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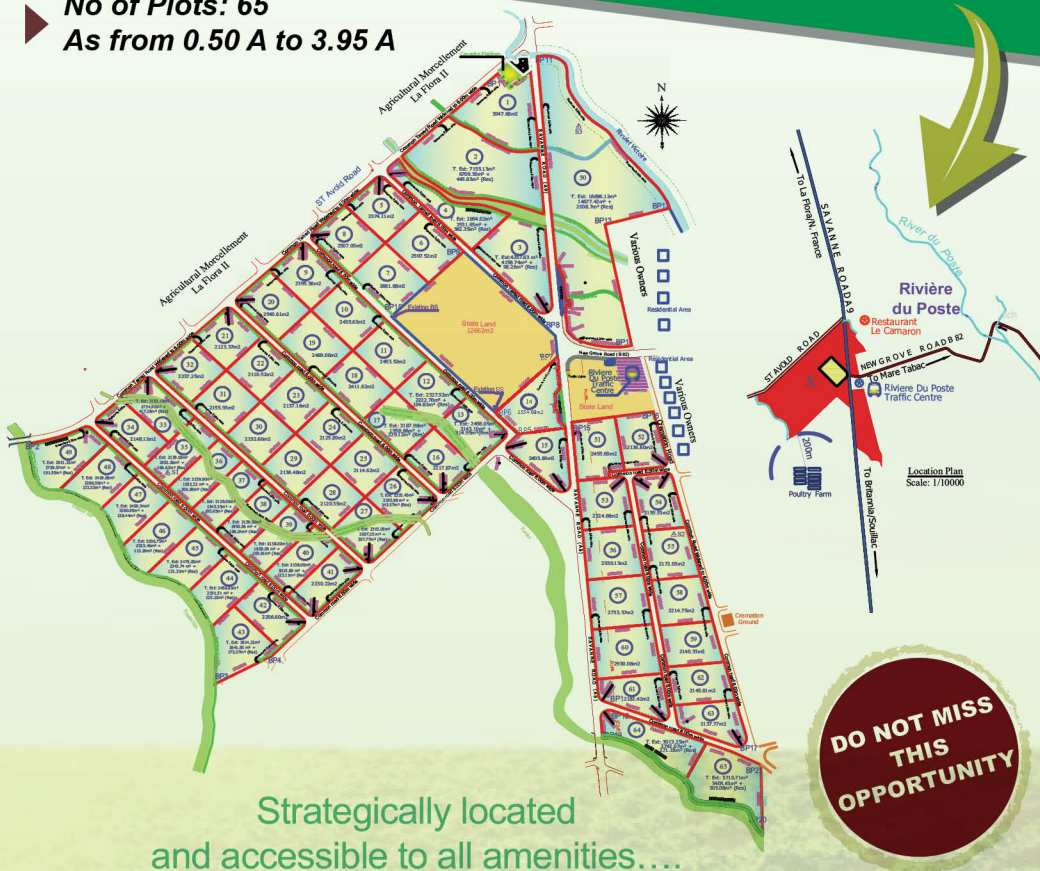
# Agricultural Land FOR SALE

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**No of Plots: 65**  
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**PERFECT LOCATION  
FOR YOUR  
BUSINESS**

Work in a green & peaceful environment  
Ideal for Business Park,  
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*Aurea*  
LIVING HARMONY

**SITE**



**COMING SOON  
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FOR SALE**

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## MISSION & VISION STATEMENT

### Our Vision



To be among the **leading** companies through **sustainable** investments in key viable economic sectors that support capital appreciation and ensure consistent income streams.

### Our Mission



To be recognised as the **leading** organisation in **economic empowerment** through our drive for excellence, creation and distribution of **wealth**.

### Core Values



### Our Overriding Objective



The overriding objective of the Board and Management is to ensure the company's financial stability, profitability, growth and sustainability to maximize shareholders' wealth with a view to providing an enhanced and consistent dividend distribution and appreciation of share value to all shareholders.

