METAL CAN MANUFACTURERS LIMITED

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1. The directors have pleasure in submitting the Annual Report of Metal Can Manufacturers Limited 'the Company' together with the audited financial statements for the year ended June 30, 2020.

2. Principal activity

The main activity of the Company is that of manufacturing metal and plastic containers.

3. Results and dividends

The Company's profit for the financial year amounted to Rs. 2,810,477 (2019: Rs.1,974,201). Dividend amounting to Rs. 2,055,540 has been declared and paid for the financial year ended June 30, 2020 (2019: Rs.4,111,080).

4. Directors

The directors of the Company for the year ended June 30, 2020 are as follows:

Mr Raoul Joseph Paul Clarenc
Mr Jacques Li Wan Po
Mr Alain Doger De Speville
Mr Gerard Alexandre Roland Maurel
Mr Marie Daniel Paul Andre Espitalier Noel

5. Directors' service contracts

None of the above directors have service contracts with the Company with expiry dates.

6. Directors remuneration

Remunerations and benefits received or due and receivable from the Company were as follows:

	2020	2019
	Rs.	Rs.
Executive directors (2020: 1, 2019: 1)		
Part-time	**624,577**	565,568
Non-executive directors (2020: 4, 2019: 4)	**546,989**	257,732
	1,171,566	823,300

7. Donations

	2020	2019
	Rs.	Rs.
Donations made during the year	**2,811**	-

8. Auditor fees

	2020	2019
	Rs.	Rs.
Audit fees to:		
Deloitte	**208,000**	198,000

Approval by the Board of Directors on
and signed on its behalf by:

Mr. Raoul Joseph Paul Clarenc	Directors
Mr. Marie Daniel Paul André Espitalier Noel	

Secretary's Certificate under Section 166(d) of the Mauritius Companies Act 2001

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

SPEVILLE SECRETARIAL SERVICES LTD

Secretary

Date: 25th November 2020

Independent auditor's report to the shareholders of Metal Can Manufacturers Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Metal Can Manufacturers Limited** (the "Company") set out on pages 5 to 47, which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

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

- we have no relationship with, or interest in, the Company other than in our capacity as auditor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other information

The directors are responsible for the other information. The other information comprises the Annual report and the Secretary's certificate, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of directors for the financial statements

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

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

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

Independent auditor's report to the shareholders of Metal Can Manufacturers Limited (Cont'd)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

Deloitte
Chartered Accountants

Vishal Agrawal, FCA
Licensed by FRC

METAL CAN MANUFACTURERS LIMITED

STATEMENT OF FINANCIAL POSITION - JUNE 30, 2020

	Notes	30 June 2020	Restated 30 June 2019	Restated 1 July 2018
ASSETS		**Rs.**	Rs.	Rs.
Non-current assets				
Property, plant and equipment	6	**30,541,067**	27,403,654	27,017,299
Intangible asset	7	**197,514**	263,352	-
Right of use asset	24	**1,130,411**	-	-
Net deferred tax assets	13	**2,836,416**	2,126,989	1,065,857
		34,705,408	29,793,995	28,083,156
Current assets				
Inventories	8	**29,432,480**	30,308,170	28,434,900
Trade and other receivables	9	**29,419,686**	17,985,514	26,000,010
Current tax asset	14(a)	**-**	241,267	-
Cash in hand	19(b)	**3,385**	5,063	6,800
		58,855,551	48,540,014	54,441,710
Total assets		**93,560,959**	78,334,009	82,524,866
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	10	**20,555,400**	20,555,400	20,555,400
Share premium		**7,067,150**	7,067,150	7,067,150
Revaluation reserve		**7,173,527**	7,173,527	7,173,527
Actuarial reserve		**(24,620,890)**	(21,323,300)	(16,826,360)
Retained earnings		**24,234,241**	23,479,304	25,616,183
Total equity		**34,409,428**	36,952,081	43,585,900
Non-current liability				
Retirement benefit obligations	12	**23,410,000**	20,001,000	15,188,000
Current liabilities				
Trade and other payables	15	**12,993,572**	8,026,223	7,903,725
Borrowing	11	**20,881,844**	13,354,705	15,803,847
Lease liabilities	25	**1,495,992**	-	-
Current tax liabilities	14(a)	**370,123**	-	43,394
		35,741,531	21,380,928	23,750,966
Total liabilities		**59,151,531**	41,381,928	38,938,966
Total equity and liabilities		**93,560,959**	78,334,009	82,524,866

These financial statements have been approved for issue by the Board of Directors on: **25th November 2020**

Mr. Raoul Joseph Paul Clarenc
Name of Director

Mr. Marie Daniel Paul André Espitalier Noel
Name of Director

The notes on pages 9 to 47 form an integral part of the financial statements.
Auditor's report on pages 3 to 4.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED JUNE 30, 2020

	Notes	2020	Restated 2019
		Rs.	Rs.
Revenue	3.13(a)	**107,440,043**	103,113,433
Cost of sales	16	**(92,052,456)**	(87,839,584)
Gross profit		**15,387,587**	15,273,849
Other income	20	**3,673,624**	3,136,058
Administrative expenses	16	**(13,571,117)**	(15,382,799)
		5,490,094	3,027,108
Finance costs	17	**(1,944,679)**	(602,816)
Profit before taxation		**3,545,415**	2,424,292
Income tax expense	14(b)	**(734,938)**	(450,091)
Profit for the year	18	**2,810,477**	1,974,201
Other comprehensive loss			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations	12	**(3,973,000)**	(5,418,000)
Deferred tax relating to component of other comprehensive income	13(b)	**675,410**	921,060
Other comprehensive loss for the year		**(3,297,590)**	(4,496,940)
Total comprehensive loss for the year		**(487,113)**	**(2,522,739)**

The notes on pages 9 to 47 form an integral part of the financial statements.
Auditor's report on pages 3 to 4.

