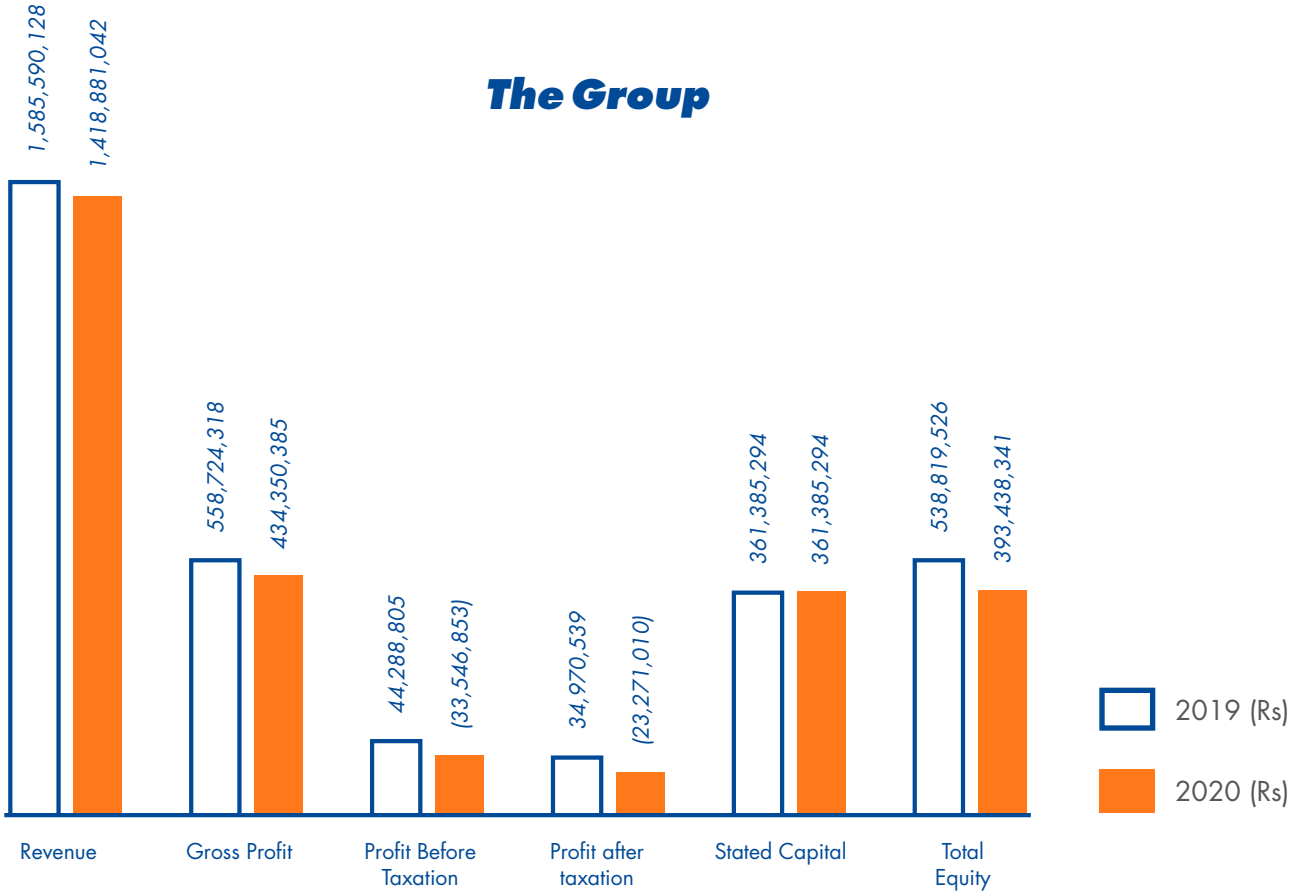
30 years

1990 ♥ 2020

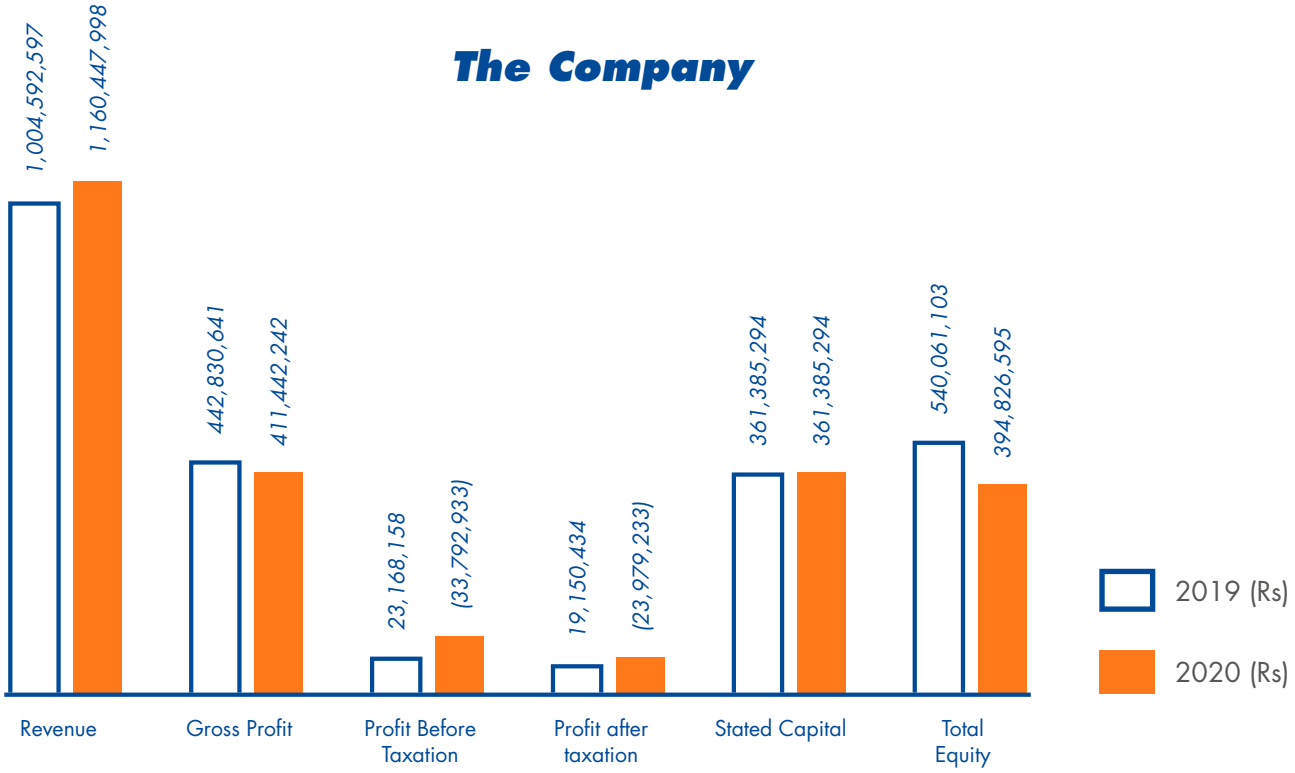
SPREADING THE JOY OF GOOD FOOD

FINANCIAL HIGHLIGHTS

The Group



The Company




Sunshine
MAKES
IT TASTE
BETTER
Lipton
Peach
ICE TEA
LOW IN CALORIES
DELICIOUSLY REFRESHING
Lipton

CHAIRMAN'S STATEMENT

Dear Shareholder,

I am pleased to present to you the Annual Report of **Quality Beverages Limited** ("the Company") and the Group for the year 2020.

AN UNPRECEDENTED AND DISRUPTIVE OPERATING ENVIRONMENT

2020 was an unprecedented year marked by a global pandemic that only few could have imagined the impact it had around the globe. The Covid-19 pandemic landscape has taken a huge toll on the global economy. Mauritius being heavily exposed to global dynamics has likewise seen an unprecedented downturn, which unfortunately will linger well into 2021.

This pandemic has led us to rethink our ways of working. The Board, together with the Leadership Team have in a united, dynamic and seamless manner, responded to the crisis and proved agile in facing the challenges supported by our robust governance framework. We responded to this challenge swiftly assembling a trusted crisis management team to make rapid tactical decisions. Our employees' health and safety being at the forefront of our priorities, we promptly developed measures to help to keep them safe. In this volatile environment, the dedication and resilience of our employees was paramount to help ensure that we continue to produce, deliver our products to our consumers and support our business partners.

OUR BUSINESS

Since its establishment in 1955 as the bottler and distributor of PepsiCo brands for the Mauritian market, Quality Beverages Limited. has grown to be one of the leading distributors of food and beverages in Mauritius. For almost 65 years now, the Company has continued to progress and grow by improving its products and services and expanding its portfolio to meet the ever-changing consumer needs. Today, the Group has grown to be a Rs1.4B revenue business by offering a diverse wide range of products.

With consumers' behaviors evolving faster than ever, our product offerings will need to evolve overtime to address consumers' new tastes, habits and preferences. The amalgamation of Margarine Industries Limited with and into the Company in late 2019 was a critical step to diversify our portfolio and expand our product offering beyond beverages. This stronger portfolio of products has positioned the Company to better compete in what is today a very dynamic food and beverage market.

OUR PERFORMANCE

Despite the challenges of COVID-19 in 2020 and the resulting complex business environment in which we had to operate, the Company remained focused in strengthening its core business and improve product availability and market execution. In addition, we continued to invest to unleash our future growth potential while becoming more consumer centric and ensuring that our manufacturing and supply chain processes are more sustainable and respectful for our planet. On that matter, we invested in a new glass line to allow for a larger production of our beverage range in returnable glasses, thus encouraging multiple usage of the bottles and reduce the Company's environmental footprint. Finally, we began to rationalize and rethink our portfolio by focusing on the high value growth opportunities, increased our brands' content in digital platforms and social media networks and revamped our e-commerce platform to respond to new consumer trends and shifts in demand as well as new ways of delivering products.

The Group and the Company's activities have been negatively impacted by the unprecedented effect from the pandemic. As a result, Group revenue for the year declined to Rs1.42 billion compared to Rs1.59 billion prior year. Our beverage business was significantly affected by the hard hit out of home consumption. We sustained however our leadership in the water category and remained a strong player in the soft drink segment with the support of global brands like Pepsi, Mirinda, or 7UP. On the other hand, our retail oils and fats business outperformed, mainly driven by a growth acceleration of our spread offerings.

The Group ended with a loss after tax of Rs23.27million compared to a profit after tax of Rs34.97million prior year. The profitability has been mainly impacted by the effect of the lockdown of two and a half months, the negative effect from the depreciation of the Mauritian Rupee against major currencies and a non-recurrent adjustment in pension benefits of Rs19.3million.

CORPORATE RESPONSIBILITY AND SUTAINABILITY INITIATIVES

In 2020, we begun to align our social and environment objectives to cover four key pillars:

- Fighting waste and ensuring that plastic never becomes waste.
- Promoting a healthy and active lifestyle.
- Gender equality.
- Ensuring that our supply chain fights climate change.

CHAIRMAN'S STATEMENT

We are committed to a sustainable development and strive to ensure that our operations are conducted in a way that minimise their impact on the environment. Our business practices are based on the principles of long-term sustainable development that will not only best protect our planet but also lead to a better world for our consumers and future generations. As a result, a strong focus towards waste recycling and reduction of single use plastic is being implemented by:

(a) Ensuring that the majority of our waste is recycled through partnerships with recycling companies.
(b) Using biodegradable packaging for our locally produced food items. Tubs and lids for all our spread and margarines have migrated to biodegradable material and shrink films for our oil and fat ranges have been eliminated and replaced by recyclable carton boxes.
(c) Exploring new forms of packaging without plastic or ways to integrate recycled preforms into our beverage bottles as well as minimising plastic content across all our packaging. In that respect, we have set ourselves with clear targets to incorporate recycled plastic into our packaging and reduce by 35% the use of virgin plastic content across our beverage portfolio by 2025.

Our purpose is to make a difference through our involvement in the communities where we live and do business. The Company began in 2019 to work with Foodwise limited, a non–governmental organization which is dedicated to fight food waste and food insecurity by redistributing food surpluses to people in need. Additionally, we have continued to work to incentivize the importance of having a healthy and active lifestyle through dedicated youth programs and through our various sponsorships of athletics and tennis championships. Our youth program "Nager c'est Vital" or our school swimming programs in partnership with the Mauritius Sports Council are geared to teach children around the island how to swim. Swimming is now part of the school curriculum and we have already reached over 250 schools with these swimming courses. Finally, we have advanced in our commitment to drive gender equality from the top and began the implementation of a sustainable marketing canvass to explicitly link the marketing function to its effects on the environment, on social justice and on long-term profitability.

WAY FORWARD

The duration and spread of the COVID-19 pandemic, and the resultant economic effect that it will have remains uncertain. The recent lockdown in March 2021 has caused for additional volatility. It is now more than ever difficult to predict how this pandemic will impact the future growth of our business, but it will for sure have an impact one way or another. Our future success will be based on the agility of doing business, the strength of our brands and a diversified product portfolio. We have already begun to pave the road ahead and work on new business opportunities to anticipate for the new situation and help ensure the sustainability of our operations. We will look at enhancing our portfolio to include more natural alternatives, plant-based ingredients or reduced sugar beverages while at the same time continue to look at alternative packaging solutions in line with our commitment to drive an organization fully committed to minimizing its impact to the environment.

The current pandemic has accelerated some consumer trends, particularly related to digital engagement and e-commerce and has brought a shift towards home consumption. We need therefore to continue to anticipate and adapt to this rapidly changing consumer landscape. As such, we will further leverage the digital space and online platforms to best connect with our customers and consumers and enhance their shopping experience. Finally, and on the manufacturing side, we will continue to invest to make our manufacturing processes leaner and allow for new and innovative products. To meet these challenges, we will need to continue to simplify our organization, drive digital transformation, reduce our cost of doing business, further improve our response to market needs and work as a single unified team with a common set of values, shared vision and a common sense of destiny.

GOVERNANCE

At Quality Beverages Limited, we strongly believe that a robust governance framework contributes towards improving the efficiency of the Board, enhancing business performance, sustaining growth, maximizing returns to Shareholders and protecting their long-term interests. We strive to ensure that the highest standards of corporate governance are upheld at all levels within the organisation and embedded in our culture.

I am delighted to report that the Company has applied all the principles of the National Code of Corporate Governance of Mauritius (2016) ("the Code") and has complied with the material aspects of the Code. The Corporate Governance Report that follows sets out how QBL is applying the Code's principles.

A TOKEN OF APPRECIATION

Since our earliest days, Quality Beverages Limited has lived by the strong values established by our founders. I am proud that these principles have stood the test of time and continue to guide our organisation today. Now, more than ever, I feel a deep sense of pride in our employees, who rose to the challenge and operated with fortitude under the most extraordinary of circumstances.

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

To our shareholders, partners and customers, thank you for your ongoing trust in us. We are fully prepared to emerge stronger so we can maintain our place at the heart of your households.

I do hope this message finds you and your family in good health.

Bashirali A. Currimjee G.O.S.K
Chairman


SQUEEZE
THE DAY
MIRINDA
MIRINDA
ORANGE

CORPORATE INFORMATION

Directors of the Company

Mr. Bashirali A Currimjee, G.O.S.K – Chairman
Mr. Azim F Currimjee – Managing Director
Mr. Raffi Currimjee – Deputy Managing Director
Mr. Ashraf M Currimjee
Mr. Uday K Gujadhur
Mr. Saleem Karimjee (appointed on 14 April 2021)
Mr. Rajvardhan S Bhullar (appointed on 14 April 2021)
Mrs. Anne-Claire F C M Moulin (appointed on 01 June 2021)
Mr. Anil C Currimjee (ceased to be Director on 12 April 2021)

Directors of the Company's Subsidiaries

	Creative Advertising Bureau Limited ("CAB")	Central Distributors Company Limited ("CDCO")
Mr. Azim F Currimjee	✕	✕
Mr. Raffi Currimjee	✕	✕
Mr. Currimjee J Currimjee, G.O.S.K (ceased to be Director on 10 May 2021)		
Mr. Mustanshir A Currimjee (ceased to be Director on 10 May 2021)		

Secretary

Currimjee Secretaries Limited

Registry and Transfer Office

Currimjee Secretaries Limited
38, Royal Street
Port Louis

External Auditor

PricewaterhouseCoopers Ltd
PwC Centre
Avenue de Telfair
Telfair 80829
Moka

Registered Office

38, Royal Street
Port Louis

Principle Place of Business

Royal Road, Belle Rose, Mauritius

Bankers

The Mauritius Commercial Bank Ltd
SBM Bank (Mauritius) Ltd
Absa Bank (Mauritius) Limited
AfrAsia Bank Limited
MAUBank Ltd

REPORT FROM THE BOARD OF DIRECTORS

Dear Shareholders

The Board of Directors is pleased to present the Annual Report of **QUALITY BEVERAGES LIMITED** ("the Company") for the year ended 31 December 2020.

Legal Form and Principal Activity

The Company was incorporated on 23 February 1954 as a private company and was converted into public company on 05 April 1972. The Company was admitted to the Development & Enterprise Market (DEM) of the Stock Exchange of Mauritius (SEM) in August 2006.

The principal activities of the Company consist of (1) bottling and distribution of carbonated and non-carbonated beverages (2) exclusive distribution of Lavazza coffee, (3) manufacturing and sale of oils and fats and (4) food business trading.

The activities of the wholly-owned subsidiaries of the Company are as follows:

Creative Advertising Bureau Limited ("CAB")

CAB is a specialist in designing and producing visual solutions such as signage, banners, billboards, totem signs, custom flags and all types of displays.

Central Distributors Company Limited ("CDCO")

CDCO is engaged in the trading of liquid petroleum gas (LPG).

Results

COVID-19 pandemic has given rise to an exceptionally difficult operating environment which has caused significant volatility within the economic markets in Mauritius and around the world. The Group and the Company's activities have been negatively impacted by the unprecedented effect from this pandemic. As a result, Group revenue for the year declined to Rs1.42 billion compared to Rs1.59 billion prior year.

The Group ended with a loss after tax of Rs23.27million compared to a profit after tax of Rs34.97 million prior year. The profitability in year 2020 has been mainly impacted by the lockdown of two and a half months' period, the negative effect from the depreciation of the Mauritian Rupee against major currencies and a non-recurrent adjustment in pension benefits of Rs19.3million.

In view of the prevailing uncertainties due to COVID-19, the Board decided not to declare a dividend for the year ended 31 December 2020.

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 position, financial performance 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.
- Adhere to the code of corporate governance, maintain adequate accounting records and an effective system of Internal Control and risk management.

REPORT FROM THE BOARD OF DIRECTORS

Results (Continued)

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

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 Mauritian 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.

Auditor

Following an external audit tender exercise carried out in year 2020, PricewaterhouseCoopers Mauritius has been appointed as auditor for year ended 31 December 2020.

The total fees paid to the Auditor for the Company and its subsidiaries were as follows:

	2020	2019
	Rs	Rs
Audit fees	2,375,871	2,700,000
Other Services	183,400	2,500,000
	2,559,271	5,200,000

Acknowledgements

On behalf of the Board, we wish to express our sincere appreciation and gratitude to Management and staff for their work done and commitment to the Company.

Signed on behalf of the Board of Directors on 25th March 2021

Mr Bashirali A Currimjee, G.O.S.K
Chairman

Mr Azim F Currimjee
Managing Director


FEELS GOOD
to be you™
7up
7up

CORPORATE GOVERNANCE REPORT 2020

Introduction

The Board of Directors ("the Board") is pleased to present to its Shareholders and stakeholders, the Corporate Governance Report (the "Report") for the financial year ended 31 December 2020.

Year 2020 has been very challenging, particularly due to the Covid-19 pandemic landscape, which has taken a huge toll on the global economy. Mauritius being heavily exposed to global dynamics, has likewise seen an unprecedented downturn, which unfortunately, will linger well into year 2021.

This pandemic also led us to rethink our ways of working. The Board, together with the Leadership Team have in a united, dynamic and seamless manner, responded to the crisis and proved agile in facing the challenges supported by our robust governance framework.

The Board acknowledges the role of the Regulatory Bodies, the National Committee on Corporate Governance, the Mauritius Institute of Directors and all other such organisations, for advocating and ensuring the application of good corporate governance practices and the more so in these challenging times.

The Company is a Public Interest Entity and the Board fully endorses the eight principles espoused by the National Code of Corporate Governance of Mauritius 2016 ("the Code").

The Board, with the support of its Leadership Team, is responsible to maintain a solid governance framework, with structured policies, processes and embed ethical culture, to enable the rolling out of effective, entrepreneurial, prudent management and control so as to deliver long-term sustainable success of the Company and value generation, as well as fostering stakeholders' engagement.

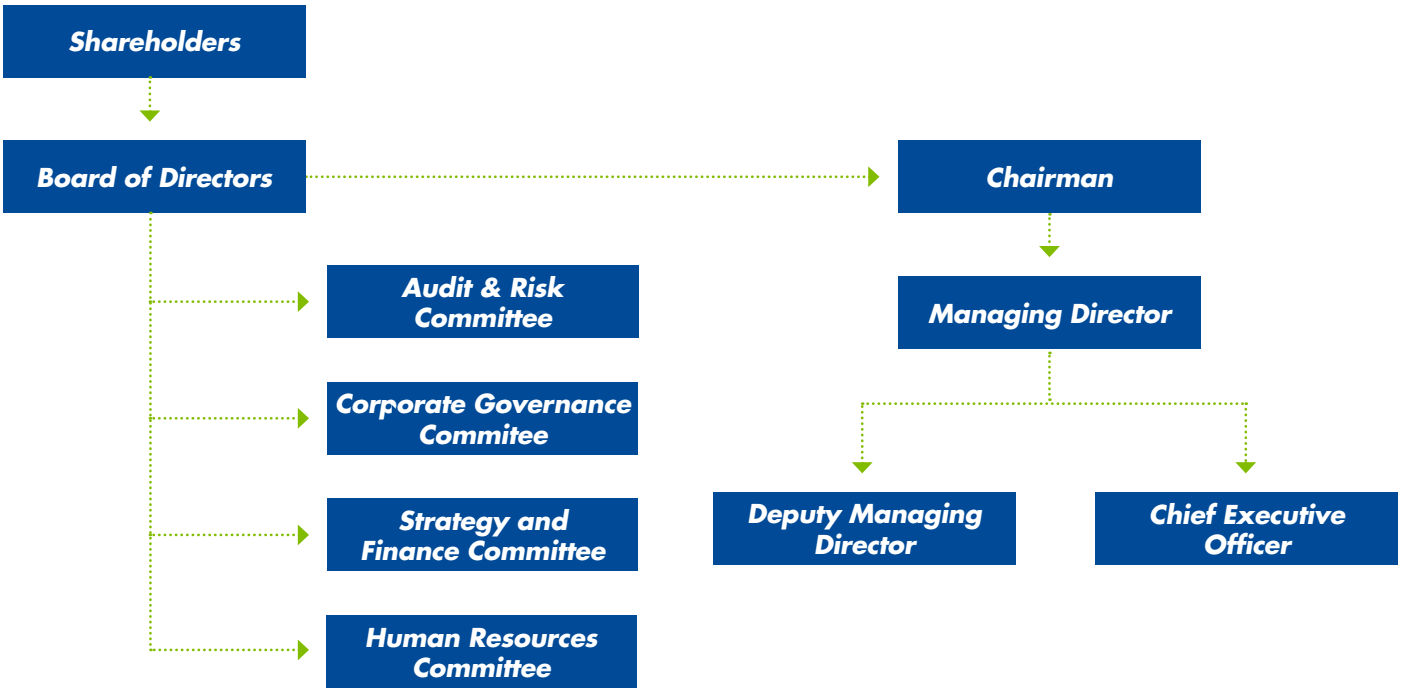
The Board believes that all material information on the Company and its governance framework, recommended to be disclosed on the website as per the Code, is available to shareholders and stakeholders through (i) publication of the quarterly Abridged Financial Statements on the website of the Stock Exchange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

Principle 1 – Governance Structure

The Board – Statement of Accountabilities

The Company operates with a unitary Board with a distinct separation of the Executive and Non-Executive Directors' functions. The Board is responsible for leading and controlling the organisation as well as meeting all legal and regulatory requirements and acts in the best interest of Shareholders. It is accountable for the performance and affairs of the Company and for achieving growth in a sustainable manner. The statement of accountabilities is approved by the Board.

In order to assist the Board in the discharge of its duties, some specific specialised areas are delegated to established Board Committees comprising of Board Directors, and to management functions, followed by clear recommendations to the Board. The governance structure is as follows:



The Terms of Reference of each Board Committee provides for a review thereof on an annual basis.

Principle 1 – Governance Structure (Cont'd)

Board Charter

The Board has on 25 March 2021 adopted a Board Charter ("Charter"), which describes amongst others, the composition, roles and responsibilities of the Board and its Board Committees, the approved key senior governance positions and the statement of accountabilities. The Board Charter will be reviewed on an annual basis. The Company also remains guided by the provisions of its Constitution and the prevailing legislation, rules and regulations such as the Mauritius Companies Act 2001, the Financial Reporting Act 2004, the DEM rules and the Code.

Code of Conduct

A Code of Conduct has been adopted by the Company and sets out the Currimjee Group's ethical and professional standards of behaviours and attitudes to be followed by the employees and Directors. All concerned parties are called to read and subscribe to the Code of Conduct with due care and attention and they are expected to comply fully with its provisions. The Code of Conduct is monitored at the level of Currimjee Group.