## TABLE OF CONTENTS

|   | PAGES   |
|---|---------|
| MISSION & VISION STATEMENT                                  | 1       |
| TABLE OF CONTENTS   | 2       |
| CORPORATE INFORMATION                                       | 3       |
| CHAIRMAN'S MESSAGE  | 4 - 5   |
| CEO'S STATEMENT AND MANAGEMENT REPORT                       | 6 - 8   |
| STATUTORY DISCLOSURES                                       | 9 - 10  |
| CORPORATE GOVERNANCE REPORT                                 | 11 - 30 |
| STATEMENT OF COMPLIANCE                                     | 31 - 32 |
| STATEMENT OF DIRECTORS' RESPONSIBILITIES                    | 33      |
| SECRETARY'S CERTIFICATE                                     | 34      |
| INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS            | 35 - 40 |
| STATEMENT OF FINANCIAL POSITION                             | 41      |
| STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | 42      |
| STATEMENT OF CHANGES IN EQUITY                              | 43      |
| STATEMENT OF CASH FLOWS                                     | 44      |
| NOTES TO THE FINANCIAL STATEMENTS                           | 45 - 80 |

## CORPORATE INFORMATION

### Board of Directors

Mr Harryduth Ramnarain (Chairperson)  
Mr Preetam Boodhun  
Mr Heymant Rao Anand Sonoo  
Mr Daramdev Jhunput  
Mr Gilbert Bernadin Legrand  
Mr Poonith Mungrooa  
Mr Gansam Boodram  
Mr Deepaksing Ramjeet  
Mr Gessavah Chengan

### Chief Executive Officer

Mr Dinesh Rao Babajee

### Registered Office

Ground Floor, NG Tower, Cybercity, Ebene

### Secretary, Registrar and Transfer Office

SIT Corporate and Secretarial Services Ltd  
Ground Floor, NG Tower, Cybercity, Ebene

### Legal Advisor

Me Dheerendra Kumar Dabee, G.O.S.K, S.C

### Auditors

Mazars  
4th Floor, Unicorn Centre  
18N Frere Felix de Valois Street  
Port Louis

### Bankers

SBM Bank (Mauritius) Ltd  
Mauritius Commercial Bank Ltd  
MauBank Ltd

## CHAIRMAN'S MESSAGE

Dear Shareholders,

As the newly appointed Chairperson of SIT Land Holdings Ltd (SITLH), it is a privilege for me to present my first annual report of the Company for the financial year ended 30 June 2020.

With the emergence of the COVID-19 pandemic, there has never been a more pressing need for organisations to rethink and reconfigure their business models to become more resilient and SITLH is no exception thereto. The year 2020 has been an unprecedented one for Mauritius with the first local cases of coronavirus emerging in March 2020, which resulted in an eventual lockdown for more than three (3) months. However, SITLH was able to carry on with its operations, thanks to the Work Access Permits which were granted to its employees, more so that the agricultural activities fell under the ambit of essential services.

Since its inception, the main source of revenue of the SITLH has been sugarcane cultivation for local sugar production. In spite of countless restructuring measures adopted by the Company during the past 10 years, the sugarcane industry has been struggling to remain profitable, albeit, the constant drop in the sugar price. It was in this context that during the year under review, SITLH diversified its activities and ventured in food crop production. However, because of the COVID-19 pandemic, SITLH had to review its corporate strategies and align itself with the vision of the Government through the Ministry of Agro Industry & Food Security to achieve self-sufficiency in food production. The outcomes both in terms of productivity and revenue of the agricultural diversification programme will be thoroughly assessed for future vegetable and fruits cultivation.

One of the main responsibilities of the Board of Directors is to oversee the Company's performance with the ultimate aim of optimising the value of the organisation and assets' protection by safeguarding stakeholders' interest. In this perspective, the Shareholder's Agreement with respect to the Smart City Project at Le Bouchon has been concluded with an international partner, namely the Curzon Group. In this context, the issuance of the Smart City Scheme Certificate by the Economic Development Board is being awaited before the construction phase is initiated. Such a project is expected to generate approximately 1,500 new employments.

Reviewing the performance of the financial year 2019/2020, it is observed that a loss of Rs 77.9 M has been recorded. This can largely be attributable to losses made by its associate company, SIT Property Development Ltd ("SPDL"). The effects of the COVID-19 delayed the finalisation of title deeds for the Aurea residential morcellement projects. The Company had been incurring losses since the past years and the COVID-19 aftermath has added on to the existing losses. Under these circumstances, with a view to protect its financial reserves, the Board of SITLH has decided not to declare any dividend for the year under review.

## CHAIRMAN'S MESSAGE (CONTINUED)

The financial year 2020/2021 has been a challenging one but with the concerted efforts of the Board of Directors and the Management Team, the Company is expected to do much better in the coming years. In this regard, a Land Expo was held in November 2020 for the sale of several plots of agricultural land at Ile D'Ambre. Post the financial year, SPDL received its Morcellement Permit for two (2) residential morcellement projects and title deeds are being finalised with clients. Such a project is expected to generate a revenue stream for both SPDL and SITLH.