METAL CAN MANUFACTURERS LIMITED

STATEMENT OF CASH FLOWS - YEAR ENDED JUNE 30, 2020

	Notes	2020	Restated 2019
		Rs.	Rs.
Cash flows from operating activities			
Cash generated from operations	19(a)	**3,298,169**	11,449,731
Interest paid	17	**(1,944,679)**	(602,816)
Tax refunded		**203,431**	-
Tax paid		**(360,996)**	(749,324)
CSR contribution		**-**	(125,500)
Net cash generated from operating activities		**1,195,925**	9,972,091
Cash flows from investing activities			
Purchase of plant and equipment	6	**(6,144,372)**	(3,329,999)
Interest received	20	**-**	3,844
Purchase of intangible assets	7	**-**	(329,190)
Proceeds from disposal of motor vehicle		**240,000**	241,739
Net cash used in investing activities		**(5,904,372)**	(3,413,606)
Cash flows from financing activities			
Dividend paid		**(2,055,540)**	(4,111,080)
Repayment of lease liabilities		**(764,830)**	-
Net cash used in financing activities		**(2,820,370)**	(4,111,080)
Net (decrease)/increase in cash and cash equivalents		**(7,528,817)**	2,447,405
Movement in cash and cash equivalents			
Cash and cash equivalent at beginning of year		**(13,349,642)**	(15,797,047)
Net (decrease)/increase in cash and cash equivalent		**(7,528,817)**	2,447,405
Cash and cash equivalent at end of year	19(b)	**(20,878,459)**	(13,349,642)

The notes on pages 9 to 47 form an integral part of the financial statements.
Auditor's report on pages 3 to 4.

METAL CAN MANUFACTURERS LIMITED

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED JUNE 30, 2020

	Note	Share capital	Share premium	Revaluation reserve	Actuarial reserve	Retained earnings	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At July 1, 2019 (as restated)		20,555,400	7,067,150	7,173,527	(21,323,300)	23,479,304	36,952,081
Profit for the year		-	-	-	-	2,810,477	2,810,477
Other comprehensive loss for the year		-	-	-	(3,297,590)	-	(3,297,590)
Total comprehensive loss for the year		-	-	-	(3,297,590)	2,810,477	(487,113)
Dividend paid	23	-	-	-	-	(2,055,540)	(2,055,540)
Balance at June 30, 2020		**20,555,400**	**7,067,150**	**7,173,527**	**(24,620,890)**	**24,234,241**	**34,409,428**
At July 1, 2018							
- as previously stated		20,555,400	7,067,150	7,173,527	(16,826,360)	27,589,530	45,559,247
- Prior year adjustment (Note 26)		-	-	-	-	(1,973,347)	(1,973,347)
- as restated		20,555,400	7,067,150	7,173,527	(16,826,360)	25,616,183	43,585,900
Profit for the year		-	-	-	-	1,974,201	1,974,201
Other comprehensive loss for the year		-	-	-	(4,496,940)	-	(4,496,940)
Total comprehensive loss for the year		-	-	-	(4,496,940)	1,974,201	(2,522,739)
Dividend paid	23	-	-	-	-	(4,111,080)	(4,111,080)
Balance at June 30, 2019 (as restated)		**20,555,400**	**7,067,150**	**7,173,527**	**(21,323,300)**	**23,479,304**	**36,952,081**

Revaluation reserve relates to revaluation of land.

Actuarial reserve relates to component of retirement benefit obligations recognised in other comprehensive income net of deferred tax.

The notes on pages 9 to 47 form an integral part of the financial statements.

Auditor's report on pages 3 to 4.

1. GENERAL INFORMATION

Metal Can Manufacturers Limited is a private company whose main activity consists of manufacturing metal and plastic containers. The direct and ultimate holding company of Metal Can Manufacturers Limited is Mauritius Oil Refineries Limited. Both companies are incorporated in Mauritius and their registered office address is Quay Road, Port Louis.

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

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

In the current year, the Company has adopted all of the new and revised standard and interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on July 1, 2019.

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

Impact of initial application of IFRS 16 - Leases

In the current year, the Company has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for an annual period that begins on or after January 1, 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the company's financial statements is as follows:

The date of initial application of IFRS 16 for the Company is July 1, 2019.

The Company has applied IFRS 16 using the cummulative catch-up approach which:

- requires the Company to recognise the cummulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.
- does not permit the restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

<u>Impact of the new definition of a lease</u>

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or modified before July 1, 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Company applied the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after July 1, 2019 (whether it a lessor or a lessee in the lease contract). The new definition in IFRS 16 has not significantly changed the scope of contracts that meet the definition of a lease for the Company.

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

2.1 New and amended IFRS Standards that are effective for the current year (Cont'd)

Impact of application of IFRS 16 - Leases (Cont'd)

Impact on Lessee Accounting

(i) Former operating leases

IFRS 16 changes how the Company accounts for lease previously classified as operating leases under IAS 17, which were off balance-sheet. Applying IFRS 16, for all leases (except as noted below), the Company:

a) Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments;

b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss and other comprehensive income; and

c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight line basis.

Under IFRS 16, right of use assets are tested for impairment in accordance with IAS 36 Impairment of Assets.

For short term leases (lease term of 12 months or less) and leases of low value assets, the Company can opt to recognise a lease expense on a straight-line basis in profit or loss as permitted by IFRS 16. The Company did not have any short term leases or low value assets leases.

The Company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The Company has applied a single discount rate to a portfolio of leases with reasonably similar
- The Company has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease terminates within 12 months of the date of initial application.
- The Company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(ii) Former finance leases

For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Company has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying IFRS 16 as from July 1, 2019.

Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

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

2.1 New and amended IFRS Standards that are effective for the current year (Cont'd)

Impact of application of IFRS 16 - Leases (Cont'd)

(ii) Former finance leases (Cont'd)

Impact on Lessor Accounting (Cont'd)

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

No adjustment was required in respect of lessor accounting following the initial application of IFRS 16.

Financial impact on initial application of IFRS 16

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on July 1, 2019 is 5.75%.

The following table shows the operating lease commitments disclosed applying IAS 17 at 30 June 2020, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

Impact on statement of financial position as at July 1, 2019

	Rs
Operating lease commitments at June 30, 2019	4,224,000
Effect of discounting the above amounts	(1,963,178)
Lease liabilities recognised at July 1, 2019	2,260,822

Right-of-use asset of Rs 2,260,822 were recognised and presented separately in the statement of financial position.