Key Senior Governance Positions and responsibilities

The Board of Directors operates under the Chairmanship of Mr Bashirali A Currimjee. The functions of the Chairman and Managing Director are separate. Mr Azim F Currimjee is the Managing Director of the Company.

The Board has approved the Position Statements of the Chairman and Company Secretary.

The key duties and responsibilities of the Chairman and Company Secretary are set out below:

Chairman

The Chairman is responsible for leading the Board and facilitating the effective and constructive contributions of Non-Executive Directors and encouraging active engagement by all Board Directors in order to ensure the effectiveness of the Board in aspects of its role. His main responsibilities include:

- Setting the agenda and ensuring that adequate time is granted to discuss all agenda items particularly strategic issues;
- Ensuring that the Directors receive complete and adequate information in a timely manner;
- Ensuring effective communication with shareholders and other stakeholders;
- Encouraging constructive relations within the Board and between the Board and Management;
- Facilitating the effective contribution of Non-Executive Directors in particular; and
- Promoting high standards of Corporate Governance.

Company Secretary

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

The Company Secretary is responsible for:

- Ensuring that the Company complies with its Constitution, all relevant statutory and regulatory requirements and rules established by the Board;
- Providing the Board as a whole and directors individually with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Company;
- Developing the agenda of Board and Board committee meetings in consultation with the Chairperson and the Managing Director;
- Circulating agendas and any supporting papers in a timely manner;
- Taking minutes of meetings and circulating the draft minutes to all concerned parties;
- Ensuring that the procedure for the appointment of directors is properly carried out; and
- Assisting in the proper induction of directors, including assessing the specific training needs of directors/executive management.

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

Mr Bashirali A Currimjee, G.O.S.K – Mauritian Citizen & Resident – Non Executive Director and Chairman

Committee Membership: None

Qualifications:

- B.A. Arts, Major in Economics and Government, Tufts University, USA.
- OPM, Harvard Business School, USA.

Experience:

- Former President of Mauritius Chamber of Commerce and Industry, Association of Mauritian Manufacturers and Joint Economic Council (now Business Mauritius).
- Former Director of Bank of Mauritius and SBM Bank (Mauritius) Ltd.
- Held key executive positions within the Currimjee Group.
- Honorary Consul General for the Republic of Turkey in Mauritius from 1985 to 2016.
- Currently Chairman of numerous companies within the Currimjee Group and Managing Director of Emtel Limited.

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

Principle 1 – Governance Structure (Cont'd)

Mr Azim F Currimjee – Mauritian Citizen & Resident – Managing Director

Committee Membership: Chairman of Strategy & Finance Committee, Member of Human Resources Committee and Member of Corporate Governance 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 18 years and is currently the Managing Director of the Company.
- Former Manufacturing Director of Bonair Group of Companies.
- Director of numerous companies within the Currimjee Group.
- President of the Mauritius Chamber of Commerce and Industry ('MCCI') 2016 to 2018. He also held this position during 2007 and 2008.
- Former Vice-President of COMESA Business Council.
- Former Vice-President of Economic Development Board of Mauritius.
- Former Director of SBM Holdings, SBM Mauritius and SBM Kenya.
- Former Chairman of SBM India.

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

Mr. Raffi Currimjee – Mauritian Citizen and Resident – Executive Director

Committee Membership: Strategy & Finance Committee, Human Resources Committee and Corporate Governance Committee

Qualifications:

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

Experience:

- Deputy Managing Director of the Company
- 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 Limited and on numerous subsidiaries of the Currimjee group.

Directorship in other public and listed companies: Soap & Allied Industries Limited, Island Life Assurance Co. Ltd, Compagnie Immobilière Limitée.

Mr. Anil C Currimjee – Mauritian Citizen and Resident – Non-Executive Director

Committee Membership: Strategy & Finance Committee and Human Resources Committee

Qualifications:

B.A. Liberal Arts, Williams College, Massachusetts, USA.
MBA, London Business School, UK.

Experience:

- Former President of the Mauritius Chamber of Commerce & Industry.
- Former Director of The Mauritius Commercial Bank Ltd.
- Honorary Consul General of Japan in Mauritius from 2004 to 2016.
- Chairman of Joint Business Council Mauritius-India.
- Managing Director of CJ&CO Ltd and Director of numerous companies within the Currimjee Group.

Directorship in other public and listed companies: Compagnie Immobilière Limitée, Island Life Assurance Co. Ltd, Sanlam Africa Core Real Estate Investments Limited, African Rainbow Capital Investments Limited and Oceanarium (Mauritius) Ltd.

Mr. Ashraf M Currimjee – Mauritian Citizen and Resident – Non-Executive Director

Committee Membership: Audit & Risk Committee, Corporate Governance Committee and Human Resources 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.
- Director of a number of companies within the Currimjee Group.

Directorship in other public and listed companies: Soap & Allied Industries Limited and Mauritius Oil Refineries Limited.

Principle 1 – Governance Structure (Cont'd)

Mr. Uday K Gujadhur – Mauritian Citizen and Resident – Non-Executive Director

Committee Membership: Chairman of Audit & Risk Committee

Qualifications:

- Fellow Member of the Association of Certified Chartered Accountants (FCCA).

Experience:

- Over 40 years' experience in the fields of Tax Planning, Structuring, Auditing and Consulting.
- Former Partner of De Chazal Du Mée & Co, a leading firm of Chartered Accountants.
- Former CEO & Director of Multiconsult Ltd, the Offshore Management Company of De Chazal Du Mée & Co.
- Founder Member of the International Fiscal Association Mauritius.
- Fellow of the Mauritius Institute of Directors and member of Institute of Directors, UK.
- Currently resident Director of Essar Capital Limited.

Directorship in other public and listed companies: Soap & Allied Industries Limited, Bravura Holdings Limited, Trevo Capital Ltd, RHT Holdings Ltd, Dacosbro Limited and The Mauritius Commercial Bank Ltd.

Senior Management's Profiles

Mr Inigo de Prado – Chief Executive Officer

Qualifications:

- BSc in Business Administration and Economics, Universidad del Pais Vasco, Spain
- MBA, Strathclyde Graduate Business School (UK) and Audencia Nantes, Ecole de Management, France.

Experience:

- Over 20 years of comprehensive professional international experience in the beverage industry, mainly in leading multinationals, including The Coca-Cola Company where he held management roles going from Finance, Business Development, Strategy to Global Marketing and Innovation.

Mr. Salim Sulliman – Chief Commercial Officer

Qualifications:

- Advance General Management Certificate, National University of Singapore.

Experience:

- Salim has been working with the Currimjee Group since March 1987. He has over 30 years of experience in the commercial field. He held managerial position at Elf Antargaz. He then moved to MIL Group in 1990 and held many executive positions before promoted to the post of General Manager. He currently excels as Chief Commercial Officer at the Company since 01 January 2019. He is also an executive member of the Association of Mauritian Manufacturers.

Ms. Yowvanam Ramassami – Chief Financial Officer

Qualifications:

- FCCA, Association of Chartered Certified Accountants (ACCA)
- MBA, Heriot-Watt University, Edinburgh Business School

Experience:

- Previous experience as Finance Manager at Casela- Medine Group
- Yowvanam reckons over 12 years of comprehensive experience and solid foundation in Finance. She last held the position of Finance Manager with Medine Ltd.- Casela Ltd/ Safari Adventures where she was responsible for the strategic financial activities of four business units.
- Joined as Chief Financial Officer in 2020.

Mrs. Giany Devi Sauhye-Sauntoo – Factory Manager (Beverage)

Qualifications:

- BSc in Chemistry, University of Mauritius
- Master's Degree in Chemistry, University of Mauritius

Experience:

- Joined the Company in October 2004 and is currently the Factory Manager of the Company.

Mrs. Nooreen Ramjane - Factory Manager (Food)

Qualifications:

- BSc. (Hons) in Food Science and Nutrition from University of Mauritius.

Experience:

- Nooreen joined the Group in January 2011. She has accumulated 9 years of experience in the Quality Assurance and Production field. She is currently the Factory Manager of the Food section and responsible for day to day management of the Production, Laboratory & Quality Assurance Department.

Mr. Varoun Jeewooth - Human Capital Manager

Qualifications:

- BSc in Management, University of Mauritius
- MBA with specialization in Human Resources- University of Technology
- Associate member of the Chartered Institute of Personnel Development, UK

Senior Management's Profiles (Cont'd)

Mr. Varoun Jeewooth – Human Capital Manager (Cont'd)

Experience:

- Over 12 years of experience as HR Generalist in Tourism and Hospitality Industry prior to joining the Company in August 2018 as Human Capital Manager. He held several management positions at The Oberoi Mauritius including Deputy Director of Human Resources & Learning & Development Manager before joining the Company.

Mrs. Karishma Gopy – Manager- Marketing & Strategy

Qualifications:

- BSc in Management studies with specialisation in International Marketing, University of Mauritius
- MBA, University of Mauritius

Experience:

- Over 20 years of management experience, Karishma joined the company in August 2014 as Marketing Manager. Prior to joining the Company, she worked at Emtel and Nestle where she held the position of Category Development Manager.

Mr. Yahyah Rawat – Transport Manager

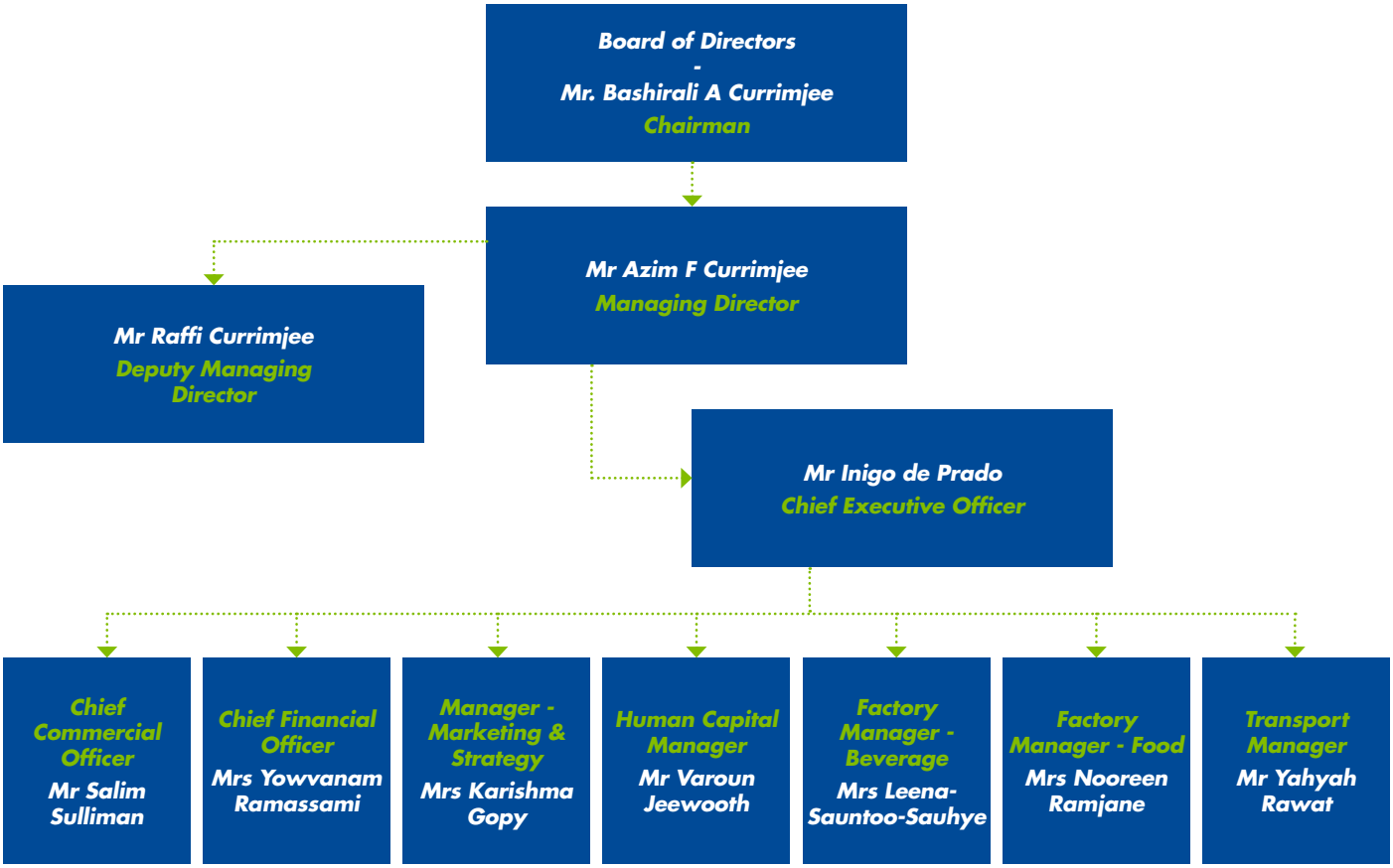
Qualifications:

- Courses in Automobile Technology

Experience:

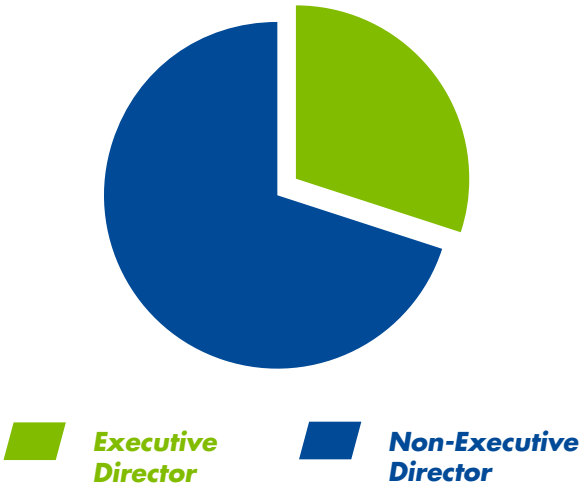
- Joined the company in September 1980, and is responsible for the management of the Garage, the maintenance and repairs of Vital Water coolers and Lavazza Coffee machines.

Organisational Chart



Principle 2 – The Structure of the Board and its Committees

The Company is led by a Board made up of six Directors with two Executive Directors and four Non-Executive Directors, including the Chairman. The size of the Board is determined taking into consideration the needs of the Company's Board in terms of skills, experience, diversity.



The Executive Directors are responsible for running the Company's business, developing and implementing the Company's strategy, as approved by the Board. They manage the dynamics between their management responsibilities and their fiduciary duties in the best interests of the Company.

The Non-Executive Directors have a diverse mix of skills and experience and provide an objective oversight, independent of the Executive Directors, to constructively challenge management and contribute to effective decision-making at the Board. Mr Uday K Gujadhur, who was previously qualified as an Independent Director, is now considered as a Non-Executive Director since he has served the Board for more than nine years from the date of his first election.

The Board composition is currently being reviewed taking into account the Code's recommendation in terms of appointment of at least two Independent Director(s). The criteria for appointment and the profile required for potential candidates have been established and are being considered by the Nomination and Remuneration Committee, set up at the level of Currimjee Limited, formerly known as Fakhary Limited. The Board also acknowledges the need for diversity in gender representation, and the matter is being addressed as part of the review.

Focus areas during the Financial Year 2020

The Board held five Meetings during the year under review. The key matters considered and discussed at the Board Meetings are set out below:

- Approval of the Annual Report for the year ended 31 December 2019.
- Quarterly review of the performance of the Company against budget, including operational and financial highlights.
- Approval of the annual operating plan ('AOP') for year 2020.
- Approval of a revised AOP 2020 following the Covid 19 pandemic, including its impact on the operations and measures taken to sustain the business.
- Approval of the annual operating plan ('AOP') for year 2021.
- Monitoring of implementation plan for the Code.
- Receive Reports from Chairman of Board Committees.
- Approval of Corporate Governance Report for the financial year 2019.
- Approval of the Board Assessment Questionnaire for the year 2019.
- Appointment of external auditors for financial year 2020, following tender process.
- Approval of investment in a glass line project.
- Approval of the construction of a Distribution Centre.

Board Committees

As part of the Corporate Governance Framework, a Board Committee structure has been established to support and assist the Board in the discharge of its duties on specific specialised matters. Whilst retaining the overall responsibilities, the Board has delegated these matters to four standing Board Committees, the Audit & Risk Committee, the Corporate Governance Committee, the Human Resources Committee and the Strategy & Finance Committee for more comprehensive considerations and evaluations, followed by well-considered recommendations to the Board and further discussions as may be required at that level.

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

Principle 2 – The Structure of the Board and its Committees (Cont'd)

Audit & Risk Committee

Composition	Main Responsibilities	Key Matters discussed in year 2020
Chairman Mr Uday K Gujadhur Member Mr Ashraf M Currimjee In Attendance Mr Azim F Currimjee Mr Raffi Currimjee Mr Inigo de Prado Ms Yowvanam Ramassami	• Monitoring the integrity of the financial statements and annual report and review significant financial reporting issues and judgements therein; • Reviewing the Company's internal controls related to financial reporting and disclosure controls and procedures and monitoring the effectiveness of the internal audit function; • Reviewing the internal audit recommendations and monitoring their implementation; • Making recommendations to the Board in relation to the appointment, re-appointment and removal of the External Auditor; • Agreeing 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); • Assessing annually the independence and objectivity of the External Auditor, their expertise and resources and the effectiveness of the audit process; • Focusing the risk areas of the Company's operations to be covered in the scope of the internal and external audits; and • Monitoring of the "Related Party Transaction Policy" as established by the Board.	• Review of Audited Financial Statements for financial year 2019 • Review of client service report from external auditors and letter of representation. • Review of internal audit reports, internal audit plan and implementation of audit recommendations. • Review of Risk register. • Appointment of external auditors for financial year 2020, following tender process. • Review of quartely results including the impact of Covid-19 on operations and measures taken to sustain the business

Corporate Governance Committee

Composition	Main Responsibilities	Key Matters discussed in year 2020
Chairman Mr Ashraf M Currimjee Members Mr Azim F Currimjee Mr Raffi Currimjee	• Recommending the Board on the Corporate Governance provisions to be adopted so that the Board remains effective and complies with prevailing Corporate Governance principles; • Ensuring that the reporting requirements and disclosures made, with regard to Corporate Governance, whether in the Annual Report or on an ongoing basis, are in accordance with the principles of the applicable Code of Corporate Governance; • Determining, agreeing and developing the Company's general policy on Corporate Governance in accordance with the applicable Code of Corporate Governance; and • Reviewing the Company's Corporate Governance Policy and any other issues related to Corporate Governance and making due recommendations to the Board.	• Review of corporate governance reports for the company • Board evaluation survey results and recommendation to Board. • Recommendation to Board on Board committee evaluation process; • Recommendation to Board on individual director evaluation process.

Principle 2 – The Structure of the Board and its Committees (Cont'd)

Human Resources Committee

Composition	Main Responsibilities	Key Matters discussed in year 2020
Members Mr Anil C Currimjee Mr Ashraf M Currimjee Mr Azim F Currimjee Mr Raffi Currimjee	• Ensuring that the human resources, their management and development are given the proper thrust and importance by the Board; • Reviewing, monitoring existing policies, systems and structures, reporting on their implementation and making recommendations to the Board; • Reviewing and monitoring appointment for key executive positions and approve appointments of all reportees to the Managing Director; • Reviewing and monitoring compensation policies for key executives and approve compensation decisions relating to all reportees to the Managing Director; • Reviewing the implementation of a succession planning system for the position of the Managing Director, his reportees and other key executives; and • Formulating relevant Human Resources policies and monitoring their implementation by Management.	• No meeting of the Human Resources Committee was held during the year under review.

Strategy & Finance Committee

Composition	Main Responsibilities	Key Matters discussed in year 2020
Chairman Mr Azim F Currimjee Members Mr Anil C Currimjee Mr Raffi Currimjee	• Ensuring an effective strategic planning process is in place; • Reviewing and proposing strategic objectives and options to the Board and monitoring effectiveness of strategies; • Approving and monitoring large investments within limits of authority; • Reviewing and monitoring the IT policy, investment in IT and strategic assets; • Making recommendations to the Board on matters pertaining to capital structure, finance strategy, treasury operations, investment strategies and financial risk management; and • Developing and recommending long-term financial objectives for the Company.	• No meeting of the Strategy and Finance Committee was held during the year under review.

Attendance at Board Meetings and Board Committees

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

Directors	Board Meeting	Audit and Risk Committee	Corporate Governance Committee
Number of meetings held during Year 2020	**5**	**4**	**1**
Mr. Bashirali A Currimjee	5	n/a	1
Mr. Azim F Currimjee	5	n/a	1
Mr. Raffi Currimjee	5	n/a	1
Mr. Anil C Currimjee	5	n/a	n/a
Mr. Ashraf M Currimjee	5	4	1
Mr. Uday K Gujadhur	5	4	n/a

Principle 3 – Director Appointment Procedures

Appointment and re-election

The Nomination and Remuneration Committee of Currimjee Limited, formerly known as Fakhary Limited, oversees the appointment, replacement and removal of Directors on the Board of the Company. Directors are appointed on merit, in a formal and transparent process with the view to maintain an optimal Board structure, taking into consideration the Board's requirements and the Code's guidelines. As provided in the Constitution of the Company, all Directors are subject to retirement by rotation and are eligible for re-election at the Annual Meeting of Shareholders.

Induction and orientation

Newly appointed Directors benefit from an established induction programme that includes meetings and business presentation sessions with the Leadership Team, aimed at deepening their understanding of the businesses, the environment and market in which the Group operates.

The Director also receives a comprehensive induction folder outlining essential Board, Company and Group information and major projects.

Professional Development & Succession Planning

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

The Board recognises and nurtures talent across the Company's executive and management teams to ensure that the Company creates opportunities to develop current and future leaders.

The succession planning of the Directors and Managing Director is addressed at the level of the Nomination & Remuneration Committee of the ultimate holding Company, Currimjee Limited. The Committee shall, as part of its mandate, make recommendations to the Board of Currimjee Limited and the Company on the succession planning.

The Company's Human Resources Committee makes recommendations to the Board on the succession planning for its Senior Key Management positions.

Principle 4 – Director Duties, Remuneration and Performance

All the Directors on the Board are fully appraised of their fiduciary duties as laid out in the Mauritius Companies Act 2001.
The Board has a "Related Party Transaction Policy", including conflict of interest policy, to ensure due and timely identification, approval process, disclosure and reporting of transactions between the Company and any of its Related Parties.

It also ensures transparency in the Conduct of Related Party Transaction(s) in the best interest of the Company and the Shareholders. The Audit & Risk Committee has been assigned responsibility to monitor and report related party transactions to the Board. The Board ensures that all related party transactions are carried out at arm's length.

Information, Information Technology and Information Security Governance Information

The Chairman, with the assistance of the Senior Management Team, ensures that Directors receive necessary information for them to perform their duties and that the Board has sufficient time for consultation and decision making.

There are set of policies governing access, passwords, authorization and security of the Server. These are reviewed regularly to ensure the security of data and safeguarding the confidentiality of information. The backup storage and reliability of the system undergo also regular audit to ensure that risks are assessed and corrective actions taken, to ensure integrity of secured information. Independent consultants and professionals are called regularly to evaluate the system.

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.

Board, Board Committees & Individual Director evaluation

The Board has established a robust system for the evaluation of its own performance through the circulation of a questionnaire to each Director to obtain their feedback on the effectiveness of the Board, its procedures and practices. A Board evaluation exercise has been carried out for the financial year 2019 through the circulation of a questionnaire to each Director to obtain their feedback on the effectiveness of the Board, its procedures and practices during the year 2019. The self – evaluation of Individual Directors was also conducted in year 2019.

The results are compiled and analysed by the Secretary with utmost confidentiality and recommends appropriate action plans to the Board in view of further enhancing Board performance.

The Board and Individual Directors' evaluation questionnaires for the year 2020 have also been approved and will be used to assess the performance of the Board and Individual Directors for 2020. The Board has also approved the evaluation of the Audit & Risk Committee and the Corporate Governance Committee and will be undertaken in the year 2021 to assess the performance of the Board Committees for the year 2020.

Principle 4 – Director Duties, Remuneration and Performance (Cont'd)

Remuneration Philosophy

The Company's remuneration philosophy for Executive Directors follows the guidelines proposed by the Nomination and Remuneration Committee of Currimjee Limited, formerly known as Fakhary Limited.

The Company's policy provides for remuneration of Executive Directors to be reviewed every three years, as per their Service Contract. Executive Directors are not remunerated for serving on the Board of the Company or its Committees. Their remuneration packages as Executives of the Company are in accordance with market rates.

Independent Directors who are members of the Board Committees are paid committee fees; directors' fees; and attendance at Board Meetings. Non-executive directors are not paid directors fees.

As approved by the Board, remuneration and benefits received by Directors during the financial year ended 31 December 2020 were as follows:

Name of Director	Category of Director	From the Group		From the Company	
		Year 2020 Rs	Year 2019 Rs	Year 2020 Rs	Year 2019 Rs
Mr Bashirali A Currimjee	Chairman and Non-Executive	153,975	217,003	119,898	74,231
Mr Azim F Currimjee	Executive	9,131,383	9,223,432	9,071,750	8,973,581
Mr Raffi Currimjee	Executive	6,284,278	6,264,762	6,233,164	6,050,605
Mr Anil C Currimjee	Non-Executive	57,741	81,378	44,962	27,838
Mr Ashraf M Currimjee	Non-Executive	57,741	81,378	44,962	27,838
Mr Uday K Gujadhur	Non-Executive	340,000	360,000	340,000	315,000

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

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

Directors' Service Contracts

Messrs Azim F Currimjee and Raffi Currimjee have service contracts 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 and Dealings in Shares

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

All new Directors are required to notify in writing to the Company Secretary their holdings in the Company's shares as well as those in related companies.