I seize this opportunity to thank the Board Members, the Management Team and the employees for their unflinching efforts and professionalism with which they have served the SITLH. The challenges facing us are great but I have no doubt that we can overcome them if we work together as a team in line with the mission and vision of the SIT Group.



**Harryduth Ramnarain**  
Chairperson



## CEO'S STATEMENT AND MANAGEMENT REPORT

As Chief Executive Officer, I have joined the SIT Group in July 2020 after having served the Rose Belle Sugar Estate as General Manager for four years. I have now the immense pleasure to present the annual report for SIT Land Holdings LTD (SITLH) for the financial year ended 30 June 2020 to our esteemed shareholders and stakeholders.

### Overview of Business Context for SITLH

The year 2020 was a challenging one on various fronts. Firstly, the two fire outbreaks which occurred in October 2019 caused much damage to some 22 hectares of sugarcane fields, as a result of which around 3,000 ton of sugarcane were burnt. Acts of arson were strongly suspected by SITLH and the matter was reported to the police and the Sugar Insurance Fund Board (SIFB). It is noted that around 1,000 tons of burnt sugarcane were rejected by Omnicane Milling Operations Ltd due to their very low purity. On the other hand, the advent of the COVID-19 in March 2020 has negatively affected the financial performance of the associate company, SIT Property Development Ltd, which resulted in the delay of finalisation of deeds of sale for the residential morcellement project for Aurea Bois D'Ebène Phase 2. On the positive side, as a further step in its agricultural diversification programme, SITLH embarked in the food crop production in collaboration with the Ministry of Agro Industry & Food Security. As regards to the development of the Smart City Project, the Shareholder's Agreement was concluded towards the end of the calendar year 2020 for the implementation of the project.

### Financial Performance

The turnover of SITLH dropped from Rs 53.6 M in 2019 to Rs 46.1 M in 2020 and the company made a loss of Rs 77.9 M. proceeds in terms of sugar and the related products, including compensation received amounted to Rs 38.4 M. Of note, there was an increase in sugar price from Rs 8,700 per ton (for Crop Year 2018) to Rs 11,384 per ton (for Crop Year 2019). Despite 31% increment in sugar price, the revenue dropped by 14% as only around Rs 478,470 were received as compensation from the SIFB as compared to Rs 16.7 M for Crop Year 2018.

SITLH generated a revenue of Rs 7.73 M from the sale of agricultural land at Ile D'Ambre, Union Park and Riviere Dragon. The said figure is expected to be more favourable during the next financial year, as several plots of agricultural land at Ile D'Ambre have been reserved following the Land Expo carried out in November 2020. The financial performance was also affected by the share result of the associate company which was negative Rs 42.5 M in 2020 as compared to Rs 38.0 M in 2019, due to the COVID-19 which resulted in a delay in the finalisation of the deeds of sale. Same is expected to ameliorate in the next financial year as clients will be proceeding with the signature of title deeds for the residential morcellement projects at Aurea for phases 2 and 3.

### Sugarcane Activities

For the crop year 2019, sugar cane harvesting started on 1st July 2019 and ended on 16th January 2020. A total sugar-cane tonnage of 35,511 ton was harvested for crop year 2019 as opposed to 36,676 ton in 2018. Sugar produced for crop year 2019 was 2,508 ton as compared to 2,852 ton for year 2018 at a price of Rs 11,383.65/ton. For the current year under review, Sugar cane proceeds amounted to Rs 28.6 M, whereas in 2019 the same amounted to Rs 24.8 M with a price of Rs 8,700 /ton.



## CEO'S STATEMENT AND MANAGEMENT REPORT (CONTINUED)

The compensation received from SIFB for Crop 2019 amounted to Rs 478,470 as compared to Rs 16,749,626 for year 2018. The harvest results for Mon Trésor and Britannia are summarised in the following table:

| DETAILS             |         | MON TRESOR |        | BRITANNIA |        | TOTAL<br>(CROP YEAR) |        |
|---------------------|---------|------------|--------|-----------|--------|----------------------|--------|
|                     |         | 2019       | 2018   | 2019      | 2018   | 2019                 | 2018   |
| Area Harvested      | Ha      | 340        | 309    | 236       | 335    | 576                  | 644    |
| Sugar Cane Produced | Tons    | 19,580     | 17,037 | 15,931    | 19,639 | 35,511               | 36,676 |
| Sugar Cane Yield    | Tons/Ha | 57.54      | 55.18  | 67.62     | 58.66  | 61.67                | 56.92  |
| Sugar Produced      | Tons    | 1,455      | 1,642  | 1,053     | 1,885  | 2,508                | 2,852  |
| Sugar Yield         | Tons/Ha | 4.27       | 5.32   | 4.47      | 5.63   | 4.35                 | 5.48   |
| Extraction Rates    | %       | 7.43       | 9.64   | 6.61      | 9.60   | 7.06                 | 9.62   |