There has been no impact in opening retained earnings with the adoption of IFRS 16.

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

2.2 **New and revised Standards that are effective but with no material effect on the financial statements**

The following relevant revised standards have been applied in these financial statements. Except for IFRS 16, their application has not had any significant impact on the amounts reported for the current and prior periods but may affect the accounting treatment of the future transactions or arrangements.

IAS 12	Income taxes - Amendments regarding the Annual Improvements to IFRS Standards 2015–2017 Cycle
IAS 19	Employee Benefits - Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
IFRS 9	Financial Instruments - Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities
IFRIC 23	Uncertainty over Income Tax Treatments issued

2.3 **Relevant new and revised Standards in issue but not yet effective**

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

IAS 1	Statements - Amendments regarding the definition of material (effective January 1, 2020)
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities (effective January 1, 2022)
IAS 8	Amendments regarding the definition of material (effective January 1, 2020)
IAS 16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective January 1, 2022)
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective January 1, 2022)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform (effective January 1, 2020)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding replacement issues in the context of the IBOR reform (effective January 1, 2021)
IFRS 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform (effective January 1, 2021)
IFRS 7	Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform (effective January 1, 2021)
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective January 1, 2020)
IFRS 9	Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform (effective January 1, 2020)
IFRS 9	Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform (effective January 1, 2021)
IFRS 16	Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification (effective June 1, 2020)
IFRS 16	Leases - Amendments regarding replacement issues in the context of the IBOR reform (effective January 1, 2021)

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

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

The financial statements of Metal Can Manufacturers Limited comply with the Mauritius Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). Where necessary, comparative figures have been restated and regrouped to conform with presentation in the current year.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

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

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

(ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, plant and equipment

All property, plant and equipment are initally recorded at cost. Land is stated at its fair value, based on periodic valuation by external independant valuers.

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

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

Depreciation is calculated on the straight line method to write off the cost of the assets to their residual values over their estimated useful lives as follows:

Improvement to Land	10 years
Plant and Machinery	10 - 20 years
Tools	10 years
Furniture & Fittings	10 years
IT Equipment	5 years
Motor Vehicles	5 years

Land is not depreciated.

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

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

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in profit or loss.

Derecognition

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

3.3 Intangible assets

Computer Software

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases

The Company has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Policies applicable from July 1, 2019

The Company as lessee

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

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

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

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

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

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

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

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

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

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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

3.4 Leases

Policies applicable from July 1, 2019

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

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

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

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

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

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

Policies applicable prior to July 1, 2019

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

(i) The Company as lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligations within the "Borrowings" line.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease terms, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

3.4 Leases

Policies applicable prior to July 1, 2019

(ii) The Company as lessor

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

3.5 Financial instruments

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

Financial assets and liabilities are initially measured at fair value.

Financial assets

(i) Classification of financial assets

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

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

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

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

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

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

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

All recognised financial assets are measured subsequently at amortised cost.

(ii) Amortised cost and effective interest method

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (Cont'd)

Financial assets (Cont'd)

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

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

(iii) Impairment of financial assets

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

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the 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 Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (Cont'd)

Financial assets (Cont'd)

(iv) Significant increase in credit risk (Cont'd)

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

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

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

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

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

(i) the financial instrument has a low risk of default;
(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and;
(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

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

3.5 Financial instruments (Cont'd)

Financial assets (Cont'd)

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

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

(v) Measurement and recognition of expected credit losses

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

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

(vi) Derecognition of financial assets

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

Financial liabilities and equity instruments

(i) Classification as debt or equity

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

Equity instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (Cont'd)

Financial liabilities and equity instruments (Cont'd)

(i) Classification as debt or equity (Cont'd)

Equity instruments (Cont'd)

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

Financial liabilities

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

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

(ii) Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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

(iii) Derecognition of financial liabilities

The Company derecognises financial liabilities 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.

3.6 Cash and cash equivalents

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

3.7 Trade and other payables

Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Stated capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares shown in equity as deduction from proceeds.

3.9 Current and deferred income tax

The tax expense for the period comprises of current and deferred 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.

Current tax

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

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

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

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

3.10 Retirement benefit obligations

(i) *Defined benefit plans*

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Retirement benefit obligations (cont'd)

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

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

(ii) *Gratuity on retirement*

For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuity on retirement payable under the Workers Rights Act 2019 is calculated by a qualified actuary and provided for. The obligations arising under this item are not funded.

(iii) *Profit-sharing and bonus plans*

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

3.11 Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using Mauritian Rupee ("Rs"), the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Mauritian Rupee, which is the Company's presentation currency.

(ii) 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.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at 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.

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

3.12 **Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

3.13 **Revenue recognition and other income**

For sales of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

The Company recognises revenue from the following major sources:

(a) Sales of goods

The majority of the revenue is derived from selling goods such as plastic buckets and metal cans.

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 60 days upon delivery.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(c) *Commission*

The Company receives commission on a monthly basis from a related company. The Company has an agreement with the related company for the production and sale of plastic buckets. As per the agreement, profits made on sale of plastic buckets by the related company to third parties are shared equally between the two companies. The price of the plastic buckets is agreed between the related parties and the commission received is recognised on an accrual basis in other income.

3.14 **Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events which will probably result in an outflow of economic benefits that can be reliably estimated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Provisions (Cont'd)

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

3.15 Inventories

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

3.16 Government Wage Assistance Scheme (GWAS)

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

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Company's activities expose it to a variety of financial risks; foreign exchange risk, credit risk, interest rate risk and liquidity risk. A description of the significant risk factors is given below together with the risk management policies applicable.