The following table details the interests of the Directors in the share capital of the Company as at 31 December 2020:

	Interests in the Company's Shares	
	Number of Shares	
	Direct	Indirect*
Mr. Bashirali A Currimjee	-	-
Mr. Azim F Currimjee	55,663	2,053,368
Mr. Raffi Currimjee	83,575	1,189,650
Mr. Anil C Currimjee	8,415	1,268,322
Mr. Ashraf M Currimjee	41,681	1,842,607
Mr. Uday K Gujadhur	-	-

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

Principle 5 – Risk Governance and Internal Control

Risk Governance

The Board has the responsibility for the successful execution of its strategy, promotes operational effectiveness and ensures regulatory compliance. The board has put in place a system for the on-going assessment of risks 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.

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 the Group and provide reasonable assurance that the financial statements are free from material misstatement.

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

Pandemic Risks and Business Continuity

The recent global outbreak of Coronavirus ("COVID-19") has caused significant volatility within the economic markets in Mauritius and around the world. As a result, the company has taken necessary measures to help mitigate the effects from this adverse environment. As part of the Business Continuity Plan, a crisis management team was appointed to closely manage the day-to-day operations in the event of a major disruption.

Management is aware that risk exists in a dynamic context resulting from the constantly changing external and internal environments. Additionally, consumption patterns are constantly changing, which may have an adverse impact on the food and beverage industry in which the company and the group operate. This requires a quick adaptation to ensure continuous supply in all channels. As a result, the company has revamped its e-commerce platform to respond to new consumer trends and shifts in demand as well as new ways of delivering products.

Continuous assessment of the Company's medium to long term growth objectives are also carried out on a regular basis to ensure sustainability of the Company overtime and meeting of long-term objectives.

Market risks

The Company is exposed to market risks with respect to commodity price fluctuations related to purchases of beverage concentrates, sugar, preforms or butterfat thus impacting on finished products. Moreover, the Company also imports consumable food products to supply the local market where it operates. The company is exposed to a high risk of increasing foreign exchange rates which ultimately impacts negatively the Company.

With the evolution of the market, the Company uses derivative financial instruments primarily to reduce its exposure to adverse fluctuations in foreign currency exchange rates, interest rates, commodity prices and other market risks. We manage our exposure to risks primarily through pricing agreements with our suppliers that enable us to establish the purchase prices of our inputs that are used in our manufacturing and our distribution business. Purchase of key raw materials, other than main components, can also be sourced locally to manage the risks associated with both foreign exchange fluctuations and shortage supply of raw materials.

Credit risks and Liquidity risks

Credit risk is the possibility of a loss resulting from customers ultimately failing to pay their debts due to bankruptcy or as a result of dispute. Management has put strong emphasis on working capital and cash flow management. Dynamic reforecast is done on a monthly basis to closely monitor the situation and stringent cost controls measures are taken. Additionally, negotiations are done with the banks for extension and increase of our credit facilities for our short-term loans with lower PLR rates, in an effort to help mitigate liquidity risks. Finally, strong effort is put behind debt collection and the Company has an insurance coverage in place to further mitigate collection risks, especially from the sectors most affected by the effect of COVID-19.

Health and Safety risks

The Company is exposed to Health & Safety risks and has a regulatory obligation to safeguard its workforce and human capital. Management extensively communicates the Company's policies to emphasise the importance of adhering to health and safety measures. This became paramount during the lockdown period and therafter to help preserve the health and safety of our workforce. Strict COVID-19 related protocols were implemented at our operations to create a safe environment for both our employees and our customers.

Management continuously invests on the health and safety of its employees and holds regular training sessions to ensure that its personnel is properly trained to safely carry out their daily duties. Risks assessment is also carried out by external consultants to emphasize on Robust Health & Safety systems and processes.

The Company also has a full time Health & Safety Officer who continuously assesses the risk and possible safety hazards of all aspects of operations. Regular inspections of production equipment and processes are carried out to minimise the hazard risks. All changes to, and faults in, the machinery and work methods are controlled and monitored closely, so that all consequences of the changes or faults can be assessed before they are actioned. By adhering to high technical standards, our rules of conduct and all legal requirements in environmental protection and occupational health & safety, the Company ensures the preservation of its employees.

Principle 5 – Risk Governance and Internal Control (Cont'd)

Regulatory and Compliance risks

The company is highly exposed to such risks being in the food and beverage industry. In that respect the Company ensures that it is compliant to specific requirements; external testing by accredited Labs and external Food Safety audits are done by recognised institutions. System certifications such as ISO9001, ISO22000 and HACCP are in place to ensure standards are maintained. The Company has obtained the FSSC 22000 Certification in 2019 and continue to ensure its adherence to the stringent Quality Standard through continuous audits.

Strong focus towards waste recycling and reduction of single use plastic is being implemented by (a) ensuring that the majority of our waste is recycled through partnerships with recycling companies such as BEM, Wecycle or Precious plastic, (b) ensuring that most of the plastic we use in our food packaging is biodegradable and (c) exploring new forms of packaging away from plastic or ways to integrate recycled preforms into our beverage bottles as well as minimising plastic content across all our packaging. The Company is committed to a sustainable development and strives to ensure that its operations are conducted in a way that minimizes their impact on the environment and on the society at large while ensuring that it meets regulatory requirements.

Technology risks

The Company relies heavily on Information Technology and hence is exposed to its risks. Technology risks increased as a result of the COVID-19 effect since most users had to work remotely. During the lockdown period, work from home protocols were successfully implemented without any disruption to our business and additional IT controls were implemented to mitigate the increased risks from working remotely: user awareness training was conducted with all users on IT Security in order to help users identify threats and prevent risk of data leakage, and antivirus were updated to the latest version of Windows to further minimise the risks of hacking. The effectiveness of these measures is continuously assessed and reviewed by the internal audit team as well as by the external auditors and external consultants. Finally, penetration testing (IPT, EPT and WAPT) were recently done by an external consultant.

With the trend moving towards targeted industrial espionage, the Company has implemented firewalls to protect the systems against external threats. In addition, the Company has enhanced the backup strategy by replication of our ERP Systems to different sites and ensure backup media availability in the event of a disaster, ransomware attack or other incident at the main data centre.

Security guidelines are in place for the Company and more and more emphasis on our security systems is being placed. The Company provides an additional security layer for identifying and remediating potential vulnerabilities in our system (GFI LAN Guard System).

Management is constantly focusing on efficiency, innovation and improving productivity through digitalisation and while ensuring confidentiality and integrity of its information.

Human Capital risks

The Human Capital department endeavours to provide HR services to meet the Company's goals in terms of attraction and retention of talents, development of people's potential, performance enhancement, employee engagement, and work-life balance in line with the values of the Company. The unprecedented disruption caused by the global COVID-19 pandemic required us to pivot our human resource focus to provide an enabling, supportive and safe environment for our employees in this period of significant change, uncertainty and stress. As a critical element of the business continuity plans, we prioritised keeping our people engaged, connected and well-informed as we changed our ways of working over a very short period of time. We swiftly implemented remote working for employees able to effectively work from home and provided them with the required support and tools to remain productive and engaged. The focus of our manufacturing and distribution operations have been on supporting our people to adapt to the measures implemented to reduce the risk of infection such as social distancing, shift rotations and increased Personal Protective Equipment(PPE) requirements. We focused on providing flexibility, supporting our employees as they faced significant shifts in all aspects of their lives through the introduction of flexi work schemes.

The human resource strategy continues to guide the focus for all human capital priorities, supporting the business in responding to a challenging environment of increasing competition, cost pressures, organisational changes, digital transformation and regulatory compliance.

COVID-19 has emphasised the importance of formally extending our health and safety measures beyond the boundaries of our workplace to ensure the physical and mental well-being of our workforce. Our employees are entitled to a safe and healthy working environment and we are committed to ensuring the safety and security of all of our employees and third parties visiting our facilities. With the outbreak of the COVID-19 pandemic, health and safety has become more important than ever in the protection of our workforce.

The extensive focus on the development and implementation of workplace response plans to address COVID-19-related health and safety risks at each site ensured that workers felt safe and knowledgeable on the necessary preventive measures. This provided the required reassurance to all workers, including the necessary external support services, to safely and proudly continue operations as an essential service provider of food & beverage. A renewed vigilance in ensuring compliance to health and safety rules was evident during the pandemic.

Fraud risks

The Company is highly exposed to fraud risk mainly due to the large amount of bills, cash handling and ease of resale of its products.

Principle 5 – Risk Governance and Internal Control (Cont'd)

Fraud risks (Cont'd)

In order to mitigate this risk, the company is emphasising on automation of processes to eliminate manual intervention and manipulation. Moreover, the company has a team of internal controllers who perform daily checks and report for areas of weaknesses and non-compliance to procedures on a weekly basis. Any non-compliance to procedures is taken seriously by management and remedial actions are taken to mitigate those risks.

Each head of department is responsible to support these controls and procedures and ensures segregation of duties of employees to avoid any fraudulent transaction. The rules and business conduct of the enterprise are well communicated to each employee and the company supports whistle-blowing and same is communicated in the employee handbook. This approach is an effective one, which leads to investigation and corrective action. In addition to internal control team, the company is subject to internal control audits by the group and any deviation from procedures are fully investigated, disciplinary actions taken immediately and same being reported to the Audit Committee members.

Financial risks

The financial risk factors are highlighted in note 28 to the Financial Statements.

Internal Control

The Board is responsible for monitoring the system of internal control and must satisfy itself that the system is functioning effectively. The Company 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 for monitoring and reviewing the effectiveness of the Company's internal control and compliance systems to the Audit & Risk Committee.

The Board also relies on the internal audit function to report on any weaknesses in the internal control systems and make recommendations to the Audit & Risk Committee for appropriate actions.

Whistleblowing policy

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

The 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

Health & Safety Initiatives

The Company aims to act as a good employer in providing and maintaining a safe and healthy work environment for all its employees. The objective is the optimisation of work efficiency and the prevention of accidents at work, through the implementation of safety standards in all its operations. As a key focus area, the Company and its subsidiaries activated its Pandemic Preparedness Plan to help underpin business continuity in the wake of the pandemic spread and the associated lockdown periods, while duly safeguarding the health and safety of its stakeholders. We also commit to perform systematic identification of hazards and to manage them with appropriate risk assessments and subsequent actions to minimise danger. This approach also minimises threats to the business, protecting our shareholders' interests.

The Company further builds a proactive safety culture by:

- Driving the implementation and continual improvement of QBL's Occupational Safety and Health Management System through communication with employees, contractors and other stakeholders.
- Educating, training and equipping employees to ensure that they are empowered to avoid unsafe situations and to respond rapidly to unexpected events.

Environment & Sustainability Initiatives

As an organisation operating in the food and beverage environment, our business practices are based on the principles of long-term sustainable development, that will not only best protect our planet but also lead to a better world for our consumers and future generations. We are continuously reviewing our activities and product lines as well as working on resources optimisation, waste management, introduction of environmentally friendly packaging while partnering with diverse partners like Foodwise, Precious plastic and Eco Warriors to deliver on the sustainable principles in every actions that we undertake.

In 2020, we invested in a new glass line to allow for a larger production of our beverage range in returnable glasses, thus encouraging multiple usage of the bottle. Additionally, the building to accommodate the new glass line is being constructed in line with sustainbility guidelines including rainwater harvesting and cool roof with a low Solar reflecting index of 0.83 to reduce heat and minimise electricity consumption.

Principle 6 – Reporting with Integrity (Cont'd)

Environment & Sustainability Initiatives (Cont'd)

In 2020, we continued with concrete sustainability actions within the different spheres of social and environmental responsibilities. Specifically:

- Reduced the plastic used in our closures for carbonated soft drinks and generated a 5 tons plastic reduction.
- Tubs and lids for all our spread and margarines were migrated to biodegradable material. Additionally, shrink films for our oil and fat ranges were eliminated and replaced by recyclable carton boxes. We continued to look for alternative solutions to change wrapping aluminum paper for industrial products to eco-friendly wrappers.
- Waste such as carton, paper, dry cells, plastic pails or sugar bags is segregated and then recycled or reused
- As part of our social responsibility, near expiry products are distributed to needy people in collaboration with Foodwise NGOs.
- Together with Precious Plastic Mauritius we had an awareness campaign around the island to educate consumers about recycling. Live demonstration of plastic recycling were done in several loactions with a shredder and an injection machine.

Corporate Social Responsibility ('CSR')

As part of the Currimjee Group of companies, 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. The funds are utilised primarily towards poverty alleviations together with support to education, sports, health and environment. Details of the projects undertaken by the Currimjee Foundation can be viewed on the website: **http://www.currimjee.com.** Additionally, the Company began in 2019 to work with Foodwise Limited, a non–governmental organisation which is dedicated to fight food waste and food insecurity by redistributing food surpluses to people in need.

Donations

The Company did not make any political, non-political and charitable donations during the year under review.
Review (Year 2019: NIL)

Principle 7 – Audit

Internal audit

During the year 2020, the internal audit function of CJ & CO LTD, headed by the Chief Internal Auditor and comprising of certified internal auditors, provided internal audit services to the Company. The department operates in accordance with an Internal Audit Charter and adopts a risk-based methodology enabling it to provide assurance on controls that address high-risk areas.

The Chief Internal Auditor reports independently to the Chairman of the Audit & Risk Committee and the Chairman of the Board on all internal audit matters. He 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 internal audit in line with an internal audit plan, as approved by the Audit & Risk Committee. The plan ensures that all significant areas of the Company's activities are duly covered in turn over a predetermined timeframe.

The Internal Auditor has unrestricted access to the Company's records, the Chairman of the Company, the Chairman of the Audit & Risk Committee, Management and its employees, for the effective performance of his duties.

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

Areas covered by the internal audit function in the year 2020 were (1) Audit of sales to collect, (2) Review of harmonized "Order to Cash" Processes & Systems, (3) Review of Integrated accounts – post amalgamation, (4) Compliance Audit – Health & Safety Act 2005 and (5) Audit of Production Process.

The Board has decided to outsource the provision of internal audit services as from year 2021 and a tender exercise is being carried out.

External Audit

Deloitte has been providing external audit services to the Company for more than 7 years. In line with the Code's recommendations, under the guidance of the Audit & Risk Committee, the provisioning of the services on an External Auditor for the statutory audit of the Company's Financial Statements for the year ended 31 December 2020 has been tendered-out for a best offer from selected top 4 External Audit firms.

Following recommendation from the Audit & Risk Committee, the Board has recommended the appointment of PricewaterhouseCoopers Mauritius as External Auditors for the Company for the Financial Year ended 31 December 2020, and the motion has been duly adopted by the Shareholders at the Annual Meeting.

The Audit & Risk Committee has reviewed and reported to the Board on the clarity and accuracy of the Company'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

Principle 7 – Audit (Cont'd)

External Audit (Cont'd)

- 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 discussed at the level of the Audit & Risk Committee and the response from Management are followed up regularly at Audit & Risk Committee Meetings, 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 fees paid to the External Auditors for audit and other services are disclosed in the Report from the Board of Directors.

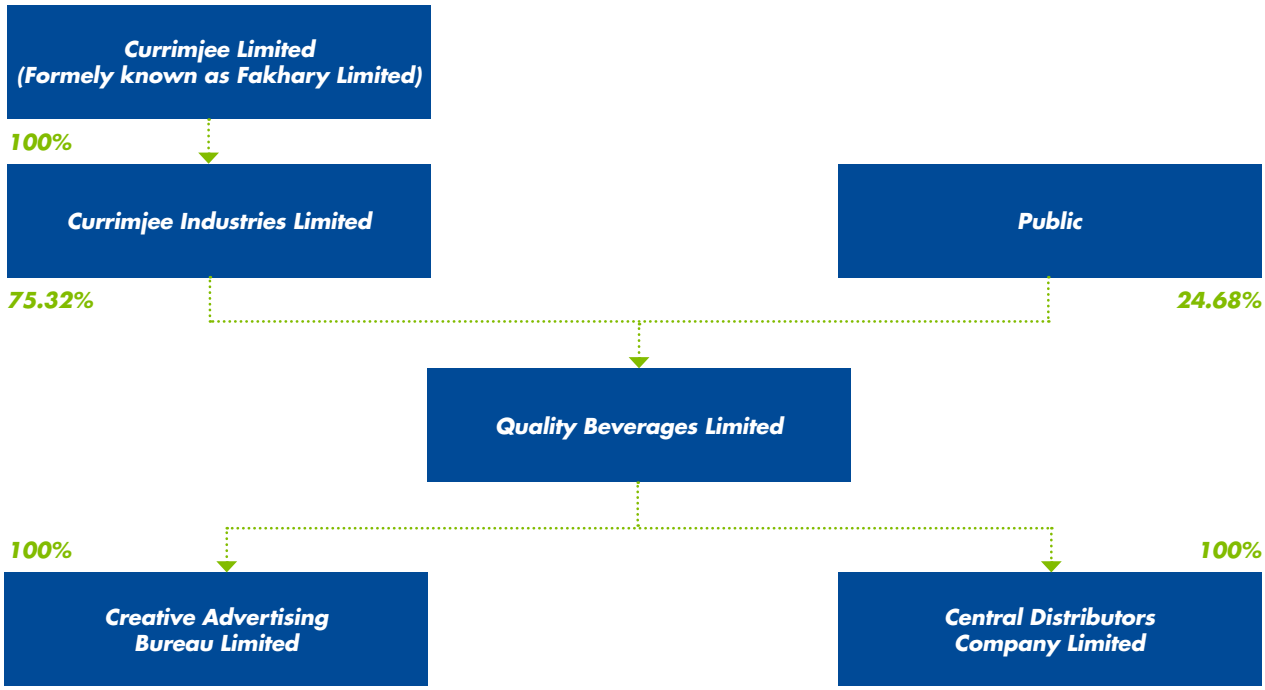
When the services of the External Audit Firm are solicited for providing non-auditing services, the Board ensures that such non-audit services are provided by a team of officers that is completely independent from the external audit team, to ensure that the Auditor's objectivity and independence are safeguarded.

The Board is regularly informed of all material matters being addressed at the Audit & Risk Committee followed by further discussion as may be required at that level.

Principle 8 – Relations with Shareholders and Other Key Stakeholders

Ownership Structure

The stated capital of the Company consists of 36,768,812 ordinary shares of Rs 10 each. The shareholding structure of the Company as at 31 December 2020 is set out below:



The Company's Key Stakeholders are its employees, Customers, Banks, Regulatory / Government, Suppliers, Local Community and Shareholders.

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 1,119 registered Shareholders as at 31 December 2020.

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

Share Registry and Transfer Office (Cont'd)

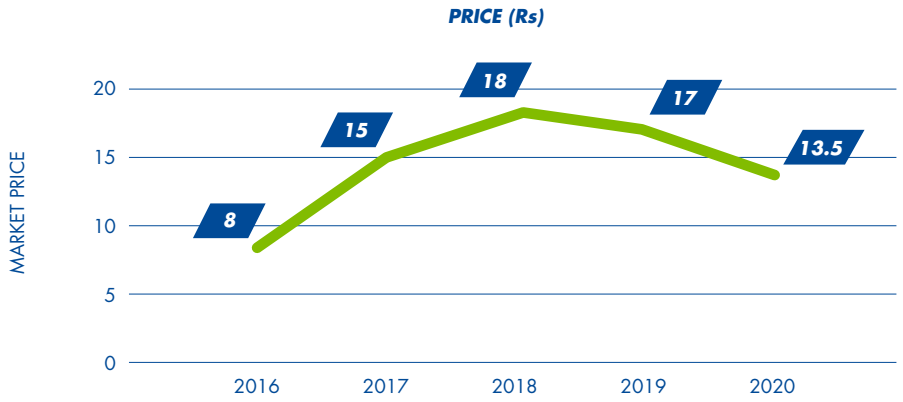
The share ownership and the category of Shareholders as at 31 December 2020 are set out below:

Number of Shareholders	Size of Shareholding	Number of Shares Owned	% of Total Issued Shares
456	1-500	99,142	**0.27**
164	501-1,000	125,679	**0.34**
314	1,001-5,000	754,088	**2.05**
62	5,001-10,000	440,456	**1.20**
97	10,001-50,000	2,229,545	**6.06**
10	50,001-100,000	721,962	**1.96**
4	100,001-250,000	540,912	**1.47**
8	250,001-500,000	2,435,986	**6.62**
4	Over 500,000	29,421,042	**80.02**
1,119	**Total**	**36,768,812**	**100%**

Number of Shareholders	Category of Shareholders	Number of Shares Owned	% of Total Issued Shares
1,082	Individual	6,823,496	**18.56**
1	Insurance & Assurance Cos	348,108	**0.95**
2	Pension & Providence Funds	462,622	**1.26**
2	Investment & Trust Cos	84,221	**0.23**
32	Other Corporate Bodies	29,050,365	**79.00**
1,119	**Total**	**36,768,812**	**100%**

Share Price Information

The shares of the Company have a nominal value of Rs 10 and the Company's share price evolution for over the last 5 years was as follows:



Shareholders Communication and Key Events

The Board understands that communication to Stakeholders about matters pertaining to the Company is of great importance and ensures that information is delivered in an open, transparent, meaningful and regular manner. 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. It engages with its key Stakeholders through existing communications platforms (Annual Report, Shareholders meetings and press Communiqués). The Company, forming part of the Currimjee Group, also communicates as may be appropriate through the Group website: www.currimjee.com.

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

Shareholders Communication and Key Events (Cont'd)

The calendar of key events is as follows:

Financial Year End	31 December
Annual Meeting of Shareholders	June 2021[1]
Publication of results	
Audited Financial Statements for the year ended 31 December 2020	March 2021
Abridged Unaudited Financial Statements for the quarter ending 31st March 2021	May 2021
Abridged Unaudited Financial Statements for the quarter ending 30th June 2021	August 2021
Abridged Unaudited Financial Statements for the quarter ending 30th September 2021	November 2021
Audited Financial Statements for the year ended 31 December 2021	March 2022

[1] Post covid-19, the annual meeting of shareholders has been re-scheduled for September 2021

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 prudently decided not to declare a dividend for the year ended 31 December 2020 (2019: Rs 0.90 per share).

Approved by the Board of Directors and signed on its behalf on 25 March 2021:

Mr Bashirali A Currimjee, G.O.S.K
Chairman

Mr Ashraf M Currimjee
Director and Chairman of Corporate Governance Committee

STATEMENT OF COMPLIANCE

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

Name of Public Interest Entity ("PIE"): QUALITY BEVERAGES LIMITED
Reporting Period: 01 January 2020 to 31 December 2020

We, the Directors of **QUALITY BEVERAGES LIMITED** confirm to the best of our knowledge that the Company has complied with all of its obligations and requirements under the Code of Corporate Governance 2016 in all material aspects save and except the following:

Principles	Reasons for non-compliance and actions taken
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) publication of 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 in the process of developing its website to contain such disclosure requirements as recommended by the Code.
Principle 1: Governance Structure Details of other directorships	The Board has decided to only disclose other directorship in public and listed companies. Details of other directorships are available at the Company's registry.
Principle 2 – Independent Directors and Gender Diversity The Board does not have any independent director and any female director as recommended by the Code.	The Board composition is currently being reviewed taking into account the Code's recommendation in terms of appointment of at least two Independent Director(s). The criteria for appointment and the profile required for potential candidates have been established and are being considered by the Nomination and Remuneration Committee, set up at the level of Currimjee Limited, formerly known as Fakhary Limited. The Board also acknowledges the need for diversity in gender representation, and the matter is being addressed as part of the review.
Principle 2 – Chairman of Audit and Risk Committee The Audit and Risk Committee is chaired by a non-independent non-executive director.	The Board thought it appropriate to continue the appointment of Mr. Uday K. Gujadhur who was previously qualified as an independent director as the Chairman of the Audit and Risk Committee given his strong financial expertise.
Principle 2 – Audit & Risk Committee composition	There is currently no Independent Directors on the Audit & Risk Committee. The Board will review the Audit & Risk Committee composition in line with the appointment of new independent directors.

SIGNED BY:

Mr Bashirali A Currimjee, G.O.S.K
Chairman

Mr Ashraf M Currimjee
Director and Chairman of Corporate Governance Committee

Date: 25 March 2021

CERTIFICATE FROM THE COMPANY SECRETARY

SECRETARY'S REPORT

QUALITY BEVERAGES LIMITED ('the Company')
UNDER SECTION 166(d) OF THE COMPANIES ACT 2001 OF MAURITIUS

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 2020, all such returns as are required of the Company under the Companies Act 2001 of Mauritius.

Currimjee Secretaries Limited, Secretary
Per Mr Ramanuj Nathoo

Date: 25 March 2021


ALSHIFA
الشفاء
Made in
Nature
100% NATURAL
ALSHIFA
الشفاء
عسل زهرة الأكاسيا
ACACIA HONEY
Net Wt. 125gms
100% NATURAL
ALSHIFA
الشفاء
عسل طبيعي
NATURAL HONEY
Net Wt. 500gms
100% NATURAL
ALSHIFA
الشفاء
عسل الغابة السوداء
BLACK FOREST HONEY
Net Wt. 125gms

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Quality Beverages Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Our Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of QUALITY BEVERAGES LIMITED (the "Company") and its subsidiaries (together the "Group") and of the Company standing alone as at 31 December 2020, and of their financial performance and their 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

QUALITY BEVERAGES LIMITED's accompanying consolidated and separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2020;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the separate statement of changes in equity for the year then ended;
- the consolidated and separate statements 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 Consolidated and Separate 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 Group 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current 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-Group and Company

Accounting treatment for retirement benefit obligations

See note 3 of the financial statements for the Directors' disclosures of the accounting policies for retirement benefit obligations.