### Sugar Cane Activities

## Food Crop Production

With the advent of the COVID-19 pandemic and the eventual lockdown in March 2020, SITLH reviewed its food crop production programme and worked in collaboration with the Government to avoid any shortfall in the availability of fresh vegetables in the market for local consumption. SITLH thus proceeded with the cultivation of onion, pumpkin and beans. Much effort was put to develop abandoned lands at Deux Bras. Support from the Ministry of Agro Industry & Food Security for the obtention of Work Access Permits, Mauritius Cane Industry Authority (MCIA) and FAREI were obtained to attain the objectives.

## St-Avoid Nursery Britannia

The nursery at St-Avoid Britannia has been re-structured marketing wise during the year 2020 to create more visibility in the market. It is worth to point out that the nursery has over 150 different species of plants available for sale to the public in general. For the year under review, the revenue from the nursery has decreased from Rs 709,090 in 2019 to Rs 434,720 in 2020 due to the lockdown as from March 2020. We are currently undergoing a re-structuring exercise to render its business operations more efficient in the production of plants. The objective is to render the nursery more sustainable in its day-to-day operations.

## Lease of Agricultural Land

SITLH has put on lease two blocks of land of 100 A each at Britannia to small planters at concessionary rates under the Food Security Scheme and 100 Arpents Scheme respectively. The project had been initiated in collaboration with the Ministry of Agro Industry & Food Security to promote local food crop production. The income generated from the rental of land to small planters and rental of billboards amounted to Rs 2.54 M in 2020.

## CEO'S STATEMENT AND MANAGEMENT REPORT (CONTINUED)

- **Thanking Note**

I wish to seize the opportunity to thank the board of directors for their support. I would like to convey my sincere appreciation to all employees of the SIT Group for their continuing motivation and dedication. I am sure the SIT Group will meet the expectations of its shareholders in the years to come. We are confident that as a team we can uplift the challenges by focusing on our core values which are: **Teamwork, Passion, Commitment, Customer Focus, Diligence, Dedication. Attentiveness, Integrity and Professionalism.**



**Dinesh Rao Babajee**  
Chief Executive Officer

## STATUTORY DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2020

The directors are pleased to present their report and the audited financial statements of **SIT LAND HOLDINGS LTD** for the financial year ended 30 June 2020.

### 1 PRINCIPAL ACTIVITIES

The principal activities of the Company are:

- dealing in matters relating to agriculture in general;
- acquire, hold and/or dispose of properties in general; and
- investment holding.

### 2 DIRECTORS

The directors who held office at the reporting date were as follows:

|  | Date of<br>appointment | Date of<br>resignation |
|--|------------------------|------------------------|
| Mr. Bojrazsingh Boyramboli (Chairperson) | 23 July 2020           | -                      |
| Mr. Gansam Boodram                       | 28 March 2019          | -                      |
| Mr. Heymant Rao Anand Sonoo              | 24 April 2019          | -                      |
| Mr. Krishna Kistnen                      | 14 May 2019            | 30 November 2019       |
| Mr. Gilbert Bernadin Legrand             | 24 April 2019          | -                      |
| Mr. Uttam Junkeesaw                      | 24 April 2019          | 23 July 2020           |
| Mr. Gessavah Chengan                     | 28 March 2019          | -                      |
| Mr. Deepaksing Ramjeet                   | 28 March 2019          | -                      |
| Mr. Poonith Mungrooa                     | 28 March 2019          | -                      |
| Mr. Daramdev Jhunput                     | 28 June 2019           | -                      |
| Mr. Preetam Boodhun                      | 09 December 2019       | -                      |

### 3 DIRECTORS' SERVICE CONTRACTS

None of the directors have unexpired service contract.

### 4 DIRECTORS' REMUNERATION AND BENEFITS

Remuneration and benefits received by the directors from the Company were as follows:

|                         | 2020<br>Rs'000 | 2019<br>Rs'000 |
|-------------------------|----------------|----------------|
| Non-executive directors | 1,021          | 934            |

## STATUTORY DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 5 DONATIONS

The Company did not make any donations during the year (2019: Nil).