Categories of financial instruments

	2020	2019
	Rs.	Rs.
Financial assets		
At amortised cost		
Trade and other receivables	**27,564,377**	17,224,017
Cash and bank balances	**3,385**	5,063
Receivable from related party	**1,855,309**	761,497
	29,423,071	17,990,577

	2020	2019
	Rs.	Rs.
Financial liabilities		
At amortised cost		
Trade and other payables	**12,993,572**	8,026,223
Lease liabilities	**1,495,992**	-
Bank overdraft	**20,881,844**	13,354,705
	35,371,408	21,380,928

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

Foreign currency risk management

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

Currency profile

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

	2020		2019	
	Assets	**Liabilities**	Assets	Liabilities
	Rs.	**Rs.**	Rs.	Rs.
Usd	**2,281,293**	**3,230,000**	590,491	-
Euro	**246,074**	**-**	-	-
Mur	**26,895,704**	**32,141,408**	17,400,086	21,380,928
	29,423,071	**35,371,408**	17,990,577	21,380,928

Currency risk

At June 30, 2020, if the Rupee had weakened/strengthened by 1% against the US Dollar/Euro with all other variables held constant, post tax profit for the year would have been Rs 7,026 lower/higher (2019: Rs 5,905 higher/lower), mainly as a result of foreign exchange gains/(losses) on translation of US Dollar denominated trade receivables and trade payables.

Credit risk

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of loss allowances, estimated by the Company's management based on prior experience and the current economic environment. The Company has policies in place to ensure that sales of products are made to customers with an appropriate credit history.

The table below shows the percentage balances of its major counterparties at the end of the reporting period.

	2020	2019
	%	%
3 major counterparties	76	78
Others	24	22
	100	100

Interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest rate risk arises from its bank overdraft.

Borrowing issued at variable rates expose the Company to cash flow interest-rate risk. Borrowing issued at fixed rates expose the Company to fair value interest-rate risk.

At June 30, 2020, if interest rates on rupee-denominated borrowings had been 1% lower/higher with all other variables held constant, post-tax results for the year would have been Rs 208,818 higher/lower (2019: Rs.133,547 higher/lower), mainly as a result of lower/higher interest expense on floating rate borrowings.

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities.

The Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at the end of the reporting period.

	Less than 1 year
	Rs.
At June 30, 2020	
Bank overdraft	20,881,844
Trade and other payables	12,993,572
Lease liabilities	1,495,992
	35,371,408
At June 30, 2019	
Bank overdraft	13,354,705
Trade and other payables	8,026,223
	21,380,928

4.2 Fair value estimation

The nominal value less credit adjustments of trade receivables and payables are assumed to approximate their fair values.

4.3 Capital risk management

The Company's objectives when managing capital are:

To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefit for other stakeholders, and to provide an adequate return to shareholders by pricing products commensurately with the level of risk.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the returns of the stakeholders. The capital structure of the Company consists of net debt and equity comprising share capital, share premium, revaluation reserve, actuarial reserve and retained earnings.

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

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.3 Capital risk management (Cont'd)

The Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium and retained earnings).

The debt-to-adjusted capital ratios at June 30, 2020 and at June 30, 2019 were as follows:

	2020	2019
	Rs.	Rs.
Total debt (note 11)	**22,377,836**	13,354,705
Less: cash in hand (note 19(b))	**(3,385)**	(5,063)
Net debt	**22,374,451**	13,349,642
Total equity	**34,409,428**	36,952,081
Debt-to-capital ratio	0.65:1	0.36:1

There were significant changes in the Company's approach to capital risk management during the year due to the Covid 19 pandemic.

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5. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions made by the Company 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.

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

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

(b) **Depreciation and amortisation**

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

5. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(b) **Depreciation and amortisation (Cont'd)**

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

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

(c) **Pension benefits**

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

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

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 12.

(d) **Deferred tax assets**

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

(e) **Calculation of loss allowance**

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

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 lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

5. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(f) Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Company`s assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the company`s view of possible near-term market changes that cannot be predicted with any certainty.

(g) Leases - Estimating the incremental borrowing rate

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

6. PROPERTY, PLANT AND EQUIPMENT

	Land	Improvement to Land	Plant and Machinery	Tools	Furniture & Fittings	IT Equipment	Motor Vehicles	Total
(a) (i) **COST OR VALUATION**	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At July 1, 2019	9,350,000	278,700	65,343,660	3,302,968	6,916,215	1,026,141	7,110,659	93,328,343
Additions	-	-	5,524,097	40,275	300,000	-	280,000	6,144,372
Disposals	-	-	-	-	-	-	(1,600,000)	(1,600,000)
At June 30, 2020	**9,350,000**	**278,700**	**70,867,757**	**3,343,243**	**7,216,215**	**1,026,141**	**5,790,659**	**97,872,715**
DEPRECIATION								
At July 1, 2019 (as restated)	-	167,220	49,924,726	3,268,475	6,648,566	918,153	4,997,549	65,924,689
Charge for the year	-	27,870	1,852,838	18,663	103,494	34,137	836,624	2,873,626
Disposals	-	-	-	-	-	-	(1,466,667)	(1,466,667)
At June 30, 2020	**-**	**195,090**	**51,777,564**	**3,287,138**	**6,752,060**	**952,290**	**4,367,506**	**67,331,648**
NET BOOK VALUE								
At June 30, 2020	**9,350,000**	**83,610**	**19,090,193**	**56,105**	**464,155**	**73,851**	**1,423,153**	**30,541,067**

6. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	Land	Improvement to Land	Plant and Machinery	Tools	Furniture & Fittings	IT Equipment	Motor Vehicles	Total
(a) (ii) **COST/VALUATION**	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At July 1, 2018	9,350,000	278,700	63,288,261	3,302,968	6,916,215	989,967	6,578,373	90,704,484
Additions	-	-	2,055,399	-	-	36,174	1,238,426	3,329,999
Disposals	-	-	-	-	-	-	(706,140)	(706,140)
At June 30, 2019	**9,350,000**	**278,700**	**65,343,660**	**3,302,968**	**6,916,215**	**1,026,141**	**7,110,659**	**93,328,343**
DEPRECIATION								
At July 1, 2018								
- as previously stated	-	139,350	45,856,640	3,240,661	6,540,217	872,971	4,659,819	61,309,658
- Prior year adjustment (note 26)	-	-	2,377,527	-	-	-	-	2,377,527
- as restated	-	139,350	48,234,167	3,240,661	6,540,217	872,971	4,659,819	63,687,185
Charge for the year (as restated)	-	27,870	1,690,559	27,814	108,349	45,182	1,043,870	2,943,644
Disposals adjustment	-	-	-	-	-	-	(706,140)	(706,140)
At June 30, 2019	**-**	**167,220**	**49,924,726**	**3,268,475**	**6,648,566**	**918,153**	**4,997,549**	**65,924,689**
NET BOOK VALUE								
At June 30, 2019 (restated)	**9,350,000**	**111,480**	**15,418,934**	**34,493**	**267,649**	**107,988**	**2,113,110**	**27,403,654**

6. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

(b) No assets were acquired under finance leases during the year (2019: Rs.Nil).