At 31 December 2020, the Group and the Company had a net retirement benefit liability of Rs 378.9 million and Rs 376.0 million respectively, an increase of Rs 165.0 million and Rs 163.5 million for the Group and the Company respectively from the previous year.

The increase in liability is mainly due to the decrease in the fair value of the assets in which the pension funds have invested as well as a change in financial assumptions.

The valuation of the retirement benefit obligation, which is carried out by an external actuary engaged by management, is dependent on market conditions and key assumptions made, in particular relating to investment markets, discount rates, salary increases, inflation expectations and life expectancy assumptions.

The setting of these assumptions is complex and requires the exercise of significant management judgement with the support of the external actuary.

How our audit addressed the key audit matter

We obtained the pension valuation reports and an understanding of the methodology used to calculate the retirement benefit obligations.

We have assessed the competence, capabilities and objectivity of the external actuary and verified his qualifications.

With the support of our internal valuation expert, we have assessed the reasonableness of assumptions used by the actuary.

We agreed the discount rate and inflation rates, together with the expected rates of return on plan assets used in the valuation of the pension obligation by the external actuary, to independent benchmarks. We compared the assumptions around salary increases and mortality rates to national and industry averages.

We further tested the membership data used in the valuation of the pension obligation, including leavers' data, to assess whether the basis of the valuation is appropriate.

Other Information

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

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

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

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the financial highlights and the chairman's statement, 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 Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

- As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Quality Beverages Limited

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

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 or any of its subsidiaries other than in our capacity as auditor and tax advisor of the Company and its subsidiaries;

(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

25 March 2021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MIRINDA

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2020

	Note	THE GROUP			THE COMPANY		
		2020	2019 (Restated)	2018 (Restated)	2020	2019 (Restated)	2018 (Restated)
		Rs	Rs	Rs	Rs	Rs	Rs
ASSETS							
Non-current assets							
Property, plant and equipment	5	998,173,520	855,064,645	898,523,519	988,836,577	842,887,172	681,354,815
Right-of-use assets	6	58,760,247	73,078,425	-	45,703,555	56,463,443	-
Intangible assets	7	6,146,200	7,021,608	5,322,467	5,494,982	5,720,390	2,666,866
Investment property	8	5,600,000	5,600,000	5,100,000	5,600,000	5,600,000	5,100,000
Investments	9	932,963	2,586,068	2,208,139	12,905,002	14,558,107	10,136,578
Loan to subsidiary	25	-	-	-	-	-	731,337
Deferred tax assets	16(d)	2,382,270	1,998,184	3,827,285	-	-	-
Retirement benefit assets	10(a)	-	31,806,000	59,191,000	-	31,530,000	27,493,000
Retirement benefit obligations allocated to related parties	10(b)(ii)	-	-	-	9,975,808	9,975,808	55,051,306
		1,071,995,200	977,154,930	974,172,410	1,068,515,924	966,734,920	782,533,902
Current assets							
Inventories	11	232,935,906	266,072,376	282,915,663	228,836,964	261,752,388	177,740,009
Loan to subsidiaries	25	-	-	-	-	5,000,000	3,000,000
Income tax assets	16(a)	2,534,274	-	-	2,422,728	-	-
Trade and other receivables	12	239,132,840	297,078,334	284,586,308	229,488,562	276,782,507	190,653,090
Cash in hand and at bank	24	52,158,802	63,114,249	59,007,901	31,823,366	48,086,542	50,296,988
		526,761,822	626,264,959	626,509,872	492,571,620	591,621,437	421,690,087
TOTAL ASSETS		1,598,757,022	1,603,419,889	1,600,682,282	1,561,087,544	1,558,356,357	1,204,223,989
EQUITY AND LIABILITIES							
Capital and reserves							
Stated capital	13	361,385,294	361,385,294	219,394,947	361,385,294	361,385,294	219,394,947
Revaluation and other reserves		104,237,524	109,307,279	228,765,456	103,068,333	108,138,088	94,032,468
Retained earnings		(72,184,477)	68,126,953	96,970,444	(69,627,032)	70,537,721	32,811,878
Total equity		393,438,341	538,819,526	545,130,847	394,826,595	540,061,103	346,239,293
Non-current liabilities							
Loans	14	283,860,707	189,710,789	159,769,117	283,860,707	189,710,789	158,769,155
Retirement benefit obligations	10(b)	378,926,000	245,754,000	226,973,000	376,029,000	244,041,000	226,083,000
Lease liabilities	15	14,927,977	24,198,871	18,005,630	10,847,736	14,270,897	6,728,849
Deferred tax liabilities	16(d)	24,028,286	61,837,578	71,086,516	23,630,567	60,945,223	56,312,441
Other payables	17	551,367	732,778	898,632	551,367	732,778	898,632
		702,294,337	522,234,016	476,732,895	694,919,377	509,700,687	448,792,077
Current liabilities							
Loans	14	125,913,991	146,019,566	193,772,437	124,413,991	144,519,566	155,638,952
Lease liabilities	15	12,999,841	19,318,720	20,553,664	6,202,310	13,401,140	13,443,574
Income tax liabilities	16(a)	82,110	6,831,140	2,425,083	-	6,672,849	532,152
Trade and other payables	17	280,538,440	293,415,398	315,709,502	257,235,309	267,299,156	214,082,438
Derivative financial instruments		650,250	-	-	650,250	-	-
Dividend payable	30	-	33,091,931	17,885,872	-	33,091,931	17,885,872
Bank overdrafts	24	82,839,712	43,689,592	28,471,982	82,839,712	43,609,925	7,609,631
		503,024,344	542,366,347	578,818,540	471,341,572	508,594,567	409,192,619
TOTAL LIABILITIES		1,205,318,681	1,064,600,363	1,055,551,435	1,166,260,949	1,018,295,254	857,984,696
TOTAL EQUITY AND LIABILITIES		1,598,757,022	1,603,419,889	1,600,682,282	1,561,087,544	1,558,356,357	1,204,223,989

Approved by the Board of Directors and authorised for issue on 25 March 2021

The notes set out on pages 44 to 95 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	THE GROUP		THE COMPANY	
		2020	2019	2020	2019
		Rs	Rs	Rs	Rs
Revenue from contracts with customers	18	1,418,881,042	1,585,590,128	1,160,447,998	1,004,592,597
Cost of sales		(984,530,657)	(1,026,865,810)	(749,005,756)	(561,761,956)
Gross profit		434,350,385	558,724,318	411,442,242	442,830,641
Investment income	19	-	8,988	5,343	372,243
Other income	20	26,528,389	6,796,228	27,393,825	6,980,750
Selling, distribution and marketing expenses		(227,528,608)	(244,994,537)	(218,277,078)	(212,258,132)
Administrative expenses		(247,709,391)	(248,694,845)	(236,181,259)	(191,084,378)
Finance costs	21	(19,187,628)	(22,730,620)	(18,176,006)	(18,852,239)
Fair value gain on investment property		-	500,000	-	500,000
Amalgamation costs		-	(5,320,727)	-	(5,320,727)
Profit before taxation		(33,546,853)	44,288,805	(33,792,933)	23,168,158
Taxation	16(b)	10,275,843	(9,318,266)	9,813,700	(4,017,724)
(Loss)/Profit for the year		(23,271,010)	34,970,539	(23,979,233)	19,150,434
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Gain on revaluation of land and buildings		-	29,363,488	-	15,724,979
Deferred tax on revaluation of buildings		-	(1,955,423)	-	(1,415,246)
Fair value gain on investment in equity instruments designated as at FVTOCI (Note 9(iii))		(1,653,105)	377,929	(1,653,105)	377,929
Remeasurement of retirement benefit liabilities (Note 10(b)(i) and(ii))		(33,936,000)	(15,899,000)	(32,900,000)	(12,950,790)
Deferred tax on remeasurement of retirement benefit liabilities		5,769,120	2,702,830	5,593,000	2,201,634
Remeasurement of retirement benefit assets (Note 10(a))		(111,193,000)	(24,886,000)	(111,199,000)	(4,361,000)
Deferred tax on remeasurement of retirement benefit assets		18,902,810	4,230,620	18,903,830	741,370
Other comprehensive income for the year		(122,110,175)	(6,065,556)	(121,255,275)	318,876
Total comprehensive income for the year		(145,381,185)	28,904,983	(145,234,508)	19,469,310
Basic and diluted earnings per share	23	(0.63)	0.95		

The notes set out on pages 44 to 95 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

THE GROUP

	Note	Stated capital	Revaluation and other reserves			Retained earnings	Total
			Amalgamation reserve	Properties revaluation reserve	Investment revaluation reserve		
		Rs	Rs	Rs	Rs	Rs	Rs
At 01 January 2019		219,394,947	(100,482,580)	327,212,897	2,035,139	96,970,444	545,130,847
Profit for the year		-	-	-	-	34,970,539	34,970,539
Other comprehensive income for the year		-	-	27,408,065	377,929	(33,851,550)	(6,065,556)
Total comprehensive income for the year		-	-	27,408,065	377,929	1,118,989	28,904,983
Issue of shares on amalgamation		141,990,347	(144,114,720)	-	-	-	(2,124,373)
Revaluation surplus realised on depreciation		-	-	(3,129,451)	-	3,129,451	-
Dividend	30	-	-	-	-	(33,091,931)	(33,091,931)
At 31 December 2019		361,385,294	(244,597,300)	351,491,511	2,413,068	68,126,953	538,819,526
At 01 January 2020		361,385,294	(244,597,300)	351,491,511	2,413,068	68,126,953	538,819,526
Profit for the year		-	-	-	-	(23,271,010)	(23,271,010)
Other comprehensive income for the year		-	-	-	(1,653,105)	(120,457,070)	(122,110,175)
Total comprehensive income for the year		-	-	-	(1,653,105)	(143,728,080)	(145,381,185)
Revaluation surplus realised on depreciation		-	-	(3,416,650)	-	3,416,650	-
At 31 December 2020		361,385,294	(244,597,300)	348,074,861	759,963	(72,184,477)	393,438,341

The notes set out on pages 44 to 95 form an integral part of these financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

THE COMPANY

	Note	Share capital	Revaluation and other reserves			Retained earnings	Total
			Amalgamation reserve	Properties revaluation reserve	Investment revaluation reserve		
		Rs	Rs	Rs	Rs	Rs	Rs
At 01 January 2019		219,394,947	(130,506,480)	222,503,809	2,035,139	32,811,878	346,239,293
Profit for the year		-	-	-	-	19,150,434	19,150,434
Other comprehensive income for the year		-	-	14,309,733	377,929	(14,368,786)	318,876
Total comprehensive income for the year		-	-	14,309,733	377,929	4,781,648	19,469,310
Issue of shares on amalgamation		141,990,347	(114,090,820)	-	-	-	27,899,527
Amalgamation adjustment		-	-	116,249,542	-	63,295,362	179,544,904
Revaluation surplus realised on depreciation		-	-	(2,740,764)	-	2,740,764	-
Dividend	30	-	-	-	-	(33,091,931)	(33,091,931)
At 31 December 2019		361,385,294	(244,597,300)	350,322,320	2,413,068	70,537,721	540,061,103
At 01 January 2020		361,385,294	(244,597,300)	350,322,320	2,413,068	70,537,721	540,061,103
Profit for the year		-	-	-	-	(23,979,233)	(23,979,233)
Other comprehensive income for the year		-	-	-	(1,653,105)	(119,602,170)	(121,255,275)
Total comprehensive income for the year		-	-	-	(1,653,105)	(143,581,403)	(145,234,508)
Revaluation surplus realised on depreciation		-	-	(3,416,650)	-	3,416,650	-
At 31 December 2020		361,385,294	(244,597,300)	346,905,670	759,963	(69,627,032)	394,826,595

Note 1: The amalgamation adjustments relate to the revaluation reserves and retained earnings of MIL at 01 October 2019.

The notes set out on pages 44 to 95 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	THE GROUP 2020 Rs	THE GROUP 2019 (Restated) Rs	THE COMPANY 2020 Rs	THE COMPANY 2019 (Restated) Rs
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(33,546,853)	44,288,805	(33,792,933)	23,168,158
Adjustments for:					
Depreciation of property, plant and equipment		78,371,879	79,924,692	75,579,616	69,396,076
Depreciation of right-of-use assets		17,734,070	17,847,380	12,840,044	10,273,733
Amortisation of intangible assets		1,957,556	2,042,006	1,957,556	1,743,588
(Profit)/loss on disposal of property, plant and equipment		(110,964)	(566,142)	(110,964)	(566,142)
Fair value gain on investment property		-	(500,000)	-	(500,000)
Unrealised exchange difference		1,293,733	918,134	1,293,733	918,134
Retirement benefit obligations		48,915,000	22,936,000	48,133,000	21,276,732
Retirement benefit asset		-	3,222,000	-	3,093,000
Interest income		-	(8,988)	-	(372,243)
Provision for doubtful debts		5,512,085	2,081,855	4,337,635	2,101,626
Provision for slow moving stocks		1,879,258	-	1,541,165	-
Interest expense		19,187,628	22,730,620	18,176,006	18,852,239
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		141,193,392	194,916,362	129,954,858	149,384,901
Decrease/(increase) in inventories		31,257,212	16,843,287	31,374,259	(29,927,998)
Decrease/(Increase) in trade and other receivables		53,554,287	(14,573,881)	44,077,188	(29,956,213)
(Decrease)/increase in trade and other payables		(10,223,688)	(22,459,958)	(7,312,497)	15,653,742
		74,587,811	(20,190,552)	68,138,950	(44,230,469)
CASH GENERATED FROM OPERATIONS		215,781,203	174,725,810	198,093,808	105,154,432
Interest paid		(17,384,545)	(22,730,620)	(16,471,003)	(18,852,239)
Tax paid		(12,528,909)	(7,354,019)	(12,099,703)	(2,318,387)
Retirement benefit contribution		(1,415,000)	(723,000)	(1,405,000)	(723,000)
Retirement benefits paid		(27,651,000)	(20,054,000)	(27,309,000)	(20,054,000)
NET CASH GENERATED FROM OPERATING ACTIVITIES		156,801,749	123,864,171	140,809,102	63,206,806
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(220,945,393)	(66,925,286)	(220,993,660)	(62,679,313)
Payment on right-of-use assets		-	(239,498)	-	-
Proceeds from sale of right of use assets		128,328	-	128,327	-
Purchase of intangible assets		(1,082,148)	(3,741,147)	(1,732,148)	(1,641,447)
Proceeds from sale of property, plant and equipment		2,291,694	1,947,559	2,291,694	1,947,559
Repayment of loan by subsidiary		-	-	5,000,000	3,731,337
Loan granted to subsidiary		-	-	-	(5,000,000)
Net cash outflow from amalgamation	34	-	-	-	(6,605,511)
Interest received		-	8,988	-	372,243
NET CASH USED IN INVESTING ACTIVITIES		(219,607,519)	(68,949,384)	(215,305,787)	(69,875,132)
CASH FLOWS FROM FINANCING ACTIVITIES					
Additional loans		445,544,363	532,472,074	445,544,363	532,472,074
Repayment of loans		(376,727,756)	(551,201,407)	(376,727,756)	(526,341,617)
Repayment of lease liabilities		(19,649,785)	(27,286,471)	(13,346,265)	(17,662,626)
Movement in bank factoring facilities		-	-	-	-
Issue costs		-	(2,124,373)	-	(2,124,373)
Dividend paid		(33,091,931)	(17,885,872)	(33,091,931)	(17,885,872)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		16,074,891	(66,026,049)	22,378,411	(31,542,414)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(46,730,879)	(11,111,262)	(52,118,274)	(38,210,740)
Effects of currency translation		(3,374,688)	-	(3,374,689)	-
CASH AND CASH EQUIVALENTS AT 01 JANUARY	24	19,424,657	30,535,919	4,476,617	42,687,357
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	24	(30,680,910)	19,424,657	(51,016,346)	4,476,617

The notes set out on pages 44 to 95 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

Quality Beverages Limited (the "Company") is a public company incorporated in Mauritius with its registered office at 38, Royal Street, Port Louis and principal place of business at Belle Rose. It is listed on the Development and Enterprise Market (DEM) of the Stock Exchange of Mauritius. The Company's main activities are the bottling and distribution of beverages.

As of 01 October 2019, Margarine Industries Limited (MIL), a DEM listed company, was amalgamated with and into the Company. The principal place of business of MIL is at Trianon and its main activities are the manufacturing and distribution of margarine and related products. On that date, MIL's subsidiary, Central Distributors Company Limited, has also transferred its food business to the Company. Following the amalgamation with MIL and the transfer of the food business, the Company has extended its activities to the manufacturing and distribution of margarine and related products as well as the distribution of consumer goods.

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

Changes in accounting policy and disclosures

(i) New standards, amendments to existing standards and interpretation issued and effective for the first time for the financial year beginning on 01 January 2020.

In the current year, the Group and the Company have assessed all of the new standards, interpretations by the International Accounting Standards Board ("IASB") that are relevant to their operations and effective for accounting periods beginning 01 January 2020. There are no new standards and amendments to standards and interpretations that are effective for annual period beginning on 01 January 2020 that would relevant or have a material impact on the Group's and the Company's financial statements.

(ii) New standards, amendments and interpretations issued but effective for financial year beginning after 01 January 2020 and that have not been early adopted by the Group and the Company.

The amended standard that has been issued, but effective for annual periods beginning after 01 January 2020 and which is applicable to the Company and the Group relates to COVID-19-Related Rent Concessions (Amendment to IFRS 16). The amendment to IFRS 16 is effective as from 01 July 2020 and is not expected to have a material impact on the Company's and the Group's reported financial performance or financial position.The Company and the Group intend to adopt the amended standard when it becomes mandatorily effective.

There are no other new standards and amendments to standards and interpretations that are effective for annual period beginning after 01 January 2020 that would be relevant or have a material impact on the Group's and on the Company's financial statements.

3. ACCOUNTING POLICIES

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

(a) Basis of preparation

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

The consolidated and separate financial statements have been prepared on a historical cost basis as modified by the revaluation of land and buildings and investment property and the fair value of certain investments and the plan assets for retirement beneift obligations. The consolidated and separate financial statements are presented in Mauritian rupees.

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 Group and the Company take 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.

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

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

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company, i.e. its subsidiaries (collectively referred to as the "Group"). Control is achieved where the Company has power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

Subsidiaries are consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if the results in the non-controlling interests have a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

3. ACCOUNTING POLICIES

(b) Basis of consolidation (cont'd)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments, when applicable, or the cost on initial recognition of an investment in an associate or jointly controlled entity.

Business combination under common control

Business combination in which all of the combining entities are ultimately controlled by the same party or parties before and after the combination are accounted for under the pooling of interest method in the consolidated financial statements. This assumes that the entities have always been combined and requires the restatement of the opening balance of each component of equity for the earliest prior period presented and the other comparative amounts disclosed. Under this method, assets and liabilities are recorded at their previous carrying values and the difference between the purchase consideration and net assets transferred are accounted for as an adjustment to equity ('Amalgamation reserves'). Retained earnings and reserves are aggregated line by line in the statement of financial position.

As of 01 October 2019, Margarine Industries Limited (MIL), a DEM listed company, was amalgamated with and into the Company. As of 31 December 2015, Vital Water Bottling Co. Ltd (VITAL), a DEM listed company, was amalgamated with and into the Company. The entities and the Company were controlled by Currimjee Industries Limited and following the amalgamation, the Company has accounted these transactions as a business combination under common control at group level.

The above transaction has been accounted in the separate financial statements as from the date of amalgamation.

(c) Investment in subsidiaries

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

The investment in subsidiary is shown at cost less impairment. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to profit or loss. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

(d) Revenue recognition

The Company recognises revenue from sale of manufactured consumer goods locally and overseas. The subsidiaries recognise revenue from advertising services and sale of liquefied petroleum products.

Revenue is recognised when control of the products has been transferred, being when the products and services are delivered and accepted by the customers. 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 certain 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. The customer 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 when the goods and services are delivered, as this represents the point in time at which the right to consideration becomes unconditional, because 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 a 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.

(e) Property, plant and equipment (PPE)

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.

Any revaluation increase arising on the revaluation of such land and buildings is credited in other comprehensive income to the property 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 properties revaluation reserve relating to a previous revaluation of that asset.

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

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

Freehold land is not depreciated. On other items of fixed assets, depreciation is calculated to write off the cost or revalued amount of tangible assets over the expected useful lives of such assets, using the straight line method.

3. ACCOUNTING POLICIES

(e) Property, plant and equipment (PPE)

The annual depreciation rates used are as follows:

Buildings and improvements	-	2% - 33.3% p.a.
Building on leasehold property	-	2% p.a.
Plant and machinery	-	6.67% - 50% p.a.
Selling equipment	-	6.67% - 50% p.a.
Containers, bottles and crates	-	6.67% - 30% p.a.
Motor vehicles	-	10% - 29% p.a.
Computer equipment	-	10% - 50% p.a.
Furniture and equipment	-	10% - 50% p.a.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. 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.

(f) Intangible assets

Software costs

Expenditure incurred on the development of new computer software programmes is recognised as asset and is amortised at 25% p.a on a straight line basis over their estimated useful lives. Assets in progress are not amortised.

Cost associated with maintaining computer software programmes are recognised as an expense as incurred.

Brand

Intangible assets with indefinite useful lives that are acquired separately are recognised at cost less accumulated impairment losses.

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

Goodwill

Goodwill is measured as the excess of the sum of consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment 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 first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the related amount of goodwill is included in the determination of the profit or loss on disposal.

(g) Investment property

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment property is derecognised either when it has been disposed of (i.e., at the date the recipient obtains control) or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

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

(h) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). For the purpose of the consolidated and separate financial statements, the results and financial position of each entity are expressed in Mauritian rupee ("Rs"), which is the functional currency of the Company, and the presentation currency for the consolidated and separate financial statements.

Transactions and balances

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

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

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost 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.

(j) Taxation

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

3. ACCOUNTING POLICIES

(j) Taxation

The tax expense for the period comprises current and deferred income tax and Corporate Social Responsibility tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Net deferred income tax liability is provided on taxable temporary differences arising from accelerated capital allowances, provision for loss allowance on trade receivables, revaluation of certain non current assets, retirement benefit assets/ obligations, provision for slow moving inventory items and on recognition of lease liability.

Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

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

Value Added Tax

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

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of value added tax included.

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

(k) Cash and cash equivalents

In the consolidated and separate statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown under current liabilities.

(l) Leased assets

The Group and the Company have applied the requirements of "IFRS 16 – Leases" and recognise assets and liabilities arising from lease at initial measurement on present value basis, discounted using the lessee's incremental borrowing rate.

(i) Measurement of lease liabilities

The lease liabilities have been recognised as follows:

- fixed payments (including in-substance fixed payments), less any lease incentive receivables;
- applying a single rate to a portfolio of lease with reasonably similar characteristics;
- accounting for new operating leases with a remaining lease term of less than 12 months as at 01 January 2020 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use assets at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities varies between 6.35% to 8.30% per annum.

(ii) Measurement of right-of-use assets

The right-of-use assets were measured at the amount equal to the lease liability upon adoption of IFRS16 or upon recognition of new leases, adjusted by the amount of any prepaid or accrued lease payments relating to that lease. The depreciation rate on ROU assets is computed on straight line basis over the duration of the leases varying between 4 to 19 years. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. In instances where lease agreements contain lease and non-lease components, they are generally accounted for separately. For certain instances where it is impractical to separate the lease from the non-lease component, the Company and the Group will account for them as a single lease component.

The disclosures for IFRS 16 are set in notes 6 and 15 of the financial statements.

(m) Retirement benefits

(i) Defined benefit plan

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. Re-measurement, comprising actuarial gains and losses, the effect of 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. Re-measurement 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 Group and the Company present the first two components of defined benefit costs in profit or loss within administrative expenses as part of staff costs. Curtailment gains and losses are accounted for as past service costs.

3. ACCOUNTING POLICIES

(m) Retirement benefits (Cont'd)

(i) Defined benefit plan (Cont'd)

The retirement benefit obligations/asset recognised in the statement of financial position represents the actual deficit or surplus in the defined benefit plan. 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) Other retirement benefits

The present value of retirement gratuities is recognised in the statement of financial position as a non-current liability. The recognition and presentation of the components of the retirement gratuities are similar to the defined benefit plan (as above).

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. If there is a contractual agreement or stated policy for charging the net defined benefit cost for the plan as a whole measured in accordance with IAS 19 to related companies, each related company recognises in its individual financial statements, the net defined benefit cost so charged. The recognition and presentation of the components of the retirement benefit obligations are similar to the defined benefit plan (as above).

(iii) State plan

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

Following changes brought by the Finance (Miscellaneous Provisions) Act 2020, the Contribution Sociale Généralisée (CSG), has been introduced and is applicable as from the month of September 2020. Contributions paid to the Mauritius Revenue Authority are expensed to profit or loss in the period in which they fall due.

(n) Provision

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event, and it is probable that the Group and the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

(o) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of 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.

(p) Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the Group and the Company have become party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value depending on the classification of the financial assets.

Classification of financial assets

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

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

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

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

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

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

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

The Group and the Company classify their financial assets such as Trade and other receivables and Cash in bank and at hand at amortised cost while their investment in equity instruments that are not held for trading are classified as financial assets at fair value through other comprehensive income.