### 6 AUDITORS' REMUNERATION

The fees payable to the auditors for audit and other services for the year under review were:

|                | 2020   | 2019   |
|----------------|--------|--------|
|                | Rs'000 | Rs'000 |
| Audit services | 245    | 255    |
| Other services | 16     | 15     |
|                | 261    | 270    |

Approved and authorised by the Board of Directors and signed on its behalf by:



.....  
Director

Date: 26 October 2020



.....  
Director



# CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020

## 1 GOVERNANCE STRUCTURE

### 1.1 Statement of Compliance

SIT Land Holdings Ltd (hereinafter referred to as SITLH or the Company) is a public interest entity as defined under the Financial Reporting Act 2004. The National Code of Corporate Governance for Mauritius 2016 (the New Code) provides that all public interest entities must explain how they applied the principles of the code. The Board is aware of its legal duties and assumes responsibility for leading and controlling the Company and meeting all legal and regulatory requirements. The Board considers that SITLH has complied in all material respects with the provisions of the New Code for the reporting year ended 30 June 2020, except as specifically stated in this Corporate Governance Report. Explanations have been given in this report of any departure from the practical recommendations of the Code.

### 1.2 Board Charter

The Board, as a governing body, fully understand its role, responsibility and authority in setting the direction, the management and control of the Company. The Company has started working on a Board charter which will soon be adopted in line with the recommendations of the National Code of Corporate Governance 2016.

### 1.3 Code of Ethics

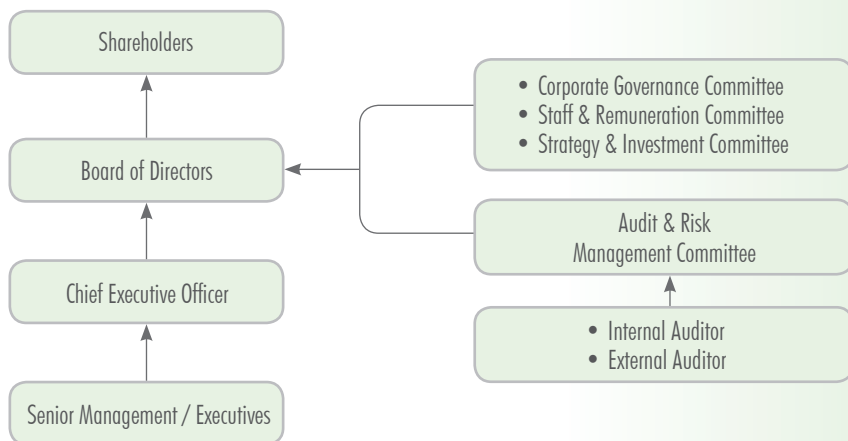
The Company is committed to the highest standards of integrity and ethical conduct in dealing with all its shareholders. Staff at all levels drew up the Company's code of ethics which reflects the Company's diversity and unique culture. Adequate grievances and disciplinary procedures are in place to enable enforcement of the Code of Ethics. Management has prepared a Code of Ethics for the SIT Group and will soon be submitted to the Board.

### 1.4 Job Descriptions of key senior governance positions, organisational chart and statement of accountabilities

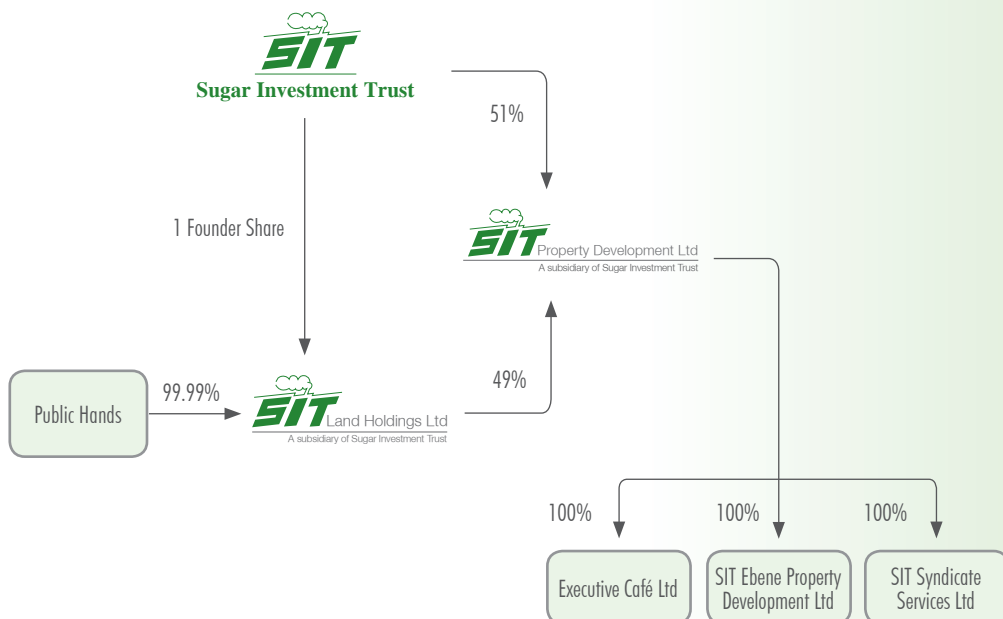
The Board has approved the appropriate job descriptions of key senior governance positions, an organisational chart and a statement of accountabilities.