(c) Borrowing is secured by floating charges on the assets of the Company including property, plant and equipment.

(d) Depreciation charge of Rs. 2,315,178 (2019: Rs. 2,082,563) has been included in cost of sales and Rs. 558,448 (2019: Rs. 861,081) in administrative expenses.

(e) If land was stated on their historical cost basis, the amount would be as follows:

	2020	2019
	Rs.	Rs.
Cost	**2,176,473**	2,176,473
Accumulated depreciation	**-**	-
Net book value	**2,176,473**	2,176,473

(f) The directors assessed the carrying value of the property, plant and equipment and are of the opinion that as at 30 June 2020, the carrying value has not suffered any impairment (2019 : Nil).

(g) Land is categorised as level 2 of the fair value hierarchy as at June 30, 2020.

(h) Land was last revalued by Gexim Real Estate Ltd, an independent valuers, on September 20, 2017. Valuation has been made on the basis of open market value.

7. **INTANGIBLE ASSET**

	Computer Software	
	2020	2019
(a) **COST**	**Rs.**	Rs.
At July 1,	**329,190**	-
Additions	**-**	329,190
At June 30,	**329,190**	329,190
AMORTISATION		
At July 1,	**65,838**	-
Charge for the year	**65,838**	65,838
At June 30,	**131,676**	65,838
NET BOOK VALUE		
At June 30,	**197,514**	263,352

(b) Amortisation charge of Rs. 65,838 (2019 Rs. 65,838) has been included in administrative expenses.

8. **INVENTORIES**

	2020	2019
	Rs.	Rs.
Raw materials	**18,704,940**	18,008,698
Finished goods	**3,496,171**	4,877,308
Spare parts	**7,231,369**	7,422,164
	29,432,480	30,308,170

8. **INVENTORIES (CONT'D)**

(a) The cost of inventories recognised as expense and included in cost of sales amounted to Rs 91,577,566 (2019: Rs.87,839,584).

(b) Bank borrowings are secured by floating charges on the assets at the Company including inventories.

9. **TRADE AND OTHER RECEIVABLES**

	2020	2019
	Rs.	Rs.
Trade receivables	**25,572,687**	16,141,699
Loss allowance	**(401,337)**	-
Trade receivables - net of impairment	**25,171,350**	16,141,699
Receivables from related parties (note 21)	**1,855,309**	761,497
Other receivables	**111,734**	274,519
Advance payments to suppliers	**2,281,293**	807,799
	29,419,686	17,985,514

All trade receivables are non-interest bearing and are generally on a 30 - 60 days' term. In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of a trade receivable from the date credit was initially granted up to the reporting date.

Of the trade receivables balance at year end, two customer represents 67% (2019: 74%) of the total trade receivables.

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

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

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

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

	Collectively assessed	Individually assessed	Total
Balance at July 1, 2019	-	-	-
Increase in loss allowance recognised in profit or loss during the year	231,832	169,505	401,337
Balance at June 30, 2020	**231,832**	**169,505**	**401,337**

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

9. TRADE AND OTHER RECEIVABLES (CONT'D)

	Trade receivables - past due				
	<30 days	31-60 days	61-90 days	>90 days	Total
Estimated total gross carrying amount at default	16,463,894	4,346,711	3,230,907	3,386,485	27,427,997
Lifetime ECL (Rs)	**-**	**2,662**	**37,420**	**361,255**	**401,337**
Expected credit loss rate		0.06%	1.16%	10.67%	1.46%

10. SHARE CAPITAL

	Number of shares	Ordinary shares
		Rs.
Issued share capital		
At June 30, 2019 and 2020	**2,055,540**	**20,555,400**

The total authorised number of ordinary share is 4,500,000 shares (2019: 4,500,000 shares) with a par value of Rs.10 per share (2019: Rs.10 per share). All issued shares are fully paid.

Ordinary shares carry voting rights, entitlements to dividends or distributions and on winding up to any surplus on assets of the Company.

11. BORROWING

		2020	2019
		Rs.	Rs.
Current			
Bank overdraft	Rs.	**20,881,844**	13,354,705

(a) The bank overdraft is secured by floating charges on the assets of the Company including property, plant and equipment. The rate of interest on bank overdraft is 4.10 % p.a. (2019: 5.75% p.a).

(b) The carrying amount of borrowing is not materially different from the fair value.

(c) The borrowing is denominated in Mauritian Rupee.

12. RETIREMENT BENEFIT OBLIGATIONS

	2020	2019
	Rs.	Rs.
Amounts recognised in the statement of financial position:		
-Defined pension benefits (note (a)(iii))	**23,116,000**	19,623,000
-Other post retirement benefits (note (b)(i))	**294,000**	378,000
	23,410,000	20,001,000
Analysed as follows:		
Non-current liability	**23,410,000**	20,001,000

12. **RETIREMENT BENEFIT OBLIGATIONS (CONT'D)**

	2020	2019
Amount charged to profit or loss:	**Rs.**	Rs.
- Defined pension benefits (note (a)(vi))	**3,259,000**	2,862,000
- Other post retirement benefits (note (b)(iii))	**148,000**	177,000
	3,407,000	3,039,000
Amount charged/(credited) to other comprehensive income:		
- Defined pension benefits (note (a)(vii))	**3,834,000**	5,455,000
- Other post retirement benefits (note (b)(iv))	**139,000**	(37,000)
	3,973,000	5,418,000