(i) Amortised cost and effective interest method

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

3. ACCOUNTING POLICIES

(p) Financial instruments (Cont'd)

Financial assets (Cont'd)

Classification of financial assets (Cont'd)

(i) Amortised cost and effective interest method (Cont'd)

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

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

(ii) Equity instruments designated as at FVTOCI

On initial recognition, the entity may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment 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 entity 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 the 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 within 'Investment income' in profit or loss.

The Group and the Company have designated their 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; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investment revaluation reserve.

Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI and for trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company apply the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. 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.

For all other financial instruments, the Group and the Company recognise lifetime ECL until they are derecognised due to short-term nature of the receivables and have been assessed to have credit risk other than low.

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

(i) Definition of default

The Group and the Company consider a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the entity is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the entity.

(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.

(iii) Recognition of expected credit losses

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

3. ACCOUNTING POLICIES (CONT'D)

(p) Financial instruments (Cont'd)

Financial Assets (Cont'd)

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group and the Company have elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

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

Equity instrument

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

Debt instrument

(i) Borrowings

Interest bearing loans and bank overdrafts are initially recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instalment to the extent that they are not settled in the period in which they arise. Borrowings are subsequently measured at amortised cost.

(ii) Accounts payable

Accounts payable are stated at their amortised cost using the effective interest method.

(iii) Effective interest method

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

The Group and the Company classify their financial liabilities such as trade and other payables, loans, lease liabilities and bank overdrafts at amortised cost while derivative financial instruments are measured at fair value through profit or loss.

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.

(q) Grants

Grants received by the Company on the acquisition of the KHS plant have been amortised and recognised in profit or loss over a period of 15 years, consistent with the useful life of the asset.

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal annual amounts over the expected useful life of the related asset.

Grants in respect of wages obtained under the wage assistance scheme are accounted for in the statement of profit or loss in the period to which the wages relate. Repayment of the grant (COVID-19 Levy) is contingent on the chargeable income of the entity over the current and next years and is recognised as a levy repayable to the tax authorities. The grant is shown net of the COVID-19 Levy.

(r) Derivative financial instruments

The Group and the Company enter into foreign exchange forward contracts to manage its exposure to foreign exchange risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured at fair value at each reporting date. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss.

(s) Comparative figures

Comparative figures have been restated or reclassified, where necessary, to conform with the current year's presentation.

(t) Trade receivables

Trade receivables are amounts due from customers for goods sold or services provided in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company and the Group hold the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Company's and the Group's impairment policies and the calculation of the loss allowance are provided in note 12.

(u) Borrowings

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

3. ACCOUNTING POLICIES (CONT'D)

(u) Borrowings (Cont'd)

Fees paid on the establishment of loan or other borrowing facilities are recognised as transaction costs of the loan or borrowing facilities to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(v) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Other payables relate to monthly payment made to an ex-employee of the Company as a result of an agreement signed between the ex-employee and the Company upon early retirement.

(w) Stated Capital

Ordinary shares are classified as 'stated capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity. Incremental costs directly attributable to the issue of the new shares or options are shown in equity as deduction, net of tax, from proceeds.

(x) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated and separate statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(y) Segmental reporting

The Group 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 Group. 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.

(z) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Judgements

In the process of applying the Group's and the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Business combination under common control - accounting policy choice

In the absence of an IFRS standard that specifically applies to business combination under common control, management has used judgement in developing and applying accounting policies for both its separate and consolidated financial statements. Management considers the pooling of interests method to be the most appropriate accounting policy as it results in information that is most relevant to the amalgamation on the basis that there is no change in control. The information provided is also reliable in that the financial statements represent faithfully the financial position, financial performance and cash flows of the entity as well as reflect the economic substance of the transaction both at Group and Company levels. The Company has applied the same accounting policies for such transaction consistently.

(ii) Going concern

Directors and management have made an assessment of the Group's and the Company's ability to continue as a going concern and is satisfied that the Group and the Company have the resources to continue in business for the foreseeable future. Furthermore, directors and management are not aware of any material uncertainties that may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Hence, the financial statements continue to be prepared on the going concern basis.

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

Judgements *(Cont'd)*

(ii) Going concern (Cont'd)

COVID-19 pandemic has given rise to an exceptionally difficult operating environment which has caused significant volatility within the economic markets in Mauritius and around the world. As a result, the Group and the Company's activities have been negatively impacted by the unprecedented effect from this pandemic. Consumption patterns remain uncertain as many industries, especially tourism and leisure industries are still adversely impacted by the effect of the pandemic which therefore impacts the food and beverage industry in which we operate. In view of the current environment, necessary measures were taken to help mitigate the risks from this pandemic. Specifically:

- A Business Continuity Plan was implemented as a first step and a crisis management team was appointed to closely manage the day-to-day operations in the event of a major disruption. The Group's first and foremost objective was to ensure the health and safety of its entire workforce.

- A product, channel and portfolio approach were taken to sales to best adapt our offerings to consumer demand. During the lockdown period and its aftermath, sales declined significantly on the beverage side, although this decline was partly compensated by the food business which has been less affected. Consumer spending was reduced and as a result, affordability become a key factor to address. However, as a local manufacturer of food and beverages, the company was well positioned to overcome this situation with its diverse product offering.

- A strong emphasis on cost controls, working capital and cash flow management was implemented. Negotiations were done with the banks to obtain a moratorium on loan capital and interest repayments and agreements were done for extension and increase of our credit facilities for our short-term loans with lowest Prime Lending Rates to help mitigate credit risks. Additionally, the Group benefitted from the Government Wage Assistance Scheme for the months of March, April and May which helped to relief the negative effect from COVID-19 on our business during these months. Finally, a strong effort was put behind debt collection and the Company has an insurance coverage in place to help mitigate credit risks, especially from the sectors most affected by the effect from COVID-19.

Overall, the company has a positive shareholder fund, inclusive of land and Building and has also the capacity of leveraging its non-current investments, in the unlikely event of short-term funding requirement. Additionally, new business growth opportunities are being assessed to anticipate for the new situation to come and therefore help ensure the sustainability of our operations overtime. An assessment of the Group's and the Company's ability to continue as a going concern has been done and the directors have concluded that the Group and the Company have the resources to continue in business for the foreseeable future. Furthermore, Directors and Management are not aware of any material uncertainties that may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Hence, the financial statements have been prepared on the going concern basis.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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

Land and buildings, investment property and the building component of owner-occupied leasehold properties are valued every three years by independent valuers. In arriving at the fair value of the properties, which is determined on an open market value basis, the 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.

(ii) Property, plant and equipment and depreciation

Management determines the estimated useful lives and related depreciation charges for the property, plant and equipment. Management will revise the depreciation charge where useful lives are different to previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(iii) 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 a selection of discount rate.

The Group and the Company determine 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 Group and the Company. Other key assumptions for pension obligations are based in part on current market conditions.

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

(iv) Recoverability of deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Recoverability of deferred tax assets have been assessed for each subsidiary based on the forecasted taxable profit to be generated during the next financial period and in the case of another subsidiary, the tax loss recognised has been limited to future taxable profits to be generated over the next five financial years.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(v) Determining the lease term and incremental borrowing rate

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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

Key sources of estimation uncertainty (cont'd)

(v) Determining the lease term and incremental borrowing rate

The Group applies judgement in evaluating whether it is reasonably certain or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination, including: whether there are significant penalties to terminate (or not extend); whether any leasehold improvements are expected to have a significant remaining value; historical lease durations; the importance of the underlying asset to the Group's operations; and the costs and business disruption required to replace the leased asset. The lease term is reassessed if a significant event or a significant change in circumstances occurs which affects the assessment of reasonable certainty.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

(vi) Calculation of loss allowance

The Group and the Company use a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and coverage by credit insurance).

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

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the entity would expect to receive, taking into account cash flows from credit enhancements.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

5. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Freehold land and buildings	Building on leasehold property	Plant and machinery	Selling equipment	Containers bottles and crates	Motor vehicles	Computer equipment	Furniture and equipment	Assets in progress	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
COST OR VALUATION										
At 01 January 2019	477,499,061	9,900,000	620,347,587	266,639,738	164,204,913	116,802,243	30,706,717	43,926,740	-	1,730,026,999
Transfer to right-of-use assets (Note 6)	-	-	(11,900,384)	(65,133,984)	-	(33,867,901)	(893,142)	(1,756,306)	-	(113,551,717)
Additions	1,925,850	-	13,876,081	13,488,254	9,505,362	1,004,079	2,031,193	10,098,084	14,996,383	66,925,286
Revaluation adjustments	9,834,439	300,000	-	-	-	-	-	-	-	10,134,439
Write offs	-	-	(38,311,011)	-	-	(34,624)	(82,496)	(7,694,719)	-	(46,122,850)
Disposals	-	-	-	-	(549,301)	(6,587,086)	-	-	-	(7,136,387)
At 31 December 2019	489,259,350	10,200,000	584,012,273	214,994,008	173,160,974	77,316,711	31,762,272	44,573,799	14,996,383	1,640,275,770
Transfer	-	-	-	1,358,656	-	-	-	-	(1,358,656)	-
Transfer from/(to) right-of-use assets (Note 6)	-	-	(501,135)	716,347	-	(91,804)	-	-	-	123,408
Additions	165,921	-	6,476,614	7,862,215	694,523	560,001	2,692,223	1,277,889	203,416,307	223,145,693
Disposals	-	-	-	-	-	(5,373,943)	-	-	-	(5,373,943)
Write offs	-	-	(4,699,455)	-	-	-	-	-	-	(4,699,455)
At 31 December 2020	489,425,271	10,200,000	585,288,297	224,931,226	173,855,497	72,410,965	34,454,495	45,851,688	217,054,034	1,853,471,473
DEPRECIATION										
At 01 January 2019	12,351,313	420,271	372,068,058	193,053,715	116,362,482	84,321,757	23,641,463	29,284,421	-	831,503,480
Transfer to right-of-use assets (Note 6)	-	-	(5,531,773)	(33,529,754)	-	(14,390,837)	(759,596)	(898,218)	-	(55,110,178)
Charge for the year	6,601,435	210,661	40,218,965	10,894,044	12,043,427	3,540,764	1,571,987	4,843,409	-	79,924,692
Revaluation adjustments	(18,598,117)	(630,932)	-	-	-	-	-	-	-	(19,229,049)
Write offs	-	-	(38,311,011)	-	-	(34,624)	(82,496)	(7,694,719)	-	(46,122,850)
Disposals	-	-	-	-	(139,229)	(5,615,741)	-	-	-	(5,754,970)
At 31 December 2019	354,631	-	368,444,239	170,418,005	128,266,680	67,821,319	24,371,358	25,534,893	-	785,211,125

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

THE GROUP

	Freehold land and buildings	Building on leasehold property	Plant and machinery	Selling equipment	Containers bottles and crates	Motor vehicles	Computer equipment	Furniture and equipment	Assets in progress	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
DEPRECIATION										
At 01 January 2020	354,631	-	368,444,239	170,418,005	128,266,680	67,821,319	24,371,358	25,534,893	-	785,211,125
Transfer from/(to) right-of-use assets (Note 6)	-	-	(751,865)	716,347	-	(352,021)	(33,178)	28,334	-	(392,383)
Charge for the year	7,195,112	210,661	39,129,542	10,553,882	11,563,599	2,169,802	2,998,311	4,550,970	-	78,371,879
Write offs	-	-	(2,886,265)	-	-	-	-	-	-	(2,886,265)
Disposals	-	-	-	-	-	(5,006,403)	-	-	-	(5,006,403)
At 31 December 2020	7,549,743	210,661	403,935,651	181,688,234	139,830,279	64,632,697	27,336,491	30,114,197	-	855,297,953
NET BOOK VALUE										
At 31 December 2020	481,875,528	9,989,339	181,352,646	43,242,992	34,025,218	7,778,268	7,118,004	15,737,491	217,054,034	998,173,520
At 31 December 2019	488,904,719	10,200,000	215,568,034	44,576,003	44,894,294	9,495,392	7,390,914	19,038,906	14,996,383	855,064,645

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

THE COMPANY

	Freehold land and buildings	Building on leasehold property	Plant and machinery	Selling equipment	Containers bottles and crates	Motor vehicles	Computer equipment	Furniture and equipment	Assets in progress	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
COST OR VALUATION										
At 01 January 2019	332,772,340	9,900,000	477,151,545	266,896,639	164,238,663	62,708,118	13,534,280	11,225,124	-	1,338,426,709
Transfer to right-of-use assets (Note 6)	-	-	-	(65,133,984)	-	(6,861,116)	-	-	-	(71,995,100)
Additions	1,925,850	-	13,626,221	13,537,859	9,505,362	1,004,079	1,285,310	6,798,249	14,996,383	62,679,313
Disposals	-	-	-	-	(549,301)	(6,587,086)	-	-	-	(7,136,387)
Revaluation adjustments	61,160	300,000	-	-	-	-	-	-	-	361,160
Amalgamation adjustments (Note 34)	154,500,000	-	109,503,206	2,033,392	-	18,555,107	8,148,002	9,424,517	-	302,164,224
Write off	-	-	(22,346,254)	-	-	-	-	-	-	(22,346,254)
At 31 December 2019	489,259,350	10,200,000	577,934,718	217,333,906	173,194,724	68,819,102	22,967,592	27,447,890	14,996,383	1,602,153,665
Transfer	-	-	-	1,358,656	-	-	-	-	(1,358,656)	-
Transfer from/(to) right-of-use assets (Note 6)	-	-	(501,135)	716,347	-	(91,804)	-	-	-	123,408
Additions	165,921	-	6,476,614	7,910,482	694,523	560,001	2,692,223	1,277,889	203,416,307	223,193,960
Disposals	-	-	-	-	-	(5,373,943)	-	-	-	(5,373,943)
Write off	-	-	(4,699,455)	-	-	-	-	-	-	(4,699,455)
At 31 December 2020	489,425,271	10,200,000	579,210,742	227,319,391	173,889,247	63,913,356	25,659,815	28,725,779	217,054,034	1,815,397,635
DEPRECIATION										
At 01 January 2019	9,561,260	420,271	266,956,891	193,027,731	116,396,231	52,318,437	10,078,327	8,312,746	-	657,071,894
Transfer to right-of-use assets (Note 6)	-	-	-	(33,529,754)	-	(3,348,171)	-	-	-	(36,877,925)
Charge for the year	5,526,258	210,661	35,800,899	11,022,587	12,043,427	2,152,580	541,550	2,098,114	-	69,396,076
Disposals	-	-	-	-	(139,229)	(5,615,741)	-	-	-	(5,754,970)
Revaluation adjustments	(14,732,887)	(630,932)	-	-	-	-	-	-	-	(15,363,819)
Amalgamation adjustments (Note 34)	-	-	81,955,142	2,033,392	-	15,702,879	6,115,127	7,334,951	-	113,141,491
Write off	-	-	(22,346,254)	-	-	-	-	-	-	(22,346,254)
At 31 December 2019	354,631	-	362,366,678	172,553,956	128,300,429	61,209,984	16,735,004	17,745,811	-	759,266,493
Transfer from/(to) right-of-use assets (Note 6)	-	-	(751,865)	716,347	-	(352,021)	(33,178)	28,334	-	(392,383)
Charge for the year	7,195,112	210,661	39,129,541	10,665,964	11,563,599	1,972,158	2,487,464	2,355,117	-	75,579,616
Disposals	-	-	-	-	-	(5,006,403)	-	-	-	(5,006,403)
Write off	-	-	(2,886,265)	-	-	-	-	-	-	(2,886,265)
At 31 December 2020	7,549,743	210,661	397,858,089	183,936,267	139,864,028	57,823,718	19,189,290	20,129,262	-	826,561,058
NET BOOK VALUE										
At 31 December 2020	481,875,528	9,989,339	181,352,653	43,383,124	34,025,219	6,089,638	6,470,525	8,596,517	217,054,034	988,836,577
At 31 December 2019	488,904,719	10,200,000	215,568,040	44,779,950	44,894,295	7,609,118	6,232,588	9,702,079	14,996,383	842,887,172

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

(a) As from 01 January 2019, leased assets are presented as a separate line item in the statement of financial position as part of right of use assets (Refer to Note 6).

(b) Bank borrowings are secured on all the assets of the Group and the Company. There is no restriction on title or use of the property, plant and equipment (PPE) pledged as security for bank borrowings. However in the event of potential disposal of the pledged assets by the Group or the Company, the latter should inform the banks/financial institutions with whom the borrowings have been contracted. The banks/financial instituitions shall rank first in the settlement of the outstanding borrowings out of the proceeds to be received from the disposal.

(c) Borrowing costs capitalised during the year for the Group and Company is Rs 2,200,300 (2019: Rs Nil).

(d) The Company's land and buildings were revalued by Elevante Investments Limited, Chartered Valuation Surveyors at 31 December 2019 in accordance with the RICS Valuation Standards. MIL's land and buildings were revalued at 30 September 2019 prior to the amalgamation on the same basis and there was no significant change in fair value from that date to 31 December 2019. The land and buildings have been valued on the basis of its market value, being the estimated amount for which the property could be exchanged between knowledgeable willing parties in an arm's length transaction. In arriving at the market value, the valuer has used the sales comparison approach for the land and the depreciated replacement cost approach for the 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 reserves. The directors have assessed the fair value of the land and buildings at 31 December 2020 and have estimated the fair value to approximate the carrying value as at that date.

The significant unobservable input used in valuation of land pertains to recent market sale price price per sqm metre ("sqm") 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, and vice versa.

The significant unobservable input used in valuation of buildings pertains to depreciation rate 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 used would result in a significant decrease in fair value, and vice versa.

(e) Details of the Group's and the Company's land and buildings and information about the fair value hierarchy as at 31 December are as follows:

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
Level 3	Rs	Rs	Rs	Rs
Land and buildings	491,864,867	499,104,719	491,864,867	499,104,719

(f) If land and buildings were stated at historical cost basis, their carrying amounts at 31 December would be as follows:

2020	THE GROUP AND THE COMPANY		
	Freehold land	Buildings	Total
	Rs	Rs	Rs
Cost	616,316	125,149,654	125,765,970
Accumulated depreciation	-	(56,671,031)	(56,671,031)
Net book value	616,316	68,478,623	69,094,939

2019	THE GROUP AND THE COMPANY		
	Freehold land	Buildings	Total
	Rs	Rs	Rs
Cost	616,316	125,077,482	125,693,798
Accumulated depreciation	-	(53,802,112)	(53,802,112)
Net book value	616,316	71,275,370	71,891,686

(g) Assets which are no longer in use have been written off during the year ended 31 December 2020 and 2019.

6. RIGHT-OF-USE ASSETS

THE GROUP

	Land	Plant and machinery	Selling equipment	Containers bottles and crates	Motor vehicles	Furniture and equipment	Computer equipment	Total
COST	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
At 01 January 2019								
- Transfer from property, plant and equipment (Note 5)	-	11,900,384	65,133,984	-	33,867,901	1,756,306	893,142	113,551,717
- Impact of adoption of IFRS 16	4,721,863	-	-	-	19,706,342	-	-	24,428,205
Additions	-	-	-	-	8,056,061	-	-	8,056,061
At 31 December 2019	4,721,863	11,900,384	65,133,984	-	61,630,304	1,756,306	893,142	146,035,983
Transfer from/(to) property, plant and equipment (Note 5)	-	501,135	(716,347)	-	91,804	-	-	(123,408)
Additions	3,359,194	-	-	-	700,817	-	-	4,060,011
Transfers	-	1,414,722	(18,577,821)	17,163,099	-	-	-	-
Disposals	-	-	-	-	(400,704)	-	-	(400,704)
At 31 December 2020	8,081,057	13,816,241	45,839,816	17,163,099	62,022,221	1,756,306	893,142	149,571,882
ACCUMULATED DEPRECIATION								
At 01 January 2019								
- Transfer from property, plant and equipment (Note 5)	-	5,531,773	33,529,754	-	14,390,837	898,218	759,596	55,110,178
Charge for the year	1,572,980	1,285,123	5,542,082	-	9,064,189	249,460	133,546	17,847,380
At 31 December 2019	1,572,980	6,816,896	39,071,836	-	23,455,026	1,147,678	893,142	72,957,558
Charge for the year	1,935,534	1,473,426	5,278,540	-	8,904,946	123,732	17,892	17,734,070
Transfers	-	361,540	(8,279,306)	7,917,766	-	-	-	-
Transfer from/(to) property, plant and equipment (Note 5)	-	751,865	(716,347)	-	352,021	33,178	(28,334)	392,383
Disposals	-	-	-	-	(272,377)	-	-	(272,377)
At 31 December 2020	3,508,514	9,403,727	35,354,723	7,917,766	32,439,616	1,304,588	882,700	90,811,634
CARRYING AMOUNT								
At 31 December 2020	4,572,543	4,412,514	10,485,093	9,245,333	29,582,605	451,718	10,442	58,760,248
At 31 December 2019	3,148,883	5,083,488	26,062,148	-	38,175,278	608,628	-	73,078,425

6. RIGHT-OF-USE ASSETS

THE COMPANY

	Land	Plant and machinery	Selling equipment	Containers bottles and crates	Motor vehicles	Furniture and equipment	Computer equipment	Total
COST	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
At 01 January 2019								
- Transfer from property, plant and equipment (Note 5)	-	-	65,133,984	-	6,861,116	-	-	71,995,100
- Impact of adoption of IFRS 16	647,811	-	-	-	10,734,931	-	-	11,382,742
Additions	-	-	-	-	4,229,969	-	-	4,229,969
Amalgamation adjustments (Note 34)	-	11,900,384	-	-	19,217,867	1,756,306	893,142	33,767,699
At 31 December 2019	647,811	11,900,384	65,133,984	-	41,043,883	1,756,306	893,142	121,375,510
Transfer from/(to) property, plant and equipment (Note 5)	-	501,135	(716,347)	-	91,804	-	-	(123,408)
Additions	2,023,457	-	-	-	700,817	-	-	2,724,274
Transfers	-	1,414,722	(18,577,821)	17,163,099	-	-	-	-
Disposals	-	-	-	-	(400,704)	-	-	(400,704)
At 31 December 2020	2,671,268	13,816,241	45,839,816	17,163,099	41,435,800	1,756,306	893,142	123,575,672
ACCUMULATED DEPRECIATION								
At 01 January 2019								
- Transfer from property, plant and equipment (Note 5)	-	-	33,529,754	-	3,348,171	-	-	36,877,925
Charge for the year	370,178	130,355	5,542,082	-	4,171,975	26,385	32,758	10,273,733
Amalgamation adjustments (Note 34)	-	6,686,542	-	-	9,092,193	1,121,290	860,384	17,760,409
At 31 December 2019	370,178	6,816,897	39,071,836	-	16,612,339	1,147,675	893,142	64,912,067
Charge for the year	378,806	1,473,426	5,278,540	-	5,567,645	123,732	17,895	12,840,044
Transfers	-	361,540	(8,279,306)	7,917,766	-	-	-	-
Transfer from/(to) property, plant and equipment (Note 5)	-	751,865	(716,347)	-	352,021	33,178	(28,334)	392,383
Disposals	-	-	-	-	(272,377)	-	-	(272,377)
At 31 December 2020	748,984	9,403,728	35,354,723	7,917,766	22,259,628	1,304,585	882,703	77,872,117
CARRYING AMOUNT								
At 31 December 2020	1,922,284	4,412,513	10,485,093	9,245,333	19,176,173	451,721	10,439	45,703,555
At 31 December 2019	277,633	5,083,487	26,062,148	-	24,431,544	608,631	-	56,463,443

6. RIGHT-OF-USE ASSETS (CONT'D)

The Company leases several assets including land, equipment and motor vehicles. The average lease term ranges from 4 to 19 years.

The Group and the Company have option to purchase certain motor vehicles for a nominal amount at the end of the lease term. The Group's and the Company's obligations are secured by the lessors' title to the leased assets for such leases.

The maturity analysis of the lease liabilities is presented in Note 15.

Amounts recognised in profit and loss

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Depreciation expense on right-of-use assets	17,734,070	17,847,380	12,840,044	10,273,733
Interest expense on lease liabilities	2,349,347	3,647,820	1,450,563	1,923,060
Expense relating to short-term leases	3,240,060	2,517,960	1,574,100	1,950,503

At 31 December 2019 and 2020, the Group and the Company do not have any commitment for short-term leases.

There are no variable lease payment in the lease contracts of the Group and the Company.

7. INTANGIBLE ASSETS

THE GROUP	Software cost	Asset in progress	Brand	Goodwill	Total
COST	Rs	Rs	Rs		Rs
At 01 January 2019	25,409,772	2,179,527	650,000	651,218	28,890,517
Transfer	3,479,527	(3,479,527)	-	-	-
Additions	1,753,147	1,988,000	-	-	3,741,147
At 31 December 2019	30,642,446	688,000	650,000	651,218	32,631,664
Additions	775,500	306,648	-	-	1,082,148
At 31 December 2020	31,417,946	994,648	650,000	651,218	33,713,812
AMORTISATION					
At 01 January 2019	23,568,050	-	-	-	23,568,050
Charge for the year	2,042,006	-	-	-	2,042,006
At 31 December 2019	25,610,056	-	-	-	25,610,056
Charge for the year	1,957,556	-	-	-	1,957,556
At 31 December 2020	27,567,612	-	-	-	27,567,612
CARRYING AMOUNT					
At 31 December 2020	3,850,334	994,648	650,000	651,218	6,146,200
At 31 December 2019	5,032,390	688,000	650,000	651,218	7,021,608

Consequent to the transfer of food business in 2019 from its subsidiary, Central Distributors Company Limited (CDCL), the Company also purchased the brand at cost on 01 January 2020.