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 1 GOVERNANCE STRUCTURE (CONTINUED)



### 1.5 Holding Structure



## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

## 2 THE STRUCTURE OF BOARD AND ITS COMMITTEES

## 2.1 Board Structure

SITLH has a unitary or one-tier Board structure. Article 78 of the Constitution of the Company provides that the number of Board Members shall not be less than five or more than nine. During the year under review, the Board of SITLH was reconstituted and comprised of nine non-executive directors as at 30 June 2020.

The Directors of SITLH come from diverse business and academic backgrounds and possess the necessary knowledge, skills, objectivity, integrity, experience and commitment to make sound judgements on various key issues relevant to the business of the Company. All Board members are ordinary resident of Mauritius. Although the National Code of Corporate Governance 2016 recommends having at least two Executive Directors and two Independent Directors, the Board believes that the Board composition is adequate due to the size and complexity of the business, which is in line with the Company's Constitution.

Presently no mechanism is in place within SITLH to promote gender balance on the Board, as the Board members are elected and appointed by the Company's shareholders as provided under its Constitution.

All directors receive timely information so that they are equipped to fulfill their duties in Board Meetings. All Board members have access to the Company Secretary for any further information they require. The Company Secretary ensures that the Board members receive appropriate training as necessary. Independent professional advice would be available to directors in appropriate circumstances, at the Company's expense.

The Board composition as at the date of reporting is as follows:

| No. | Name of Director                         | Date of Appointment | Date of resignation | Category               |
|-----|--|---------------------|---------------------|------------------------|
| 1   | Mr. Bojrazsingh BOYRAMBOLI (Chairperson) | 23-Jul-20           | -                   | Non-Executive Director |
| 2   | Mr. Preetam BOODHUN                      | 9-Dec-19            | -                   | Non-Executive Director |
| 3   | Mr. Gansam BOODRAM*                      | 28-Mar-19           | -                   | Non-Executive Director |
| 4   | Mr. Gessavah CHENGAN                     | 28-Mar-19           | -                   | Non-Executive Director |
| 5   | Mr. Heymant Rao Anand SONOO              | 24-Apr-19           | -                   | Non-Executive Director |
| 6   | Mr. Gilbert Bernadin LEGRAND             | 24-Apr-19           | -                   | Non-Executive Director |
| 7   | Mr. Daramdev JHUNPUT                     | 28-Jun-19           | -                   | Non-Executive Director |
| 8   | Mr. Deepaksing RAMJEET                   | 28-Mar-19           | -                   | Non-Executive Director |
| 9   | Mr. Poonith MUNGROOA                     | 28-Mar-19           | -                   | Non-Executive Director |
| 10  | Mr. Krishna KISTNEN**                    | 14-May-19           | 30-Nov-19           | Non-Executive Director |
| 11  | Mr. Uttam JUNKEESAW                      | 24-Apr-19           | 23-Jul-20           | Non-Executive Director |

\* Mr Gansam Boodram served as Chairperson of the Company until 31 July 2020.

\*\* Mr Krishna Kistnen passed away on 30 November 2019.

SIT Corporate and Secretarial Services Ltd is the Company Secretary to the Board of SITLH.

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 2 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

#### 2.1 Board Structure (continued)

The role of the Company Secretary is to:

- ensure compliance with the Company's constitution and all relevant statutory and regulatory requirements, codes of conduct and rules established by the Board; and
- provide guidance and advice to the Board on matters of ethics and good governance.

#### 2.2 Role of Board

The Board is ultimately accountable and responsible for the performance and affairs of the Company. Its principal functions include the following:

- protecting and enhancing shareholders' value by identifying and monitoring key risks areas and key performance indicators;
- ensuring that the Company has clear strategies, policies and business plans, and monitoring its implementation;
- reviewing and approving the system of internal control and compliance with laws and regulations as may be appropriate and relevant to the business of the Company;
- approving such acquisition and disposal of assets as appropriate;
- exercising leadership, enterprise, intellectual honesty, integrity and judgement in directing the Company so as to achieve sustainable prosperity for the Company;
- ensuring timely communication with shareholders and other stakeholders;
- any conflict or potential conflict of interest occur, it would be the duty of any director of the Company to make a full and timely disclosure to the Board; and
- to manage any conflict or potential conflict of interest that might arise regarding transactions between the Company and its management, Directors and Shareholders.