(a) **Defined pension benefits**

(i) The assets of the fund are held independently and administered by Swan Pensions Limited. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligations were carried out at June 30, 2020 by Aon Hewitt Ltd (Actuarial Valuer). The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

	2020	2019
	Rs.	Rs.
Present value of funded obligations	**58,243,000**	51,183,000
Fair value of plan assets	**(35,127,000)**	(31,560,000)
Liability in the statement of financial position	**23,116,000**	19,623,000

(iii) The reconciliation of the opening balance to the closing balance for the net defined benefit liability is as follows:

	2020	2019
	Rs.	Rs.
At July 1,	**19,623,000**	14,906,000
Charged to profit or loss	**3,259,000**	2,862,000
Charged to other comprehensive income	**3,834,000**	5,455,000
Contribution paid	**(3,600,000)**	(3,600,000)
At June 30,	**23,116,000**	19,623,000

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

		2020	2019
		Rs.	Rs.
At July 1,		**51,183,000**	48,359,000
Current service cost		**2,201,000**	1,982,000
Interest cost		**2,368,000**	2,999,000
Past service cost		**220,000**	-
Liability experience loss		**1,777,000**	484,000
Benefits paid		**(1,608,000)**	(7,319,000)
Liability loss due to change in financial assumptions		**2,102,000**	4,678,000
At June 30,	Rs.	**58,243,000**	51,183,000

12. **RETIREMENT BENEFIT OBLIGATIONS (CONT'D)**

(a) **Defined pension benefits (Cont'd)**

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

		2020	2019
		Rs.	Rs.
At July 1,		**31,560,000**	33,453,000
Interest income		**1,530,000**	2,119,000
Return on plan assets excluding interest income		**45,000**	(293,000)
Employer contributions		**3,600,000**	3,600,000
Benefits paid		**(1,608,000)**	(7,319,000)
At June 30,	Rs.	**35,127,000**	31,560,000

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

		2020	2019
		Rs.	Rs.
Current service cost		**2,201,000**	1,982,000
Past service cost		**220,000**	-
Interest cost		**838,000**	880,000
Total included in employee benefit expense (note 18(a))	Rs.	**3,259,000**	2,862,000

The total charge, Rs3,259,000 (2019: Rs.2,862,000), was included in 'cost of sales'.

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

		2020	2019
		Rs.	Rs.
Liability experience loss		**1,777,000**	484,000
Liability loss due to change in financial assumptions		**2,102,000**	4,678,000
Actuarial losses		**3,879,000**	5,162,000
Return on plan assets (above)/below interest income		**(45,000)**	293,000
	Rs.	**3,834,000**	5,455,000

(viii) The assets in the plan were:

	2020		2019	
	%	**Rs.**	%	Rs.
Qualifying insurance policies	**100**	**35,127,000**	100	31,560,000

12. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (Cont'd)

(ix) The assets of the plan are invested in qualifying insurance policies. The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the end of the reporting date.

(x) The funding policy is to pay contributions to an external legal entity at the rate recommended by the Scheme's actuary. Expected contributions to post-employment benefit plans for the year ending June 30, 2020 are Rs 3,744,000.

(xi) The weighted average duration of the defined benefit obligations at the end of the reporting period is 6.6 years (2019: 14.4 years).

(xii) The principal actuarial assumptions used were:

	2020	2019
	%	%
Discount rate	**2.3%**	4.7%
Future salary increases	**1.5%**	4.0%
Average retirement age (ARA)	**60**	60
Assumed SWAN annuity rates for:		
- Male at ARA	**13.5**	13.0
- Female at ARA	**14.7**	14.0

(xiii) Sensitivity analysis on defined benefit obligations at the end of the reporting period:

	2020	2019
	Rs.	Rs.
Increase due to 1% decrease in discount rate	**4,099,000**	3,735,000
Decrease due to 1% increase in discount rate	**3,592,000**	3,301,000

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

Any similar variation in the other assumptions would have shown smaller variations in the post retirement benefits obligation.

(b) Other post retirement benefits

Other post retirement benefits comprise of gratuity on retirement payable under the Workers Rights Act 2019.

(i) The reconciliation of the opening balance to the closing balance for the net defined benefit liability is as follows:

	2020	2019
	Rs.	Rs.
At July 1,	**378,000**	282,000
Charged to profit or loss	**148,000**	177,000
Charged to other comprehensive income	**139,000**	(37,000)
Contributions paid	**(371,000)**	(44,000)
At June 30,	**294,000**	378,000

12. **RETIREMENT BENEFIT OBLIGATIONS (CONT'D)**

(b) **Other post retirement benefits (Cont'd)**

(ii) The movement in the present value of the retirement gratuity obligations over the year is as follows:

	2020	2019
	Rs.	Rs.
At July 1,	**378,000**	282,000
Current service cost	**138,000**	136,000
Interest cost	**10,000**	14,000
Pass service cost	**-**	27,000
Other benefit paid	**(371,000)**	(44,000)
Liability experience loss / (gain)	**139,000**	(41,000)
Liability loss due to change in financial assumptions	**-**	4,000
At June 30,	**294,000**	378,000

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

	2020	2019
	Rs.	Rs.
Current service cost	**138,000**	136,000
Interest cost	**-**	27,000
Net interest on net defined benefit liability	**10,000**	14,000
Total included in employee benefit expense	**148,000**	**177,000**

The total charge, Rs 148,000 (2019: Rs.177,000), was included in cost of sales.

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

	2020	2019
	Rs.	Rs.
Liability experience loss / (gain)	**139,000**	(41,000)
Liability loss due to change in financial assumptions	**-**	4,000
	139,000	(37,000)

(v) The principal actuarial assumptions used were:

	2020	2019
June 30,	**%**	%
Discount rate	**2.60**	4.90
Future salary increases	**1.5% / 2.5%**	4.00
Average retirement age (ARA)	**60/65**	60/65

(v) Sensitivity analysis on post retirement benefits obligation at end of period:

	2020	2019
	Rs.	Rs.
- Increase due to 1% decrease in discount rate	**31,000**	15,000
- Decrease due to 1% increase in discount rate	**23,000**	10,000

12. **RETIREMENT BENEFIT OBLIGATIONS (CONT'D)**

(b) **Other post retirement benefits (Cont'd)**

(v) Sensitivity analysis on post retirement benefits obligation at end of period (Cont'd):

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

Any similar variation in the other assumptions would have shown smaller variations in the post retirement benefits obligation.