7. INTANGIBLE ASSETS (CONT'D)

The directors expect that economic benefits associated with the brand will flow to the entity for an indefinite period, and hence have determined that the brand has an indefinite useful life. No amortisation has been charged. The directors consider that the intangible asset is not impaired at the reporting date.

The intangible assets of the Company and the Group have not been pledged as security for bank borrowings

The goodwill arose on acquisition of the minority shares in Central Distributors Company Limited since the directors believed that the acquisition of the minority shared in Central Distributors Company Limited would bring synergies to the group in terms of production and distrinbution channels.

Goodwill acquired in a business combination is allocated at acquisition to the cash generating unit (CGU) that are expected to benefit from that business combination.

Goodwill acquired is measured as the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. Goodwill has been assessed as having an indefinite life and in accordance with IAS 36, goodwill has been assessed for impairment based on each cash generating unit.

The goodwill has been allocated wholly to the CGU pertaining to the trading of consumer goods. The Group assesses the recoverable amount of goodwill annually or more frequently if there are indications of any impairment. The directors are of the opinion that no impairment has occured during the year.

THE COMPANY	Software cost	Asset in progress	Brand	Total
	Rs	Rs	Rs	Rs
COST				
At 01 January 2019	16,170,082	1,116,570	-	17,286,652
Transfer	2,416,570	(2,416,570)	-	-
Amalgamation adjustments (Note 34)	8,395,330	1,988,000	-	10,383,330
Additions	1,641,447	-	-	1,641,447
At 31 December 2019	28,623,429	688,000	-	29,311,429
Additions	775,500	306,648	650,000	1,732,148
At 31 December 2020	29,398,929	994,648	650,000	31,043,577
AMORTISATION				
At 01 January 2019	14,619,786	-	-	14,619,786
Charge for the year	1,743,588	-	-	1,743,588
Amalgamation adjustments (Note 34)	7,227,665	-	-	7,227,665
At 31 December 2019	23,591,039	-	-	23,591,039
Charge for the year	1,957,556	-	-	1,957,556
At 31 December 2020	25,548,595	-	-	25,548,595
CARRYING AMOUNT				
At 31 December 2020	3,850,334	994,648	650,000	5,494,982
At 31 December 2019	5,032,390	688,000	-	5,720,390

8. INVESTMENT PROPERTY

THE GROUP AND THE COMPANY

Freehold land and buildings at fair value	2020	2019
	Rs	Rs
At 01 January	5,600,000	5,100,000
Fair value adjustment	-	500,000
At 31 December	5,600,000	5,600,000

Investment property was revalued at 31 December 2019 at Rs 5,600,000 on an open market value basis by Elevante Investments Limited, Chartered Valuation Surveyors. The land has been valued using the comparable sales approach taking into account recent transactions while the building element has been valued using depreciated replacement cost. The fair value of the investment property was classified as Level 3 in the fair value hierarchy.

The directors have assessed the fair value of the land and buildings and investment property as at 31 December 2020 and have estimated the fair value to approximate their carrying value as at date.

There were no rental income and/or expenses attributable to the investment property.

Bank borrowings are secured on all the assets of the Group and the Company. There is no restriction on title or use of the investment property pledged as security for bank borrowings. However in the event of potential disposal of the pledged assets by the Group or the Company, the latter should inform the banks/financial institutions with whom the borrowings have been contracted. The banks/financial instituitions shall rank first in the settlement of the outstanding borrowings out of the proceeds to be received from the disposal.

9. INVESTMENTS

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Investment in subsidiaries (note 9(i))	-	-	4,081,100	4,081,100
Advance towards equity (note 9(ii))	-	-	7,890,939	7,890,939
Equity investment designated at FVTOCI (note 9(iii))	932,963	2,586,068	932,963	2,586,068
	932,963	2,586,068	12,905,002	14,558,107

(i) Investment in subsidiaries

(a) Unquoted investments at cost

	2020	2019
	Rs	Rs
At 01 January	4,081,100	37,500
Amalgamation adjustment (Note 34)	-	4,043,600
At 31 December	4,081,100	4,081,100

The amalgamation adjustment represents investment in Central Distributors Company Limited, previously owned by Margarine Industries Limited.

(b) Details of the Company's investment in subsidiaries are as follows:

Name	Country of incorporation	Type of shares	% Holding Direct	Principal activity
Creative Advertising Bureau Ltd	Mauritius	Ordinary	100%	Advertising
Central Distributors Company Limited	Mauritius	Ordinary	100%	Trading in Liquid Petroleum Gas (LPG)

(ii) Advance towards equity

The Company has reclassified an amount of Rs 7,890,939 due by its subsidiary as advance towards equity and the related shares will be subsequently allotted. The directors believe that the investment is not impaired. The directors have reviewed the financial position of the subsidiaries at 31 December 2020 and are of the opinion that these investments in subsidiaries, including the advance towards equity, have not suffered any impairment in the current year (2019: Nil).

(iii) Equity investment designated at FVTOCI

THE GROUP AND THE COMPANY	2020	2019
	Rs	Rs
At 01 January	2,586,068	2,208,139
Fair value movement during the year	(1,653,105)	377,929
At 31 December	932,963	2,586,068

The investment in equity shares is not held for trading but rather for strategic purposes. Accordingly, the directors of the Company have elected to designate the investment as at FVTOCI as they believe that recognising short-term fluctuations in the investment 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 net asset value approach as the underlying investments in the investee companies are listed and measured at fair value. The net asset value was adjusted to account for preferential rights to surplus by certain shareholders. An increase in the share prices of the underlying investments will impact the fair value positively while a decrease in share prices will have a negative impact.

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

10. RETIREMENT BENEFIT PLANS

(a) Retirement benefit asset

THE GROUP AND THE COMPANY

Pension plan

The pension plans are final salary defined benefit plans to employees and are wholly funded. The assets of the funded plans are managed and administered independently by Swan Life Ltd.

The plans provide for a pension at retirement and a benefit in death or disablement in service before retirement.

The plans expose the Group and the Company to normal risks associated with defined benefit pension plans such as investment, interest, longevity and salary risks.

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

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

Longevity risk: 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 the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

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

Amounts recognised in the statements of financial position:

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Present value of funded obligation	310,034,000	227,023,000	307,360,000	225,221,000
Fair value of plan assets	(225,786,000)	(260,089,000)	(222,858,000)	(256,751,000)
Effect of asset ceiling	-	1,260,000	-	-
Transfer to retirement benefit obligations	(84,248,000)	-	(84,502,000)	-
Net asset recognised in statements of financial position	-	(31,806,000)	-	(31,530,000)

The Company and the Group have two pension funds, which were included in the retirement benefit asset of Rs 31,530,000 and Rs 31,806,000 respectively as at 31 December 2019. In year 2020, the plans experienced major assets losses mainly due to changes in financial assumptions. Consequently, the plans are now in deficit and this amount has been transferred to retirement benefit obligations.

Movement in the asset recognised in the statements of financial position:

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
At 01 January	(31,806,000)	(59,191,000)	(31,530,000)	(27,493,000)
Amount recognised in profit and loss	6,276,000	3,775,000	6,238,000	3,093,000
Amount recognised in other comprehensive income	111,193,000	24,886,000	111,199,000	4,361,000
Employer contributions	(1,415,000)	(1,276,000)	(1,405,000)	(723,000)
Amalgamation adjustments (Note 34)	-	-	-	(286,000)
Transfer from subsidiary	-	-	-	(10,482,000)
Transfer to retirement benefit obligations	(84,248,000)		(84,502,000)	-
At 31 December	-	(31,806,000)	-	(31,530,000)

10. RETIREMENT BENEFIT PLANS (CONT'D)

(a) Retirement benefit asset (Cont'd)

Amounts recognised in the statements of comprehensive income:

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Current service cost	7,728,000	7,271,000	7,674,000	5,005,000
Change in effect of the assets celling	70,000	7,000	-	-
Net interest on net defined benefit asset	(1,891,000)	(3,503,000)	(1,805,000)	(1,912,000)
Past service cost	369,000	-	369,000	-
Components of amount recognised in profit or loss	6,276,000	3,775,000	6,238,000	3,093,000
Remeasurement of the net defined benefit asset:				
Return of plan assets excluding interest income	37,808,000	2,043,000	37,268,000	(5,531,000)
Liability experience loss/(gain)	(3,290,000)	2,907,000	(3,198,000)	(1,653,000)
Liability loss/(gain) due to change in financial assumptions	78,003,000	18,683,000	77,129,000	11,545,000
Change in effect of the assets celling	(1,328,000)	1,253,000	-	-
Components of amount recognised in other comprehensive income	111,193,000	24,886,000	111,199,000	4,361,000
Total	117,469,000	28,661,000	117,437,000	7,454,000

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

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
At 01 January	227,023,000	200,349,000	225,221,000	128,310,000
Current service cost	7,728,000	7,271,000	7,674,000	5,005,000
Interest cost	12,377,000	12,458,000	12,278,000	8,958,000
Past service cost	369,000	-	369,000	-
Benefits paid	(12,176,000)	(14,645,000)	(12,113,000)	(12,081,000)
Transfer from subsidiary	-	-	-	12,265,000
Liability experience loss/(gain)	(3,290,000)	2,907,000	(3,198,000)	(1,653,000)
Liability loss/(gain) due to change in financial assumptions	78,003,000	18,683,000	77,129,000	11,545,000
Amalgamation adjustment (Note 34)	-	-	-	72,872,000
	310,034,000	227,023,000	307,360,000	225,221,000
Transfer to retirement benefit obligations	(310,034,000)	-	(307,360,000)	-
At 31 December	-	227,023,000	-	225,221,000

Movement in the fair value of the plan assets were as follows:-

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
At 01 January	260,089,000	259,540,000	256,751,000	155,803,000
Interest income	14,268,000	15,961,000	14,083,000	10,870,000
Employer contributions	1,415,000	1,276,000	1,405,000	723,000
Benefits paid	(12,178,000)	(14,645,000)	(12,113,000)	(12,081,000)
Return on plan assets excluding interest income	(37,808,000)	(2,043,000)	(37,268,000)	5,531,000
Transfer from subsidiary	-	-	-	22,747,000
Amalgamation adjustment (Note 34)	-	-	-	73,158,000
	225,786,000	260,089,000	222,858,000	256,751,000
Transfer to retirement benefit obligations	(225,786,000)	-	(222,858,000)	-
At 31 December	-	260,089,000	-	256,751,000

10. RETIREMENT BENEFIT PLANS (CONT'D)

(a) Retirement benefit asset (Cont'd)

Reconciliation of the effect of the asset ceiling:-

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
At 01 January	-	-	-	-
Amount recognised in profit & loss	70,000	7,000	-	-
Amount recognised in OCI	(1,328,000)	1,253,000	-	-
At 31 December	(1,258,000)	1,260,000	-	-

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

	THE GROUP				THE COMPANY			
	Allocation of plan assets		Fair value of plan assets		Allocation of plan assets		Fair value of plan assets	
	2020	2019	2020	2019	2020	2019	2020	2019
	%	%	Rs	Rs	%	%	Rs	Rs
Equity - overseas unquoted	2	1	3,784,826	3,496,995	2	1	3,715,229	3,429,457
Equity - local quoted categorised by industry type								
- Bank & Insurance	17	21	39,413,683	55,174,993	17	21	39,119,475	54,794,049
- Industry	11	12	24,800,781	30,356,951	11	12	24,226,411	29,667,817
- Investment	6	6	12,498,750	15,724,210	5	6	12,241,348	15,389,458
- Sugar	2	2	3,448,499	3,973,636	2	2	3,437,405	3,956,557
- Commerce	3	3	7,846,553	9,282,721	3	3	7,764,690	9,193,785
- Leisure & Hotels	2	3	4,352,476	7,830,589	2	3	4,265,282	7,690,715
- Others	2	1	3,739,859	2,785,429	2	1	3,631,528	2,740,766
Equity - local unquoted	0	0	1,030,645	484,104	0	0	1,015,656	468,260
Debt - local quoted	6	5	14,556,289	13,973,456	7	5	14,521,931	13,939,456
Debt - local unquoted	2	2	4,198,443	3,980,000	2	2	4,108,907	3,899,000
Property - Local	24	21	53,750,000	53,750,000	24	21	52,779,464	52,792,000
Cash and others	23	23	52,365,196	59,275,916	23	23	52,030,674	58,789,680
	100	100	225,786,000	260,089,000	100	100	222,858,000	256,751,000
Actual return on plan assets			(23,540,000)	13,918,000			(23,185,000)	16,401,000

10. RETIREMENT BENEFIT PLANS (CONT'D)

(a) Retirement benefit asset (Cont'd)

Future cash flows:

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

The expected employer contributions in the year 2021 amount to Rs 1,365,000 for the Group and Rs 1,355,000 for the Company.

The weighted average duration of the defined benefit plans is 15 and 23 years.

Sensitivity analysis on the defined benefit asset:

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

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
Discount rate	Rs	Rs	Rs	Rs
Increase due to 1% decrease in discount rate	58,237,000	37,174,000	57,601,000	36,742,000
Decrease due to 1% increase in discount rate	45,448,000	29,657,000	44,973,000	29,327,000
Expected salary growth				
Increase due to 1% increase in salary growth	22,397,000	15,448,000	22,352,000	15,217,000
Decrease due to 1% decrease in salary growth	19,364,000	13,406,000	19,321,000	13,211,000

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit asset as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The principal actuarial assumptions used for accounting purposes are:-

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	%	%	%	%
Discount rate	2.9-3.2	5.6	2.9-3.2	5.6
Expected rate of salary increase	2.0	3.0	2.0	3.0
Future pension increases	0.0	0.5	0.0	0.5
Rate of inflation	0.3	2.8	0.3	2.8
Average retirement age (ARA)	65 years	65 years	65 years	65 years
Average life expectancy for:				
- Males at ARA	15.9 years	15.9 years	15.9 years	15.9 years
- Females at ARA	20.0 years	20.0 years	20.0 years	20.0 years
Average life expectancy for:				
- Males retiring in 20 years	15.9 years	15.9 years	15.9 years	15.9 years
- Females retiring in 20 years	20.0 years	20.0 years	20.0 years	20.0 years

The most recent actuarial valuation of the pension plan asset was carried out at 31 December 2020 by AON Hewitt Ltd, actuaries and consultants.

(b) Retirement benefit obligations

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Retirement gratuities (Note 10(b)(i))	72,821,000	68,420,000	69,670,000	66,707,000
Unfunded pensions (Note 10(b)(ii))	221,857,000	177,334,000	221,857,000	177,334,000
Defined benefit obligations (Note 10(a))	84,248,000	-	84,502,000	-
	378,926,000	245,754,000	376,029,000	244,041,000

10. RETIREMENT BENEFIT PLANS (CONT'D)

(b) Retirement benefit obligations (Cont'd)

The plans expose the Group and the Company to normal risks associated with defined benefit pension plans such as longevity, interest and salary risks.

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

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

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

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

(i) Retirement gratuities

Amounts recognised in the statements of financial position:

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
Present value of unfunded obligation	Rs	Rs	Rs	Rs
At 01 January	68,420,000	63,958,000	66,707,000	63,068,000
Paid during the year	(15,813,000)	(8,556,000)	(15,471,000)	(8,556,000)
Amount recognised in profit and loss	9,262,000	8,890,000	8,518,000	8,312,000
Amount recognised in other comprehensive income	10,952,000	4,128,000	9,916,000	3,883,000
At 31 December	72,821,000	68,420,000	69,670,000	66,707,000

Amounts recognised in the statements of comprehensive income:

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Current service cost	4,907,000	4,466,000	4,504,000	4,199,000
Past service cost	1,252,000	811,000	998,000	561,000
	6,159,000	5,277,000	5,502,000	4,760,000
Net interest on defined benefit liability	3,103,000	3,613,000	3,016,000	3,552,000
Components of amount recognised in profit or loss	9,262,000	8,890,000	8,518,000	8,312,000
Remeasurement of the net defined benefit asset:				
Liability experience loss/(gain)	276,000	4,933,000	(174,000)	4,736,000
Liability (gain)/loss due to change in financial assumptions	10,676,000	(805,000)	10,090,000	(853,000)
Components of amount recognised in other comprehensive income	10,952,000	4,128,000	9,916,000	3,883,000
Total	20,214,000	13,018,000	18,434,000	12,195,000

10. RETIREMENT BENEFIT PLANS (CONT'D)

(b) Retirement benefit obligations (Cont'd)

(i) *Retirement gratuities (Cont'd)*

Movement in the present value of the defined benefit obligations (unfunded) were as follows:

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
At 01 January	68,420,000	63,958,000	66,707,000	63,068,000
Current service cost	4,907,000	4,466,000	4,504,000	4,199,000
Interest expense	3,103,000	3,613,000	3,016,000	3,552,000
Past service cost	1,252,000	811,000	998,000	561,000
Benefits paid	(15,813,000)	(8,556,000)	(15,471,000)	(8,556,000)
Liability experience loss/(gain)	276,000	4,933,000	(174,000)	4,736,000
Liability (gain)/loss due to change in financial assumptions	10,676,000	(805,000)	10,090,000	(853,000)
	72,821,000	68,420,000	69,670,000	66,707,000

Future cash flows:

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

Expected employer contributions for the Group and the Company for the year 2020 - Rs 3,440,000 and Rs 3,420,000 respectively.

The weighted average duration of the defined benefit obligation is 12 to 14 years for the Company and between 13 to 18 years for the subsidiaries.

Sensitivity analysis on the defined benefit obligations:

The sensitivity analysis below has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the actuarial assumptions below while leaving all other assumptions unchanged.

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
Discount rate	Rs	Rs	Rs	Rs
Increase due to 1% decrease in discount rate	10,296,000	8,031,000	9,782,000	7,725,000
Decrease due to 1% increase in discount rate	8,446,000	6,760,000	8,029,000	6,510,000
Salary growth				
Increase due to 1% increase in salary growth	9,999,000	8,046,000	9,493,000	7,735,000
Decrease due to 1% decrease in salary growth	8,383,000	6,846,000	7,963,000	6,588,000

The principal actuarial assumptions used for accounting purposes are:-

THE GROUP AND THE COMPANY

	2020	2019
	%	%
Discount rate	2.7-3.2	5.1-5.6
Future salary increases	2.0	3.0
Rate of inflation	0.3	2.5
Average retirement age	65	65 years
Average life expectancy for:		
- Males retiring in 20 years	15.9 years	15.9 years
- Females retiring in 20 years	20.0 years	20.0 years

Withdrawal before retirement - 5% per annum to age 40, reducing to 0% after 45.

The most recent actuarial valuation of the retirement gratuities was carried out at 31 December 2020 by AON Hewitt Ltd, actuaries and consultants.

10. RETIREMENT BENEFIT PLANS (CONT'D)

(b) Retirement benefit obligations (Cont'd)

(ii) *Unfunded pensions*

The Company operates an unfunded defined benefit plan for some of the directors which provides for a pension at retirement. The net defined cost was previously allocated to other related companies with common directors/officers in accordance with the contractual agreements with each of these companies. In 2019, following the amalgamation of businesses, only Creative Advertising Bureau Ltd (CAB) has a share of the liability recognised in its financial statements. There were no additional costs charged to CAB for the years 2019 and 2020.

The amount of the defined benefit plan to be recharged to Creative Advertising Bureau Ltd has been agreed between both parties to be Rs 9,975,808.

Amount recognised in the statements of financial position:

	THE GROUP		THE COMPANY	
Present value of unfunded obligation	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Liability recognised in the statements of financial position	221,857,000	177,334,000	221,857,000	177,334,000
Allocated to related companies	-	-	(9,975,808)	(9,975,808)
	221,857,000	177,334,000	211,881,192	167,358,192

Movement in liability recognised in the statements of financial position:

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
At 01 January	177,334,000	163,015,000	177,334,000	163,015,000
Amount recognised in profit or loss	33,377,000	14,046,000	33,377,000	14,046,000
Amount recognised in other comprehensive income	22,984,000	11,771,000	22,984,000	11,771,000
Benefits paid	(11,838,000)	(11,498,000)	(11,838,000)	(11,498,000)
At 31 December	221,857,000	177,334,000	221,857,000	177,334,000

Amounts recognised in the statements of comprehensive income:

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Current service cost	4,769,000	4,448,000	4,769,000	4,448,000
Past service cost	19,347,000	-	19,347,000	-
Net interest on net defined benefit liability	9,261,000	9,598,000	9,261,000	9,598,000
	33,377,000	14,046,000	33,377,000	14,046,000
Allocated to related companies	-	-	-	(3,212,268)
Components of amount recognised in profit and loss	33,377,000	14,046,000	33,377,000	10,833,732
Remeasurement of the net defined benefit asset:				
Liability experience loss/(gain)	410,000	7,517,000	410,000	7,517,000
Liability loss/(gain) due to change in financial assumptions	22,574,000	4,254,000	22,574,000	4,254,000
	22,984,000	11,771,000	22,984,000	11,771,000
Allocated to related companies	-	-	-	(2,703,210)
Components of amount recognised in other comprehensive income	22,984,000	11,771,000	22,984,000	9,067,790
Total	56,361,000	25,817,000	56,361,000	19,901,522

10. RETIREMENT BENEFIT PLANS (CONT'D)

(b) Retirement benefit obligations (Cont'd)

(ii) *Unfunded pensions (Cont'd)*

THE GROUP AND THE COMPANY

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

	2020	2019
	Rs	Rs
At 01 January	177,334,000	163,015,000
Current service cost	4,769,000	4,448,000
Interest expense	9,261,000	9,598,000
Past service cost	19,347,000	-
Benefits paid	(11,838,000)	(11,498,000)
Liability experience loss/(gain)	410,000	7,517,000
Liability loss/(gain) due to change in financial assumptions	22,574,000	4,254,000
At 31 December	221,857,000	177,334,000

Reconciliation of the liability allocated to related companies:

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Balance at 01 January	-	-	9,975,808	55,051,306
Amount recognised in profit or loss	-	-	-	3,212,268
Amount recognised in other comprehensive income	-	-	-	2,703,210
Benefits paid	-	-	-	(2,131,000)
Amalgamation adjustment	-	-	-	(39,848,029)
Transfer from subsidiary	-	-	-	(9,011,947)
Balance at 1 January	-	-	9,975,808	9,975,808

Future cash flows:

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

Expected employer contributions for the year 2020 - Rs 11,956,000.

The weighted average duration of the defined benefit obligation is 13 years.

Sensitivity analysis on the defined benefit obligations:

The sensitivity analysis below has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the actuarial assumptions below while leaving all other assumptions unchanged.

	2020	2019
Discount rate	Rs	Rs
Increase due to 1% decrease in discount rate	31,879,000	24,589,000
Decrease due to 1% increase in discount rate	25,474,000	19,738,000
Salary growth		
Increase due to 1% increase in salary growth	3,271,000	2,029,000
Decrease due to 1% decrease in salary growth	2,974,000	1,839,000

10. RETIREMENT BENEFIT PLANS (CONT'D)

(b) Retirement benefit obligations (Cont'd)

(ii) *Unfunded pensions (Cont'd)*

The principal actuarial assumptions used for accounting purposes are:-

	2020	2019
	%	%
Discount rate	2.8	5.4
Future salary increases (active directors)	2.0	3.0
Future pension increases	1.0	1.0
Rate of inflation	0.3	2.7
Medical cost increase	2.8	5.4
Passage benefit increase	0.3	2.7
Car benefit increase	0.3	2.7
Driver's allowance increase	0.3	2.7
Average retirement age	65 years	65 years
Average life expectancy for		
- Male at ARA	15.9 years	15.9 years
- Female at ARA	20 years	20 years

The most recent actuarial valuation of the retirement benefit obligations was carried out at 31 December 2020 by AON Hewitt Ltd, actuaries and consultants.

(c) State pension plan

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
National Pension Scheme Contribution expensed	6,352,922	7,304,400	6,233,822	4,960,008

11. INVENTORIES

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Raw materials and other consumables - at cost	90,660,228	115,191,192	90,046,423	114,128,076
Finished goods - at cost	48,389,878	52,471,792	44,904,741	49,214,919
Goods in transit - at cost	31,634,576	39,771,969	31,634,576	39,771,969
Others - at cost	62,251,224	58,637,423	62,251,224	58,637,424
	232,935,906	266,072,376	228,836,964	261,752,388

The cost of inventories recognised as an expense for the year ended 31 December 2020 includes Rs 11,841,232 for the Group (2019: Rs 14,908,051) and Rs11,503,139 for the Company (2019: Rs 14,290,009) in respect of writedowns of inventory to net realisable value.

The Group and the Company have pledged all the inventories to secure banking facilities granted to them.

12. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Trade receivables	211,891,624	251,981,027	202,141,882	233,640,486
Less: Loss allowances	(9,563,859)	(4,051,774)	(7,815,990)	(3,478,355)
	202,327,765	247,929,253	194,325,892	230,162,131
Other receivables	18,436,753	12,516,960	16,858,270	10,635,256
Prepayments and advance payments	18,217,796	35,973,315	18,153,874	35,878,620
Foreign currency forward contract	150,526	106,500	150,526	106,500
Amount due by fellow subsidiaries	-	181,339	-	-
Amount due by related companies	-	370,967	-	-
	239,132,840	297,078,334	229,488,562	276,782,507
Trade receivables include the following:-				
Amount due by fellow subsidiaries	270,667	113,588	119,364	108,505
Amount due by related companies	2,145,968	2,883,249	1,080,136	915,315
	2,416,635	2,996,837	1,199,500	1,023,820
Other receivables include the following:-				
Amount due by fellow subsidiaries	-	181,339	-	-
Amount due by related companies	-	370,967	-	-
	-	552,306	-	-

The directors consider that the carrying amount of trade and other receivables approximates their fair value. The Group and the Company have pledged the trade receivables to secure banking facilities granted to them.