#### 2.3 Role and function of the Chairperson

The Board is subject to the firm and objective leadership of a Chairperson who brings out the best in each director and ensures the smooth functioning of the Board in the interests of good governance. The Chairperson's principal functions include the following:

- provide overall leadership to the Board and encourage and ensure active participation of each director in discussions and board matters;
- overseeing a formal succession plan for the Board and Senior Management;



## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

## 2 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

## 2.3 Role and function of the Chairperson (Continued)

- ensuring that all the relevant information and facts are placed before the Board to enable the directors to reach informed decisions; and
- maintaining sound relations with the Company's shareholders and ensuring that the principles of effective communication and pertinent disclosure are followed.

## 2.4 Role and function of the Chief Executive Officer

The Chief Executive Officer (CEO) is appointed by the Board of the Sugar Investment Trust (SIT) who oversees the activities of all the entities of the SIT Group. The role of the CEO is separate from the Chairperson and is responsible for all day-to-day management decisions. The principal functions of the CEO include the following:

- develop and recommend to the Board a long-term vision and strategy for the Company that will generate satisfactory levels of shareholder value and positive relations with relevant stakeholders;
- strive consistently to achieve the Company's financial and operating goals and objectives and ensure that the day-to-day business affairs of the company are appropriately managed and monitored;
- serve as the chief spokesperson for the company on all operational and day-to-day matters; and
- develop and recommend to the Board annual business plans and budgets that support the company's long-term strategy and ensure a proper assessment of the risks under a variety of possible or likely scenarios is undertaken and presented to the Board.

## 2.5 Profile of Directors

**Mr Bojrazsingh Boyramboli** was appointed as non-executive Chairperson of SITLH by the Sugar Investment Trust as Founder Shareholder. He is presently the Senior Chief Executive at the Ministry of Agro Industry & Food Security and has a vast experience in public administration and sugar sector.

**Mr. Gansam Boodram** is a non-executive director of SITLH and was elected in the category of planters during the last Annual Meeting of Shareholders held in March 2019. Mr. Boodram is a professional in the agribusiness sector and he acquired experience in Israel, Holland, USA and India. He graduated in agriculture with specialisation in soilless culture and protected cropping as well as agriculture in Israel. He studied environmental control crop in Holland, mechanisation in USA and sugar technology in India. He is the Managing Director of Greenmundo (Africa).

**Mr. Preetam Boodhun** is a non-executive Chairperson of the Company and is one of the 3 persons appointed by the Minister of Agro Industry & Food Security under section 5(2)(f) of the SIE Act. He was first appointed as director in November 2015 and was reappointed for a further period of 3 years in January 2019. Mr. Boodhun holds a Diploma in Mathematics from the Mauritius Institute of Education and currently works as Educator at Keats College. He is also a non-executive director at Omnicane Ltd since 2016.

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 2 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

#### 2.5 Profile of Directors (continued)

**Mr. Heymant Rao Anand Sonoo** is a non-executive Director and is one of the five directors appointed by the holder of the Founder Share. He is a holder of a BSc in Agriculture and has over 25 years of experience in the sugar industry. He is presently the Chairperson of Mauritius Sugar Syndicate, member of the MCIA Advisory Council and director Sonoo Estates Ltd.

**Mr. Gilbert Bernadin Legrand** is a non-executive Director and is one of the five directors appointed by the holder of the Founder Share. He has over 25 years of working experience at DRBC Milling Company Ltd and 4 years' experience at Consolidated Energy Ltd. Mr. Legrand is presently self-employed.

**Mr. Daramdev Jhunput** is a non-executive Director and is one of the five directors appointed by the holder of the Founder Share. He has over 40 years of working experience at the Medine Sugar Estate and has retired since 2007. Mr. Jhunput has previously served as elected member of the Bambous Village Council twice.

**Mr. Deepaksing Ramjeet** is a non-executive Director and was elected in the category of planters during the last Annual Meeting of Shareholders held in March 2019. He is the holder of a BCom/Finance and LLB. Mr. Ramjeet is self-employed.

**Mr. Poonith Mungrooa** is a non-executive Director and was elected in the category of planters during the last Annual Meeting of Shareholders held in March 2019. He has over 50 years of experience as planter. He also has over 40 years of experience in primary education sector and retired as Deputy Head Teacher.