(vi) The weighted average duration of the post retirement benefits obligation at the end of the reporting period is 9.3 years.

(vii) Expected contributions to post-employment benefit plans for the year ending June 30, 2020 are Rs.3,744,000.

13. **DEFERRED TAX**

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

(a) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets and liabilities when the deferred taxes relate to the same fiscal authority on the same entity.

The following amounts are shown in the statement of financial position:

	2020	Restated 2019
	Rs.	Rs.
Deferred tax assets	**5,118,927**	4,318,172
Deferred tax liabilities	**(2,282,511)**	(2,191,183)
Net deferred tax assets	**2,836,416**	2,126,989

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

	2020	Restated 2019
	Rs.	Rs.
At July 1,		
-as previously stated	**2,126,989**	661,677
-Prior year adjustment (note 26)	**-**	404,180
-as restated	**2,126,989**	1,065,857
Credited to statement of profit or loss	**34,017**	140,072
Credited to statement of comprehensive income	**675,410**	921,060
At June 30,	**2,836,416**	2,126,989

13. DEFERRED TAX (CONT'D)

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

(i) Deferred tax liabilities

	Accelerated tax depreciation
	Rs.
At July 1, 2018	
-as previously stated	(2,654,685)
-Prior year adjustment (note 26)	404,180
-as restated	(2,250,505)
Credited to profit or loss	59,322
At June 30, 2019 (as restated)	**(2,191,183)**
Credited to profit or loss	(91,328)
At June 30, 2020	**(2,282,511)**

(ii) Deferred tax assets

	Retirement benefit obligations	Provision of assets	Total
	Rs.	Rs.	Rs.
At July 1, 2018	3,316,362	-	3,316,362
Credited to profit or loss	80,750	-	80,750
Credited to other comprehensive income	921,060	-	921,060
At June 30, 2019	**4,318,172**	**-**	**4,318,172**
Credited to profit or loss	57,118	68,227	125,345
Credited to other comprehensive income	675,410	-	675,410
At June 30, 2020	**5,050,700**	**68,227**	**5,118,927**

14. TAXATION

(a) Current tax liability/(asset)

	2020	2019
	Rs.	Rs.
At July 1,	**(241,267)**	43,394
Current tax on adjusted profit for the year at 15% (2019: 15%)	**623,083**	464,663
CSR charged during the year	**145,872**	-
Refunded during the year	**203,431**	-
Paid during the year	**(360,996)**	(749,324)
At June 30,	**370,123**	(241,267)

(b) Tax expense

	2020	2019
	Rs.	Rs.
Current tax on adjusted profit for the year at 15% (2019: 15%)	**623,083**	464,663
CSR contribution	**145,872**	125,500
Deferred tax (Note 13(b))	**(34,017)**	(140,072)
	734,938	450,091

14. TAXATION (CONT'D)

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

	2020	2019
	Rs.	Rs.
Profit before taxation	**3,545,415**	2,424,292
Tax calculated at a rate of 17% (2019: 17%)	**602,721**	412,130
Expenses not deductible for tax purposes	**533,608**	16,484
Income not subject to tax	**(301,973)**	(32,928)
Other movement	**-**	54,405
Tax rate differential	**(99,418)**	-
	734,938	450,091

15. TRADE AND OTHER PAYABLES

	2020	2019
	Rs.	Rs.
Trade payables	**2,361,774**	820,287
Amount due to related parties (note 21)	**7,658,117**	4,886,020
Accrued expenses and other payables	**1,744,304**	2,319,916
Covid-19 levy payable	**1,229,377**	-
	12,993,572	8,026,223

The carrying amounts of trade and other payables approximate their fair values.

16. EXPENSES BY NATURE

		2020	Restated 2019
		Rs.	Rs.
Raw materials and consumables used		**68,617,808**	66,737,932
Employee benefit expense (note 18(a))		**22,896,909**	23,391,401
Depreciation (note 6)		**2,873,626**	2,943,644
Depreciation on right use asset (Note 24)		**1,130,411**	-
Amortisation (note 7)		**65,838**	65,838
Covid-19 levy		**1,229,377**	-
Export and freight cost		**412,876**	-
Factory expenses		**2,626,206**	3,176,834
Rental expenses		**182,000**	1,987,200
Management fees		**1,008,000**	903,336
Insurance		**415,388**	393,360
Professional fees		**1,390,255**	1,335,428
General expenses		**1,891,986**	1,409,627
Repairs and maintenance		**505,067**	372,795
Printing and stationery		**377,826**	504,988
Total cost of sales and administrative expenses	Rs.	**105,623,573**	103,222,383

17. FINANCE COST

	2020	2019
	Rs.	Rs.
Interest expense on:		
Bank overdraft	**597,509**	602,816
Lease liabilities	**1,347,170**	-
	1,944,679	602,816

18. PROFIT FOR THE YEAR

	2020	2019
Profit for the year is arrived at after:	**Rs.**	Rs.
Crediting:		
Profit from disposal of motor vehicle	**106,667**	241,739
and charging:		
Depreciation on property, plant and equipment	**2,873,626**	2,943,644
Depreciation on right use asset	**1,130,411**	-
Amortisation on intangible asset	**65,838**	65,838
Employee benefit expense (see note (a) below)	**22,896,909**	23,391,401

(a) **Employee benefit expense**

	2020	2019
	Rs.	Rs.
Wages and salaries, including termination benefits	**18,449,078**	19,421,268
Profit sharing bonus	**230,000**	200,000
Social security costs	**810,831**	731,133
Pension costs - defined benefit plans (note 12(a) (vi))	**3,259,000**	2,862,000
Pension costs - other post retirement benefit (note 12(b) (iii))	**148,000**	177,000
	22,896,909	23,391,401