The average credit period on sales of goods and services is 30 days. Before accepting any new customer, the Group and the Company assess the potential customer's credit quality and define credit limits by customer and these are reviewed on a regular basis. The concentration of credit risk is limited due to the customer base being large and unrelated. Management consider trade receivables to be in default when contractual payments are past due for more than 180 days based on the business environment in which the entities operate taking into taking consideration the market dynamics, customer base and competition.

The Group and the Company measure the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group and the Company have recognised a loss allowance of 100% against receivables over 180 days past due (except where repayment plan has been agreed or debts have been recovered) 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 Group and the Company have 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.

Based on past experience, there has been no history of default on export debtors. Management has made an assessment on the probability of default of the export debtors at reporting date and the ECL calculated thereon is immaterial and has not been accounted for.

12. TRADE AND OTHER RECEIVABLES (CONT'D)

THE GROUP AND THE COMPANY

The Group and the Company have segmented its local trade receivables by customer types between Traditional Trade, HORECA, Modern Trade, Home & Office and bakery. The subsidiaries have different categories of customer base - advertising, LPG and others.

The following tables detail the risk profile of local trade receivables based on the Group's and the Company's provision matrix at 31 December 2020:

		Local trade receivables - past due							
	Not past due	<30	31-60	61-90	91-120	121-150	150-180	>180	Total
Traditional Trade									
Expected credit loss rate	4.32%	4.35%	4.40%	4.43%	6.15%	21.49%	41.83%	62.11%	
Estimated total gross carrying amount at default (Rs)	18,503,265	5,675,696	1,662,705	151,563	120,381	50,812	10,175	1,159,027	27,333,624
Lifetime ECL (Rs)	800,154	246,722	73,236	6,710	7,401	10,922	4,256	719,861	1,869,262
HORECA									
Expected credit loss rate	3.14%	4.56%	6.05%	6.98%	7.45%	15.45%	17.10%	35.50%	
Estimated total gross carrying amount at default (Rs)	14,650,966	2,650,053	1,058,631	182,055	153,259	106,667	232,610	5,781,164	24,815,405
Lifetime ECL (Rs)	460,562	120,829	64,052	12,709	11,412	16,479	39,773	2,052,213	2,778,029
Modern Trade									
Expected credit loss rate	0.38%	0.58%	1.20%	1.31%	2.42%	3.93%	4.81%	8.16%	
Estimated total gross carrying amount at default (Rs)	65,143,630	39,936,062	7,850,201	3,587,850	1,118,706	596,207	511,735	6,258,605	125,002,996
Lifetime ECL (Rs)	246,779	229,933	94,486	46,855	27,061	23,446	24,611	510,658	1,203,829
Home & Office									
Expected credit loss rate	3.75%	4.31%	6.27%	10.32%	16.18%	24.06%	33.17%	38.94%	
Estimated total gross carrying amount at default (Rs)	5,252,572	2,047,091	1,055,570	612,946	532,650	74,591	29,326	3,186,891	12,791,637
Lifetime ECL (Rs)	196,802	88,308	66,206	63,285	86,160	17,949	9,726	1,240,915	1,769,351
Bakery									
Expected credit loss rate	0.21%	0.23%	0.76%	1.96%	15.24%	17.12%	18.40%	36.78%	
Estimated total gross carrying amount at default (Rs)	7,756,475	3,328,697	357,389	225,358	13,858	81,356	60,920	374,167	12,198,220
Lifetime ECL (Rs)	15,970	7,537	2,706	4,426	2,112	13,927	11,207	137,634	195,519
Customer base - advertising									
Expected credit loss rate	2.95%	3.53%	3.76%	5.03%	5.70%	12.14%	17.51%	82.33%	
Estimated total gross carrying amount at default (Rs)	562,249	446,183	160,137	206,839	112,769	246,081	64,208	1,086,942	2,885,408
Lifetime ECL (Rs)	16,586	15,760	6,018	10,399	6,431	29,884	11,246	894,863	991,187
Customer base - LPG									
Expected credit loss rate	1.63%	2.52%	4.31%	9.29%	17.86%	0.00%	80.71%	100.00%	
Estimated total gross carrying amount at default (Rs)	4,782,037	1,087,283	57,400	62,270	32,276	-	76,796	86,670	6,184,732
Lifetime ECL (Rs)	78,180	27,390	2,472	5,786	5,765	-	61,981	86,670	268,244
Others									
Expected credit loss rate	1.99%	2.52%	16.72%	0.00%	0.00%	0.00%	0.00%	95.46%	
Estimated total gross carrying amount at default (Rs)	114,442	47,803	11,327	-	-	-	-	506,030	679,602
Lifetime ECL (Rs)	2,272	1,204	1,894	-	-	-	-	483,068	488,438

12. TRADE AND OTHER RECEIVABLES (CONT'D)

THE GROUP AND THE COMPANY

The Group and the Company have segmented its local trade receivables by customer types between Traditional Trade, HORECA, Modern Trade, Home & Office and bakery. The subsidiaries have different categories of customer base - advertising, LPG and others.

The following tables detail the risk profile of local trade receivables based on the Group's and the Company's provision matrix at 31 December 2019:

		Local trade receivables - past due							
	Not past due	<30	31-60	61-90	91-120	121-150	150-180	>180	Total
Traditional Trade									
Expected credit loss rate	0.37%	0.43%	0.71%	0.66%	1.19%	1.75%	22.85%	100.00%	
Estimated total gross carrying amount at default (Rs)	17,719,326	6,143,595	2,127,631	227,942	62,511	78,061	185,473	631,618	27,176,157
Lifetime ECL (Rs)	65,503	26,387	15,092	1,515	742	1,368	42,383	631,618	784,608
HORECA									
Expected credit loss rate	0.26%	0.24%	0.12%	0.22%	0.63%	2.09%	33.09%	100.00%	
Estimated total gross carrying amount at default (Rs)	23,542,980	12,358,712	4,811,733	703,885	383,548	120,790	456,110	477,885	42,855,643
Lifetime ECL (Rs)	60,632	29,669	5,847	1,527	2,413	2,519	150,944	477,885	731,436
Modern Trade									
Expected credit loss rate	0.02%	0.02%	0.02%	0.03%	0.15%	0.45%	0.67%	26.83%	
Estimated total gross carrying amount at default (Rs)	65,213,504	51,521,025	10,289,093	291,196	509,237	85,629	600	376,139	128,286,423
Lifetime ECL (Rs)	11,299	8,747	1,611	100	756	382	4	100,914	123,813
Home & Office									
Expected credit loss rate	1.94%	2.56%	4.96%	10.46%	19.13%	29.81%	41.13%	74.98%	
Estimated total gross carrying amount at default (Rs)	6,905,513	4,328,703	2,702,635	606,032	480,441	251,202	204,958	1,527,762	17,007,246
Lifetime ECL (Rs)	133,678	110,682	134,063	63,408	91,893	74,884	84,309	1,145,581	1,838,498
Bakery									
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Estimated total gross carrying amount at default (Rs)	9,586,914	7,794,900	911,208	5,957	1,621	1,980	1,849	10,588	18,315,017
Lifetime ECL (Rs)	-	-	-	-	-	-	-	-	-
Customer base - advertising									
Expected credit loss rate	0.68%	1.25%	1.59%	3.41%	6.43%	0.00%	18.80%	100.00%	
Estimated total gross carrying amount at default (Rs)	1,281,797	758,572	1,825,521	588,526	327,907	-	142,792	412,682	5,337,797
Lifetime ECL (Rs)	8,727	9,495	29,039	20,044	21,075	-	26,852	412,682	527,914
Customer base - LPG									
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Estimated total gross carrying amount at default (Rs)	2,318,312	1,899,218	588,958	183,462	-	78,939	-	-	5,068,889
Lifetime ECL (Rs)	-	-	-	-	-	-	-	-	-
Others									
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	8.94%	
Estimated total gross carrying amount at default (Rs)	319,670	-	-	3,834,194	2,756,196	451,522	63,495	508,778	7,933,855
Lifetime ECL (Rs)	-	-	-	-	-	-	-	45,505	45,505

12. TRADE AND OTHER RECEIVABLES (CONT'D)

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

THE GROUP	Total
	Rs
Balance at 01 January 2019	5,535,888
(Decrease)/increase in loss allowance recognised in profit or loss during the year	2,081,855
Receivables written off during the year as uncollectible	(3,565,969)
Balance at 31 December 2019	4,051,774
Balance at 01 January 2020	4,051,774
Increase in loss allowance recognised in profit or loss during the year	5,512,085
Balance at 31 December 2020	9,563,859

THE COMPANY	Total
	Rs
Balance at 01 January 2019	4,595,361
Amalgamation adjustments	93,964
Increase in loss allowance recognised in profit or loss during the year	2,101,626
Receivables written off during the year as uncollectible	(3,312,596)
Balance at 31 December 2019	3,478,355
Balance at 01 January 2020	3,478,355
Increase in loss allowance recognised in profit or loss during the year	4,337,635
Balance at 31 December 2020	7,815,990

13. STATED CAPITAL

Issued and fully paid	2020	2019
	Rs	Rs
At 01 January: 36,768,812 (2019: 22,357,340) Ordinary shares of Rs10 each	360,705,400	218,715,053
Share premium	679,894	679,894
New issue of shares on amalgamation: 14,411,472 Ordinary shares of Rs10 each	-	144,114,720
Issue costs	-	(2,124,373)
At 31 December: 36,768,812 Ordinary shares of Rs10 each	361,385,294	361,385,294

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

- the right to vote on poll for every share held at a meeting of the Company on any resolution;
- the right to an equal share in dividends authorised by the Board;
- the right to an equal share in the distribution of the surplus assets of the Company, on winding up.

14. LOANS

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Unsecured loans	1,500,000	1,500,000	-	-
Bank factoring facilities	-	-	-	-
Import loans	39,855,583	42,914,140	39,855,583	42,914,140
Secured bank loans	368,419,115	291,316,215	368,419,115	291,316,215
	409,774,698	335,730,355	408,274,698	334,230,355
Repayable as follows:				
Repayable within one year	125,913,991	146,019,566	124,413,991	144,519,566
Between two and five years	283,860,707	189,710,789	283,860,707	189,710,789
	409,774,698	335,730,355	408,274,698	334,230,355

Unsecured loans amounting to Rs 1.5 million for the Group (2019: Rs 1.5 million) are due to related companies, bear interest at 6.5% (2019: 6.5%) p.a. and are repayable on demand.

The bank loans and import loans are secured by floating charges on the property, plant and equipment and investment property of the Group and the Company and bear interest at rates which are disclosed in note 28. The current weighted average effective interest rate on the bank loans is 4.3% p.a. (2019: 4.6%).

Reconciliation of liabilities arising from financing activities

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

THE GROUP

2020	01 January 2020	Financing cash flows	Non-cash changes: New finance leases	Non-cash changes: Exchange difference	Non-cash changes: Other non cash items	31 December 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Bank loans (Note 14)	334,230,355	68,816,607	-	1,322,434	3,905,302	408,274,698
Loans from related parties (Note 14)	1,500,000	-	-	-	-	1,500,000
Lease liabilities (Note 15)	43,517,591	(19,649,785)	4,060,011	-	1	27,927,818
	379,247,946	49,166,822	4,060,011	1,322,434	3,905,303	437,702,516

2019	01 January 2019	Financing cash flows	Non-cash changes: New finance leases	Non-cash changes: Exchange difference	Non-cash changes: Other non cash items	31 December 2019
	Rs	Rs	Rs	Rs	Rs	Rs
Bank loans (Note 14)	352,041,554	(18,729,333)	-	918,134	-	334,230,355
Loans from related parties (Note 14)	1,500,000	-	-	-	-	1,500,000
Lease liabilities (Note 15)	38,559,294	(27,286,471)	32,484,266	(239,498)	-	43,517,591
	392,100,848	(46,015,804)	32,484,266	678,636	-	379,247,946

THE COMPANY

2020	01 January 2020	Financing cash flows	Non-cash changes: New finance leases	Non-cash changes: Exchange difference	Non-cash changes: Other non cash items	31 December 2020
	Rs	Rs	Rs	Rs	Rs	Rs
Bank loans (Note 14)	334,230,355	68,816,607	-	1,322,434	3,905,302	408,274,698
Lease liabilities (Note 15)	27,672,037	(13,346,265)	2,724,274	-	-	17,050,046
	361,902,392	55,470,342	2,724,274	1,322,434	3,905,302	425,324,744

14. LOANS (CONT'D)

Reconciliation of liabilities arising from financing activities (Cont'd)

THE COMPANY			Non-cash changes			
2019	1 January 2019	Financing cash flows	Amalgamation adjustment	New finance leases	Exchange difference	31 December 2019
	Rs	Rs	Rs	Rs	Rs	Rs
Bank loans (Note 14)	314,408,107	6,130,457	12,773,657	-	918,134	334,230,355
Lease liabilities (Note 15)	20,172,423	(17,662,626)	9,549,529	15,612,711	-	27,672,037
	334,580,530	(11,532,169)	22,323,186	15,612,711	918,134	361,902,392

15. LEASE LIABILITIES

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Current	12,999,841	19,318,720	6,202,310	13,401,140
Non-current	14,927,977	24,198,871	10,847,736	14,270,897
Total borrowings	27,927,818	43,517,591	17,050,046	27,672,037

Disclosure required by IFRS 16

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
Maturity analysis:	Rs	Rs	Rs	Rs
Year 1	14,458,425	21,604,483	7,179,801	14,815,843
Year 2	9,541,635	13,111,100	5,735,147	6,270,380
Year 3	4,085,749	8,357,437	3,717,185	5,053,865
Year 4	1,650,451	3,266,435	1,650,451	3,039,599
Year 5 and onwards	570,298	1,160,468	570,298	1,160,468
	30,306,558	47,499,923	18,852,882	30,340,155

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

16. TAXATION

(a) Income tax liabilities

THE GROUP AND THE COMPANY

Income tax is calculated at the rate of 15% (2019: 15%) for the Group and the Company on the profit for the year as adjusted for income tax purposes.

The Group and the Company are required to set up a Corporate Social Responsibility ("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.

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
At 01 January 2020	6,831,140	2,425,083	6,672,849	532,152
Payment during the year	(12,528,909)	(7,354,019)	(12,099,703)	(2,318,387)
(Over)/underprovision in income tax in previous year	(2,175)	589,515	-	305,638
Tax charge for the year	3,247,780	11,170,561	3,004,126	6,813,221
Amalgamation adjustment	-	-	-	1,340,225
	(2,452,164)	6,831,140	(2,422,728)	6,672,849
Analysed as follows:				
- Income tax liabilities	82,110	6,831,140	-	6,672,849
- Income tax assets	(2,534,274)	-	(2,422,728)	-
	(2,452,164)	6,831,140	(2,422,728)	6,672,849

(b) Tax (credit)/expense

	THEGROUP		THECOMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Income tax provision	3,247,780	11,170,561	3,004,126	6,813,221
(Over)/underprovision in income tax in previous year (Note 16(a))	(2,175)	589,515	-	305,638
(Over)/under provision in deferred tax in previous years (Note 16(d))	(2,952,732)	(538,431)	(2,964,333)	(434,240)
Deferred tax movement	(10,568,716)	(1,903,379)	(9,853,493)	(2,666,895)
Tax (credit)/expense	(10,275,843)	9,318,266	(9,813,700)	4,017,724

16. TAXATION

(c) Tax reconciliation

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
(Loss)/Profit before tax	(33,546,853)	44,288,805	(33,792,933)	23,168,158
Taxed at 17%	(5,702,965)	7,529,097	(5,744,799)	3,938,587
Effect of:				
Expenses not deductible for tax purposes	107,530	1,948,191	100,331	338,581
Items not subject to tax	(1,732,592)	(670,090)	(1,211,990)	(137,933)
Depreciation on assets not eligible for capital allowances	7,091	7,091	7,091	7,091
Adjustment on asset written off	-	452,893	-	-
(Over)/underprovision in income tax in prior year	(2,175)	589,515	-	305,638
Over provision in deferred tax in previous years	(2,952,732)	(538,431)	(2,964,333)	(434,240)
Tax charge	(10,275,843)	9,318,266	(9,813,700)	4,017,724

(d) Deferred tax

Deferred tax is calculated on all temporary differences under the liability method at the rate of 17% (2019: 17%).

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
At 01 January	59,839,394	67,259,231	60,945,223	56,312,441
Amalgamation adjustments	-	-	-	9,011,605
Transfer from subsidiary	-	-	-	250,070
Movement in profit or loss:				
Over provision in deferred tax in previous year (Note 16(c))	(2,952,732)	(538,431)	(2,964,333)	(434,240)
Movement for the year (Note 16(b))	(10,568,716)	(1,903,379)	(9,853,493)	(2,666,895)
Movement in other comprehensive income:				
Deferred tax on revaluation of buildings	-	1,955,423	-	1,415,246
Deferred tax on remeasurement of retirement benefit plans	(24,671,930)	(6,933,450)	(24,496,830)	(2,943,004)
At 31 December	21,646,016	59,839,394	23,630,567	60,945,223
Analysed as follows:				
- Deferred tax liabilities	24,028,286	61,837,578	23,630,567	60,945,223
- Deferred tax assets	(2,382,270)	(1,998,184)	-	-
	21,646,016	59,839,394	23,630,567	60,945,223

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Recoverability of deferred tax assets have been assessed for each subsidiary based on the forecasted taxable profit to be generated during the next financial period and in the case of another subsidiary, the tax loss recognised has been limited to future taxable profits to be generated over the next five financial years. Based on assessment of future taxable profit, the deferred tax asset amounting to Rs 2,052,565 (2019: Rs 1,998,184) has been recognised in respect of Creative Advertising Bureau Ltd.

16. TAXATION (CONT'D)

(d) Deferred tax (Cont'd)

Deferred tax liabilities/(assets) arise from the following:

THE GROUP

	At 01 January 2019	Charge/ (credit) to profit or loss	Charge/ (credit) to other comprehensive income	At 31 December 2019	Charge/ (credit) to profit or loss	Charge/ (credit) to other comprehensive income	At 31 December 2020
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Deferred tax liabilities							
Accelerated capital allowances	60,733,828	(2,742,372)	-	57,991,456	(14,631,875)	-	43,359,581
Retirement benefit assets	10,062,471	(461,380)	(3,469,190)	6,131,901	13,643,520	(18,902,810)	872,611
Lease liabilities	-	-	-	-	5,252,229	-	5,252,229
Revaluation of properties	36,944,738	-	1,955,423	38,900,161	-	-	38,900,161
	107,741,037	(3,203,752)	(1,513,767)	103,023,518	4,263,874	(18,902,810)	88,384,582
Deferred tax assets							
Retirement benefit obligations	(38,585,410)	(276,070)	(3,464,260)	(42,325,740)	(17,017,850)	(5,769,120)	(65,112,710)
Provision for doubtful debts	(890,133)	31,749	-	(858,384)	(767,472)	-	(1,625,856)
Tax losses	(1,006,263)	1,006,263	-	-	-	-	-
	(40,481,806)	761,942	(3,464,260)	(43,184,124)	(17,785,322)	(5,769,120)	(66,738,566)
Net deferred tax liabilities	67,259,231	(2,441,810)	(4,978,027)	59,839,394	(13,521,448)	(24,671,930)	21,646,016

THE COMPANY

	At 01 January 2019	Transfer / amalgamation adjustments	Charge/ (credit) to profit or loss	Charge/ (credit) to other comprehensive income	At 31 December 2019	Charge/ (credit) to profit or loss	Charge/ (credit) to other comprehensive income	At 31 December 2020
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Deferred tax liabilities								
Accelerated capital allowances	50,104,982	9,658,458	(2,696,075)	-	57,067,365	(13,650,294)	-	43,417,071
Retirement benefit assets	4,673,810	1,830,560	(402,900)	(741,370)	5,360,100	13,648,280	(18,903,830)	104,550
Lease liabilities	-	-	-	-	-	4,871,096	-	4,871,096
Revaluation of properties	31,390,249	6,094,666	-	1,415,246	38,900,161	-	-	38,900,161
	86,169,041	17,583,684	(3,098,975)	673,876	101,327,626	4,869,082	(18,903,830)	87,292,878
Deferred tax assets								
Retirement benefit obligations	(29,075,389)	(8,306,035)	(208,025)	(2,201,634)	(39,791,083)	(16,949,510)	(5,593,000)	(62,333,593)
Provision for doubtful debts	(781,211)	(15,974)	205,865	-	(591,320)	(737,398)	-	(1,328,718)
	(29,856,600)	(8,322,009)	(2,160)	(2,201,634)	(40,382,403)	(17,686,908)	(5,593,000)	(63,662,311)
Net deferred tax liabilities	56,312,441	9,261,675	(3,101,135)	(1,527,758)	60,945,223	(12,817,826)	(24,496,830)	23,630,567

17. TRADE AND OTHER PAYABLES

	THE GROUP			THE COMPANY		
	2020	2019 (Restated)	2018 (Restated)	2020	2019 (Restated)	2018 (Restated)
Current	Rs	Rs	Rs	Rs	Rs	Rs
Trade payables	149,702,198	158,899,287	154,751,805	147,861,088	152,312,142	116,699,495
Deposits refundable	12,352,081	7,800,039	7,049,932	12,352,081	7,800,039	7,049,932
Foreign currency forward contracts	-	166,750	-	-	166,750	-
Other payables and accruals	95,038,214	92,575,371	118,979,893	90,263,970	86,994,698	85,726,278
Grants	2,506,310	2,752,832	2,999,355	2,506,309	2,752,832	2,999,355
Amount due to subsidiaries and fellow subsidiaries	-	-	31,625	4,251,861	17,272,695	1,607,378
Amount due to related companies	20,939,637	31,221,119	31,896,892	-	-	-
	280,538,440	293,415,398	315,709,502	257,235,309	267,299,156	214,082,438

Trade payables include the following:

Amount due to fellow subsidiaries	23,552	110,184	64,762	23,552	867,695	444,824
Amount due to related companies	1,600,523	1,334,237	1,768,786	1,592,542	1,334,237	1,768,786
	1,624,075	1,444,421	1,833,548	1,616,094	2,201,932	2,213,610

Other payables include the following:

Amount due to fellow subsidiaries	-	-	31,625	4,251,861	17,272,695	1,607,378
Amount due to related companies	20,939,637	31,221,119	31,896,892	-	-	-
	20,939,637	31,221,119	31,928,517	4,251,861	17,272,695	1,607,378

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period on purchases is 45 days. The Group and the Company have financial risk management policies to ensure that all payables are paid within the credit timeframe.

Non current

Other payables amounting to Rs 551,367 (2019: Rs 732,778) relates to a severance allowance payable over 20 years. The current portion is included in other payables and accruals.

18. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group and the Company derive their revenue at a point in time from sale of beverages and over time from provision of advertising services in the following divisions. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating Segments (See note 29).

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Manufacturing and trading	1,407,579,680	1,567,878,419	1,160,447,998	1,004,592,597
Advertising	11,301,362	17,711,709	-	-
	1,418,881,042	1,585,590,128	1,160,447,998	1,004,592,597

Timing of revenue recognition

At a point in time	1,407,579,680	1,567,878,419	1,160,447,998	1,004,592,597
Over time	11,301,362	17,711,709	-	-

19. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Interest income	-	8,988	5,343	372,243

20. OTHER INCOME

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Wage assistance scheme grant net of Covid19 levy	21,704,203	-	20,068,996	-
Refund from insurance	28,138	410,399	28,138	410,399
Amortisation of grants	246,522	246,523	246,523	246,523
Lease income from unipoles	-	-	1,375,608	1,375,608
Income from fontaines and vending machines	586,399	245,566	586,399	245,566
Income from garage segment	364,027	752,517	364,027	752,517
Sundry receipts	2,020,736	3,253,754	1,055,418	1,322,316
Profit/(loss) on disposal of property, plant and equipment	110,964	566,142	110,964	566,142
Excess of liability on deposit written back	-	1,321,327	-	1,321,327
Rent receivable	-	-	290,352	290,352
Dividend	1,467,400	-	1,467,400	-
Management fees	-	-	1,800,000	450,000
	26,528,389	6,796,228	27,393,825	6,980,750

21. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Interest on:				
- Bank loans and factoring facility	14,929,685	17,206,470	14,929,105	16,063,527
- Bank overdrafts	1,811,096	1,778,830	1,796,338	865,652
- Lease liabilities	2,349,347	3,647,820	1,450,563	1,923,060
- Amount due to related parties	97,500	97,500	-	-
	19,187,628	22,730,620	18,176,006	18,852,239

22. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging/(crediting):

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Loss/(gain) on exchange	23,062,700	1,164,009	23,198,807	1,449,371
Cost of inventories recognised as an expense	737,831,139	798,723,080	512,376,907	336,728,357
Staff costs	344,028,324	327,419,818	329,007,802	263,441,825
Depreciation of property, plant and equipment	78,371,879	79,924,692	75,579,616	69,396,076
Depreciation of right-of-use assets	17,734,070	17,847,380	12,840,044	10,273,733
Amortisation of intangible assets	1,957,556	2,042,006	1,957,556	1,743,588
Assets written off	1,813,189	-	1,813,189	-
Bad debts written off	-	-	-	-
Impairment losses recognised on trade receivables	5,512,085	2,081,855	4,337,635	2,101,626
Bad debts and VAT recovered	(51,071)	(1,145,589)	(51,071)	(740,388)

Staff costs are analysed as follows:

Salaries and allowances	256,194,680	268,561,053	242,101,158	209,055,328
Defined benefit plans	48,915,000	26,711,000	48,133,000	22,238,732
Other employee benefits	38,918,644	32,147,765	38,773,644	32,147,765
	344,028,324	327,419,818	329,007,802	263,441,825

23. EARNINGS PER SHARE

THE GROUP	2020	2019 (Restated)
	Rs	Rs
Basic and diluted earnings per share	(0.63)	0.95

The earnings and weighted average number of ordinary shares used in the calculation of earnings per share are as follows:

	2020	2019
Earnings for the year attributable to owners of the Company used in calculation of earnings per share (Rs)	(23,271,010)	34,970,539
Number of ordinary shares	36,768,812	36,768,812

The shares issued following amalgamation have been considered for the pupose of calculating the earnings per share for 2018.