19. NOTES TO THE STATEMENT OF CASH FLOWS

(a) **Cash generated from operations**	Note	2020 **Rs.**	2019 Rs.
Profit before taxation		**3,545,415**	2,424,292
Adjustments for:			
Depreciation on property, plant and equipment	6	**2,873,626**	2,943,644
Depreciation on right of use asset	24	**1,130,411**	-
Amortisation on intangible asset	7	**65,838**	65,838
Interest expense	17	**1,944,679**	602,816
Interest income	20	**-**	(3,844)
Profit from disposal of motor vehicle		**(106,667)**	(241,739)
Retirement benefit obligations		**(564,000)**	(605,000)
Loss allowance		**401,337**	-
		9,290,639	**5,186,007**
Changes in working capital:			
- trade and other receivables		**(11,835,509)**	8,014,496
- inventories		**875,690**	(1,873,270)
- trade and other payables		**4,967,349**	122,498
Cash generated from operations		**3,298,169**	11,449,731

19. NOTES TO THE STATEMENT OF CASH FLOWS (CONT'D)

(b) **Cash and cash equivalents**

	2020	2019
	Rs.	Rs.
Cash in hand	**3,385**	5,063

(c) **Cash and cash equivalent include the following:**

	2020	2019
	Rs.	Rs.
Cash in hand	**3,385**	5,063
Bank overdraft (note 11)	**(20,881,844)**	(13,354,705)
	(20,878,459)	(13,349,642)

20. OTHER INCOME

	2020	2019
	Rs.	Rs.
Profit from disposal of motor vehicle	**106,667**	241,739
Commission received	**3,313,567**	2,881,779
Interest received	**-**	3,844
Gain on exchange	**18,289**	-
Other income	**55,000**	-
Amount payable written back	**150,000**	
Sales of spare parts	**30,101**	8,696
	3,673,624	3,136,058

21. **RELATED PARTY TRANSACTIONS**

	Purchase of goods or services	Sales of goods or services	Rental Fees	Management fees/ Administrative fees	Amount owed by related party	Amount owed to related party
2020 - Trading transactions	Rs.	Rs.		Rs.	Rs.	Rs.
Holding company	3,247,406	2,261,576	2,294,000	1,008,000	600,399	870,092
Enterprises that have a number of directors in common	34,519,367	5,185,692	-	-	1,254,910	6,788,025
	37,766,773	7,447,268	2,294,000	1,008,000	1,855,309	7,658,117
2019 - Trading transactions	Rs.	Rs.		Rs.	Rs.	Rs.
Holding company	1,436,301	226,600	1,987,200	903,336	79,120	385,064
Enterprises that have a number of directors in common	39,091,413	4,428,928	-	-	682,377	4,500,956
	40,527,714	4,655,528	1,987,200	903,336	761,497	4,886,020

(a) **Key management personnel compensation**

	2020	2019
	Rs.	Rs.
Salaries and short term employee benefits	**1,171,566**	823,300

(b) The above transactions have been made in the normal course of business.

(c) For the year ended June 30, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by the related parties (2019: Nil).

22. **OPERATING LEASE**

The Company rent a building from its holding company, the rental agreement is in respect of 1,910.09 m2 building.

Rental

The future minimum lease payments under non-cancellable operating lease are as follows:

	2019
	Rs.
	2,112,000
Within one year	2,112,000
After one year	4,224,000

23. **DIVIDEND PAID**

During the year under review, the company paid an interim dividend of Rs 1 per ordinary share declared on 19 November 2019(2019: An interim and final dividend of Rs. 1 each)

24. **RIGHT-OF-USE ASSET**

	Building
COST	Rs
At July 1, 2019	-
Impact of adoption of IFRS 16 (Note 2.1)	2,260,822
At June 30, 2020	2,260,822
DEPRECIATION	
At July 1, 2019	-
Charge for the year	1,130,411
At June 30, 2020	1,130,411
NET BOOK VALUE	
At June 30, 2020	1,130,411

Depreciation charge of Rs. 1,130,411 has been included in cost of sales

The Company leases a building from Mauritius Oil Refineries Limited for an average lease term of 3 years.

The total cash outflow for leases amount to Rs 2,112,000.

AMOUNTS RECOGNISED IN PROFIT OR LOSS	**2020**
	Rs
Depreciation expense on right of use asset	1,130,411
Interest expense on lease liability	1,347,170
	2,477,581

25. **LEASE LIABILITIES**

The Company as lessee	**2020**
	Rs
Maturity analysis	
Within one year	1,495,992

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

26. PRIOR YEAR ADJUSTMENTS

The prior year adjustments relate to retrospective change in the estimated useful life of certain assets. Consequent to the change made in the useful life of the assets, the Company has recalculated the amount of depreciation on those assets (including the impact on deferred tax) for past periods.

The effects of these adjustments on the comparative financial statements of the Company are as follows :

Impact on the Statement of financial position

Balance as reported at July 1 , 2018	As previously reported Rs.	Adjustments Rs.	As restated Rs.
- Property, plant and equipment	29,394,826	(2,377,527)	27,017,299
- Deferred tax assets	661,677	404,180	1,065,857
- Total effect on retained earnings and equity	45,559,247	(1,973,347)	43,585,900

Balance as reported at June 30 , 2019	As previously reported Rs.	Adjustments Rs.	As restated Rs.
- Property, plant and equipment	29,807,445	(2,403,791)	25,474,450
- Deferred tax assets	1,718,344	408,645	2,126,989
- Total effect on retained earnings and equity	38,947,227	(1,995,146)	36,952,081

Impact on the statement of profit or loss and other comprehensive income

2019	As previously reported Rs.	Adjustments Rs.	As restated Rs.
Increase in cost of sales	(87,813,320)	(26,264)	(87,839,584)
Decrease in income tax expenses	(454,556)	4,465	(450,091)
Decrease in profit for the year	1,996,000	(21,799)	1,974,201

27. COVID - 19

The impact of Covid 19 is across all trade activities and Mauritius is no exception. The lockdown of two months affected the activities of the Company in general. The directors are of opinion that it is difficult to predict the overall outcome and impact of COVID-19 on the financial statements of the Company given the current pandemic situation internationally. The Company will continue to monitor the situation.