24. CASH AND CASH EQUIVALENTS

	THE GROUP			THE COMPANY		
	2020	2019 (Restated)	2018 (Restated)	2020	2019 (Restated)	2018 (Restated)
	Rs	Rs	Rs	Rs	Rs	Rs
Cash in hand and at bank	52,158,802	63,114,249	59,007,901	31,823,366	48,086,542	50,296,988
Bank overdrafts	(82,839,712)	(43,689,592)	(28,471,982)	(82,839,712)	(43,609,925)	(7,609,631)
	(30,680,910)	19,424,657	30,535,919	(51,016,346)	4,476,617	42,687,357

The bank overdrafts are secured by floating charges over the property, plant and equipment and investment property of the Group and the Company.

25. LOAN TO SUBSIDIARY

The Company converted part of the amount due from its subsidiary, Creative Advertising Bureau Ltd (CAB), into a loan at 31 December 2013. The Company further converted an additional amount of Rs 7,140,397 into shareholder's loan at 31 December 2015. The loan to CAB, bearing interest at 8.9% p.a., was unsecured and was repayable in annual instalments of Rs 3 million over a period of five years. The loan was fully repaid at 31 December 2019. The loan amounting to Rs 5m at 31 December 2019 that was due by Central Distributors Co. Ltd, is unsecured, bears interest rate at 6.5% p.a. and was fully repaid at 31 December 2020.

26. RELATED PARTY TRANSACTIONS

The Group and the Company are making the following disclosures in respect of related party transactions and balances.

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
(i) Sales of goods and services				
Sales of goods:				
- Fellow subsidiaries	1,219,531	1,348,136	588,252	655,022
- Other related parties	1,611,508	2,493,650	1,405,034	1,884,206
- Key management personnel	411,971	388,753	411,971	388,753
	3,243,010	4,230,539	2,405,256	2,927,981
Sales of services:				
- Subsidiaries	-	-	1,728,490	7,349,969
- Fellow subsidiaries	1,191,710	92,200	1,191,710	92,200
- Other related parties	7,047,953	10,330,327	-	97,459
	8,239,663	10,422,527	2,920,200	7,539,628

26. RELATED PARTY TRANSACTIONS (CONT'D)

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
(ii) Purchase of goods and services				
Purchase of goods:				
- Subsidiaries	-	-	2,857,110	31,748,238
- Fellow subsidiaries	253,179	341,330	253,179	341,330
- Other related parties	228,184,603	257,632,167	196,406	-
	228,437,782	257,973,497	3,306,695	32,089,568
Purchase of services:				
- Subsidiaries	-	-	11,057,634	19,383,486
- Other related parties	13,462,687	16,785,732	13,376,687	13,533,069
	13,462,687	16,785,732	24,434,321	32,916,555
Purchase of selling equipment:				
- Subsidiaries	-	-	321,780	330,700
(iii) Interest expense				
- Other related parties	97,500	97,500	-	-
(iv) Interest income				
- Subsidiaries	-	-	5,343	372,243
(v) Rental income				
- Subsidiaries	-	-	1,665,960	1,693,461
- Other related parties	706,701	382,910	706,701	382,910
	706,701	382,910	2,372,661	2,076,371
(vi) Rental expense				
- Other related party	1,679,100	1,964,100	1,679,100	1,964,100
(vii) Outstanding balances				
Receivable from (Note 12):				
- Fellow subsidiaries	270,667	294,927	119,364	108,505
- Other related parties	2,057,065	3,134,626	991,233	795,725
- Key management personnel	88,903	119,590	88,903	119,590
	2,416,635	3,549,143	1,199,500	1,023,820
Loan receivable:				
- Subsidiaries (Note 25)	-	-	-	5,000,000
Loans payable:				
- Other related parties	1,500,000	1,500,000	-	-
Payables to (Note 17):				
- Subsidiaries	-	-	4,251,861	18,030,206
- Fellow subsidiaries	23,552	96,571	23,552	96,571
- Key management personnel	-	13,613	-	13,613
- Other related parties	22,540,160	32,555,356	1,592,542	1,334,237
	22,563,712	32,665,540	5,867,955	19,474,627

The amounts due by and to related companies are unsecured, interest free and repayable on demand. The Group and the Company has applied the ECL rate on trade receivables . The terms and conditions with respect to the loans have been disclosed in notes 14 and 25.

26. RELATED PARTY TRANSACTIONS (CONT'D)

(viii) Retirement benefit - group plan

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
Retirement benefit cost	Rs	Rs	Rs	Rs
Retirement benefit cost allocated to fellow subsidiaries	-	-	-	5,915,478
Retirement benefit obligations				
Retirement benefit liability allocated to subsidiary	-	-	9,975,808	9,975,808
	-	-	9,975,808	9,975,808

(ix) Compensation paid to key management personnel

Key management personnel includes the executive and non-executive directors.The remuneration of key management personnel during the year was as follows:

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Short term benefits	15,382,700	15,619,973	15,212,318	14,861,113
Post employment benefits	642,418	607,980	642,418	607,980
	16,025,118	16,227,953	15,854,736	15,469,093

The Company has paid post employment benefits of Rs 10.9M (2019: Rs 10.6M) to previous directors of the Company during the year under review. They are the founders of the Group but are no longer directors or form part of the key management personnel as from 2019.

27. CONTINGENT LIABILITIES

THE GROUP AND THE COMPANY	2020	2019
	Rs	Rs
Bank guarantees and performance bonds to third parties	30,503,713	21,126,000
Corporate guarantee to subsidiaries for banking facilities	13,000,000	13,000,000

The directors consider that no liabilities will arise as the probability for default in respect of the guarantees is remote.

28. FINANCIAL INSTRUMENTS

In its ordinary operations, the Group and the Company are exposed to various risks such as capital risk, foreign currency risks, interest rate risks, credit risks and liquidity risks. The Group and the Company have devised on a central basis a set of specific policies for managing these exposures.

Capital risk management

The Group and the Company manage their capital to ensure that entities in the Group and the Company 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 Group's and the Company's overall strategy remains unchanged from 2019.

The capital structure of the Group and the Company consists of debt, which includes the borrowings disclosed in notes 14 and 24, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings as disclosed in the statements of changes in equity.

28. FINANCIAL INSTRUMENTS (CONT'D)

Capital risk management (Cont'd)

Gearing Ratio

The gearing ratio at the year end was as follows:

	THE GROUP		THE COMPANY	
	2020	2019 (Restated)	2020	2019 (Restated)
	Rs	Rs	Rs	Rs
Debt (i)	492,614,410	379,419,947	491,114,410	377,840,280
Cash and bank balances	(52,158,802)	(63,114,249)	(31,823,366)	(48,086,542)
Net Debt	440,455,608	316,305,698	459,291,044	329,753,738
Equity (ii)	393,438,341	538,819,526	394,826,595	540,061,103
Net debt to equity ratio	112%	59%	116%	61%

(i) Debt is defined as long and short term borrowings and bank overdrafts.
(ii) Equity includes all capital and reserves of the Group and 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 to the financial statements.

Fair values

Except where stated elsewhere, the carrying amounts of the Group's and 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. These financial liabilities are categorised under Level 3 in the fair value hierarchy.

Categories of financial instruments

	THE GROUP		THE COMPANY	
	2020	2019 (Restated)	2020	2019 (Restated)
Financial assets	Rs	Rs	Rs	Rs
Investment designated at FVTOCI	932,963	2,586,068	932,963	2,586,068
Foreign currency forward contracts - at FVTPL	150,526	106,500	150,526	106,500
At amortised cost:				
Trade and other receivables	219,971,319	259,715,959	210,897,581	245,423,001
Loan to subsidiary	-	-	-	5,000,000
Cash and bank balances	52,158,802	63,114,249	31,823,366	48,086,542
	273,213,610	325,522,776	243,804,436	301,202,111
Financial liabilities				
Foreign currency forward contracts - at FVTPL	650,250	166,750	650,250	166,750
At amortised cost:				
Loans	409,774,698	335,730,355	408,274,698	334,230,355
Lease liabilities	27,927,818	43,517,591	17,050,046	27,672,037
Trade and other payables	266,886,615	265,586,248	243,914,120	239,528,422
Dividend payable	-	33,091,931	-	33,091,931
Bank overdrafts	82,839,712	43,689,592	82,839,712	43,609,925
	788,079,093	721,782,467	752,728,826	678,299,420

Trade and other receivables exclude prepayments and taxes amounting to Rs 19,010,995 for the Group and Rs 18,440,455 for the Company (2019: Rs 37,255,875 for the Group and Rs 31,253,006 for the Company)

Trade and other payables exclude taxes and COVID 19 levy amounting to Rs 14,203,192 for the Group and Rs 13,872,556 for the Company (2019: Rs 28,395,178 for the Group and Rs 28,336,762 for the Company)

28. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency risk management

The Group and the Company are 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 Group's and the Company's assets and liabilities.

Currency profile

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

	THE GROUP		THE COMPANY	
	2020	2019 (Restated)	2020	2019 (Restated)
Financial assets	Rs	Rs	Rs	Rs
Mauritian Rupees	238,747,318	315,060,880	209,853,930	292,059,580
United States Dollars	19,083,175	3,558,994	19,017,406	3,059,319
Euro	15,283,360	6,297,088	14,851,831	5,833,743
South African Rand	99,757	605,814	81,269	249,469
	273,213,610	325,522,776	243,804,436	301,202,111
Financial liabilities				
Mauritian Rupees	680,275,153	587,917,418	644,924,886	554,139,642
United States dollars	67,710,704	40,541,207	67,710,704	40,534,517
Euro	36,690,931	90,393,341	36,690,931	80,694,760
South African Rand	1,860,868	1,092,138	1,860,868	1,092,138
Great Britain Pounds	1,541,437	1,838,363	1,541,437	1,838,363
	788,079,093	721,782,467	752,728,826	678,299,420

28. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency sensitivity analysis

The Group and the Company are mainly exposed to the United States Dollar, the Euro, the South African Rand and the Great Britain Pound.

The following table details the Group's and the Company's sensitivity to a 10% appreciation 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 period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or a decrease in loss where the Mauritian Rupee strengthens 10% against the relevant currency. For a 10% weakening of the Mauritian against the relevant currency, there would be an equal and opposite impact on the profit/loss.

Impact of a 10% appreciation of the Mauritian Rupee:-

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
United States Dollar impact	Rs	Rs	Rs	Rs
Profit or loss	4,862,753	3,698,221	4,869,330	3,747,520
Euro impact				
Profit or loss	2,140,757	8,409,625	2,183,910	7,486,102
South African Rand impact				
Profit or loss	176,111	48,632	177,960	84,267
GBP				
Profit or loss	154,144	183,836	154,144	183,836

The profit or loss is mainly attributable to the exposure outstanding on foreign exchange denominated receivables, payables and cash balances at year end in the Group and 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 Group and the Company have adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group and 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 Group and the Company do not have significant concentration of risk on the trade receivables due to their large number of customers, spread across diverse industries and geographical areas.

The Group and 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 allowances for doubtful receivables, estimated by management as disclosed in note 12 and represents the Group's and the Company's maximum exposure to credit risk. The other receivables and amount due from related companies are assessed to have credit risk other than low and are recoverable within 12 months. 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.

Other price risk

The Group and the Company are exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group and the Company do not actively trade these investments.

28. FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk

The Group and the Company are exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The Group and the Company managed the risk by maintaining an appropriate mix between fixed and floating rate borrowings.

The interest rate profile of the financial assets and financial liabilities of the Group and the Company as at 31 December were as follows:

Financial liabilities			Interest rate p.a.	
	Currency		2020	2019
Bank overdrafts	MUR	Fixed	3% - 4.60%	3% - 7.6%
Bank factoring	MUR	Floating	-	PLR + 0.25%
Bank loans	MUR	Floating	PLR-1% - PLR+1.75%	PLR-1.85%, PLR+1%
Lease liabilities	MUR	Fixed	6.35% - 8.30%	5.75% - 7.75%
Loans due to related companies	MUR	Fixed	6.50%	6.50%

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/lower and all other variables were held constant, the Group's and the Company's loss for the year ended 31 December 2020 would increase/decrease by Rs 2,041,373 and Rs 2,041,373 (2019: profit would decrease/increase by Rs 1,671,152 and Rs 1,671,152) respectively. This is mainly attributable to the Group's and the Company's exposure to interest rates on its variable rate borrowings.

Liquidity risk management

The Group and 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 assets and liabilities.

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

THE GROUP

2020	At call	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Loans	1,500,000	10,961,562	49,237,748	72,645,104	321,156,642	455,501,056
Lease liabilities	-	1,228,407	2,661,887	10,568,131	15,848,133	30,306,558
Trade and other payables	266,335,248				551,367	266,886,615
Dividend payable	-	-	-	-	-	-
Bank overdrafts	82,839,712	-	-	-	-	82,839,712
	350,674,960	12,189,969	51,899,635	83,213,235	337,556,142	835,533,941

2019	At call	Less than 1 month	1-3 months	3 months to 1 year	1-5years	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Loans	51,500,000	7,256,338	52,437,140	47,188,320	214,954,700	373,336,498
Lease liabilities	-	1,886,587	3,696,226	16,021,670	25,895,440	47,499,923
Trade and other payables	265,020,220				732,778	265,752,998
Dividend payable	-	33,091,931	-	-	-	33,091,931
Bank overdrafts	43,689,592	-	-	-	-	43,689,592
	360,209,812	42,234,856	56,133,366	63,209,990	241,582,918	763,370,942

28. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk management (Cont'd)

THE COMPANY

2020

	At call	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Loans	-	10,961,562	49,237,748	72,645,104	321,156,642	454,001,056
Lease liabilities	-	713,388	1,564,024	4,902,389	11,673,081	18,852,882
Trade and other payables	243,362,753	-	-	-	551,367	243,914,120
Bank overdrafts	82,839,712	-	-	-	-	82,839,712
	326,202,465	11,674,950	50,801,772	77,547,493	333,381,090	799,607,770

2019

	At call	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Loans	50,000,000	7,256,338	52,437,140	47,188,320	214,954,700	371,836,498
Lease liabilities	-	1,384,640	2,769,280	10,661,923	15,524,312	30,340,155
Trade and other payables	238,962,394	-	-	-	732,778	239,695,172
Dividend payable	-	33,091,931	-	-	-	33,091,931
Bank overdrafts	43,609,925	-	-	-	-	43,609,925
	332,572,319	41,732,909	55,206,420	57,850,243	231,211,790	718,573,681

Trade and other payables exclude taxes and COVID 19 levy. Refer to 'Categories of financial instruments' for details.

29. SEGMENT INFORMATION

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating 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 information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is focussed on the operating divisions which are manufacturing and trading and advertising. The principal products and services of each of these divisions are as follows:

Manufacturing and trading - manufacturing and distribution of beverages, margarine related products and trading of food products and other consumables.

Advertising - manufacturing and supply of advertising materials including luminous signs, kiosks and banners. Advertising services include rental of signs and media.

Segment revenue and segment results

	Segment revenue		Segment result	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Manufacturing and trading	1,410,115,011	1,753,467,853	(33,260,331)	38,920,925
Advertising	22,680,776	39,952,755	(286,522)	5,367,880
Total of all segments	1,432,795,787	1,793,420,608	(33,546,853)	44,288,805
Eliminations	(13,914,745)	(207,830,480)	-	-
	1,418,881,042	1,585,590,128	(33,546,853)	44,288,805
Profit before tax			(33,546,853)	44,288,805
Taxation			10,275,843	(9,318,266)
Profit for the year			(23,271,010)	34,970,539

29. SEGMENT INFORMATION (CONT'D)

Other segment information

	2020	2019
	Rs	Rs
Finance costs - Manufacturing and Trading	(18,999,396)	(22,590,156)
Finance costs - Advertising	(188,232)	(140,464)
	(19,187,628)	(22,730,620)

Intersegment sales amounted to Rs 13,914,745 for the year ended 31 December 2020 (2019: Rs 207,830,480).

The accounting policies of the reportable segments are the same as the Group'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.

Segment assets and liabilities

	Assets		Liabilities	
	2020	2019 (Restated)	2020	2019 (Restated)
	Rs	Rs	Rs	Rs
Manufacturing and trading	1,589,590,418	1,594,237,337	1,195,565,356	1,054,408,182
Advertising	9,166,604	9,182,552	9,753,325	10,192,181
Consolidated assets and liabilities	1,598,757,022	1,603,419,889	1,205,318,681	1,064,600,363

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	2020	2019	2020	2019
	Rs	Rs	Rs	Rs
Manufacturing and trading	97,308,884	98,777,431	228,287,852	78,536,794
Advertising	754,621	1,036,647	-	185,700
	98,063,505	99,814,078	228,287,852	78,722,494

Revenue from major products and services

	2020	2019
	Rs	Rs
Manufacturing and trading	1,407,579,680	1,567,878,419
Advertising	11,301,362	17,711,709
	1,418,881,042	1,585,590,128

Information about major customers

There are no customers that individually represent more than 10% of the Group revenues.

Geographical segments

The Group's operations are mainly located in Mauritius.

30. DIVIDEND

With respect to the year ended 31 December 2020, there was no dividend proposed to be paid to the shareholders (2019: Rs 0.90 per share) The dividend for year 2019 amounting to Rs 33,091,931 was proposed on 06 December 2019 and paid on 17 January 2020.

31. CAPITAL COMMITMENTS

THE GROUP AND THE COMPANY

Authorised by the Board of Directors but not contracted for:	2020 Rs	2019 Rs
Commitments for the acquisition of property, plant and equipment	102,651,440	236,921,000

32. HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The Company considers Currimjee Industries Limited, a company incorporated in Mauritius, as the immediate holding company and Currimjee Limited (formerly Fakhary Limited), a company incorporated in Mauritius, as the ultimate holding company.

33 PRIOR YEAR ADJUSTMENTS

In prior years, outstanding cheques not cleared at end of year for settlement of balances due were included as payments in the cash book and the corresponding trade payable balances reduced accordingly. These amounts have therefore been reclassified under "Trade and other payables" for the years ended 31 December 2018 and 31 December 2019 respectively in line with the requirements of IAS 39/IFRS 9 – "Financial Instruments: Recognition and Measurement". The following tables summarise the impact of the adjustments following the reclassification:

Impact of restatements on the statements of financial position is as follows:

2019

	The Group			The Company		
	Rs As previously reported	Rs Adjustments	Rs As restated	Rs As previously reported	Rs Adjustments	Rs As restated
Cash in hand and at bank	55,262,045	7,852,204	63,114,249	40,234,338	7,852,204	48,086,542
Trade and other payables	(283,701,926)	(9,713,472)	(293,415,398)	(257,585,684)	(9,713,472)	(267,299,156)
Bank overdrafts	(45,550,860)	1,861,268	(43,689,592)	(45,471,193)	1,861,268	(43,609,925)

2018

	The Group			The Company		
	Rs As previously reported	Rs Adjustments	Rs As restated	Rs As previously reported	Rs Adjustments	Rs As restated
Cash in hand and at bank	51,730,377	7,277,524	59,007,901	43,019,464	7,277,524	50,296,988
Trade and other payables	(308,294,576)	(7,414,926)	(315,709,502)	(206,667,512)	(7,414,926)	(214,082,438)
Bank overdrafts	(28,609,384)	137,402	(28,471,982)	(7,747,033)	137,402	(7,609,631)

Impact of restatements on the statements of cashflows is as follows:

2019

	The Group			The Company		
	Rs As previously	Rs Adjustments	Rs As restated	Rs As previously	Rs Adjustments	Rs As restated
(Decrease)/increase in trade and other payables	(24,758,504)	2,298,546	(22,459,958)	13,355,196	2,298,546	15,653,742
Cash and cash equivalent	9,711,185	9,713,472	19,424,657	(5,236,855)	9,713,472	4,476,617

2018

	The Group			The Company		
	Rs As previously	Rs Adjustments	Rs As restated	Rs As previously	Rs Adjustments	Rs As restated
(Decrease)/increase in trade and other payables	1,081,193	7,414,926	8,496,119	9,529,576	7,414,926	16,944,502
Cash and cash equivalent	23,120,993	7,414,926	30,535,919	35,272,431	7,414,926	42,687,357

The above restatements do not have any impact on the consolidated and separate statements of profit or loss and other comprehensive income, on the separate statement of changes in equity and on the consolidated statement of changes in equity.

34. AMALGAMATION

Effective as of 01 October 2019, Margarine Industries Limited (MIL) was amalgamated with and into the Company by way of a share for share exchange. The shareholders of MIL have received 48 shares of the Company for each share held in MIL. Following the amalgamation, the Company has issued 14,411,472 shares of Rs 10 each amounting to Rs144,114,720.

The carrying values of the assets and liabilities of QBL and MIL are carried forward at their pre-combination carrying values presented in their separate financial statements as of the date of the legal merger, i.e. 1 October 2019 in the standalone financial statements of the amalgamated company. Any difference between the carrying amount of the assets and liabilities assumed and the consideration is recognised in equity. Retained earnings and reserves are aggregated line by line in the statement of financial position.

Details of the assets and liabilities of MIL amalgamated at 01 October 2019 are as follows:

ASSETS	Rs
Non-current assets	
Property, plant and equipment	189,022,733
Right-of-use assets	16,007,290
Intangible assets	3,155,665
Investment in subsidiary	4,043,600
Retirement benefit assets	286,000
	212,515,288
Current assets	
Inventories	54,084,381
Trade and other receivables	58,274,830
Cash in hand and at bank	5,775,022
	118,134,233
TOTAL ASSETS	330,649,521
EQUITY AND LIABILITIES	
Capital and reserves	
Stated capital	30,023,900
Revaluation reserves	116,249,542
Retained earnings	63,295,362
Total equity attributable to owners of the company	209,568,804
Non-current liabilities	
Loans	-
Retirement benefit obligations	39,848,029
Deferred tax liabilities	9,011,605
Lease liabilities	5,608,038
	54,467,672
Current liabilities	
Loans	12,773,657
Lease liabilities	3,941,491
Tax liabilities	1,340,225
Trade and other payables	36,177,139
Bank overdrafts	12,380,533
	66,613,045
TOTAL LIABILITIES	121,080,717
TOTAL EQUITY AND LIABILITIES	330,649,521

34. AMALGAMATION (CONT'D)

Details of the results of MIL for the nine months ended 01 October 2019 are as follows:

	Rs
Revenue	157,163,253
Cost of sales	(113,686,813)
Gross profit	43,476,440
Other income	6,422,021
Selling, distribution and marketing expenses	(3,978,611)
Administrative expenses	(36,396,448)
Finance costs	(1,886,406)
Profit before taxation	7,636,996
Taxation	(2,130,191)
Profit for the period	5,506,805
Other comprehensive income	(2,463,512)
Total comprehensive income for the period	3,043,293

Net cash flow

	Rs
Consideration paid in cash	-
Less cash and cash equivalents received on amalgamation	(6,605,511)
Net cash outflow on amalgamation	(6,605,511)

Impact of the amalgamation on the Company's financial statements:

Consideration	Rs
Issue of shares	144,114,720
Shares cancelled on amalgamation	(30,023,900)
Amalgamation reserves	114,090,820

35. EVENTS AFTER THE REPORTING PERIOD

The coronavirus (COVID-19) pandemic has spread rapidly across the globe during year 2020 with significant number of cases. This virus has not only impacted the health of the human but the businesses and financial market have felt the effect. With the first COVID-19 case reported in March 2020, appropriate measures were taken by the Government to contain the virus which have significantly affected the economic activities in the country during the year 2020 to make Mauritius a COVID-19 free island.

However, in March 2021, new local cases of COVID-19 have been reported in Mauritius where a new national lock-down period has been declared by the Government as from10th March 2021. The recent lockdown has caused significant volatility within the economic markets, for which the duration and spread of the outbreak, and the resultant economic impact is still uncertain and cannot be predicted. This may directly or indirectly impact the Group's and the Company's activities in material respects by interrupting and disrupting business and transactional activities. In this context, the Group and the Company have taken necessary measures to help mitigate the effects from this adverse environment including reinforcing a cost reduction approach, a strict focus on cash and liquidity whilst considering new growth opportunities.

The Group and the Company had already established a work from home policy and has taken strategic decisions with respect to the business risk exposure during the lock-down period to sustain any revenue loss. The Directors have determined that these events are non-adjusting subsequent events as 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.

NOTES

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A CURRIMJEE COMPANY