**Mr. Gessavah Chengan** is a non-executive Director and was elected in the category of employees during the last Annual Meeting of Shareholders held in March 2019. He has a vast experience in the sugar industry. Mr. Chengan has previously served as Chairman of the Camp Diable Village Council and Siva Soupramanien Kovil Camp Diable and as Director at the Farmers Service Corporation and Britannia-Highlands Milling Company.

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

## 2 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

## 2.6 Common Directors

As at 30 June 2020, the following directors held office on the Board of SITLH and other entities within the SIT Group:

| NAME OF DIRECTORS |  | SIT LAND<br>HOLDINGS<br>LTD | SUGAR<br>INVESTMENT<br>TRUST | SIT PROPERTY<br>DEVELOPMENT<br>LTD |
|-------------------|--|-----------------------------|------------------------------|------------------------------------|
| 1                 | Mr. Bojrazsingh BOYRAMBOLI (Chairperson) | ✓                           | ✓                            | ✓                                  |
| 2                 | Mr. Preetam BOODHUN                      | ✓                           | ✓                            | -                                  |
| 3                 | Mr. Gansam BOODRAM*                      | ✓                           | -                            | ✓                                  |
| 4                 | Mr. Gessavah CHENGAN                     | ✓                           | -                            | ✓                                  |
| 5                 | Mr. Heymant Rao Anand SONOO              | ✓                           | ✓                            | ✓                                  |
| 6                 | Mr. Gilbert Bernadin LEGRAND             | ✓                           | ✓                            | -                                  |
| 7                 | Mr. Daramdev JHUNPUT                     | ✓                           | ✓                            | ✓                                  |
| 8                 | Mr. Deepaksing RAMJEET                   | ✓                           | -                            | ✓                                  |
| 9                 | Mr. Poonith MUNGROOA                     | ✓                           | -                            | ✓                                  |
| 10                | Mr. Krishna KISTNEN**                    | ✓                           | ✓                            | ✓                                  |
| 11                | Mr. Uttam JUNKEESAW                      | ✓                           | ✓                            | -                                  |

## 2.7 Board Attendance

The Board attendance as at the date of reporting is as follows:

| NAME OF DIRECTORS |  | No. of Board<br>Meetings attended |
|-------------------|--|-----------------------------------|
| 1                 | Mr. Bojrazsingh BOYRAMBOLI (Chairperson) | 1/1                               |
| 2                 | Mr. Preetam BOODHUN                      | 8/8                               |
| 3                 | Mr. Gansam BOODRAM                       | 15/15                             |
| 4                 | Mr. Gessavah CHENGAN                     | 11/15                             |
| 5                 | Mr. Heymant Rao Anand SONOO              | 12/15                             |
| 6                 | Mr. Gilbert Bernadin LEGRAND             | 15/15                             |
| 7                 | Mr. Daramdev JHUNPUT                     | 15/15                             |
| 8                 | Mr. Deepaksing RAMJEET                   | 14/15                             |
| 9                 | Mr. Poonith MUNGROOA                     | 15/15                             |
| 10                | Mr. Krishna KISTNEN                      | 7/15                              |
| 11                | Mr. Uttam JUNKEESAW                      | 14/15                             |

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 2 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

#### 2.8 Interest in Shares and Option Certificates

Directors' holdings in shares and option certificates are as follows:

| NAME OF DIRECTORS                          | Number of Ordinary Shares |          | Number of Option Certificates |          |
|--|---------------------------|----------|-------------------------------|----------|
|  | Direct                    | Indirect | Direct                        | Indirect |
| 1 Mr. Bojrazsingh BOYRAMBOLI (Chairperson) | Nil                       | Nil      | Nil                           | Nil      |
| 2 Mr. Preetam BOODHUN                      | Nil                       | Nil      | Nil                           | Nil      |
| 3 Mr. Gansam BOODRAM                       | 15,000                    | Nil      | Nil                           | Nil      |
| 4 Mr. Gessavah CHENGAN                     | 60,000                    | Nil      | Nil                           | Nil      |
| 5 Mr. Heymant Rao Anand SONOO              | 30,000                    | 127,500  | 2                             | 8        |
| 6 Mr. Gilbert Bernadin LEGRAND             | 4,000                     | Nil      | Nil                           | Nil      |
| 7 Mr. Daramdev JHUNPUT                     | Nil                       | Nil      | Nil                           | Nil      |
| 8 Mr. Deepaksing RAMJEET                   | 5,000                     | 15,000   | Nil                           | 1        |
| 9 Mr. Poonith MUNGROOA                     | 15,000                    | Nil      | 1                             | Nil      |
| 10 Mr. Krishna KISTNEN                     | 15,000                    | Nil      | Nil                           | Nil      |
| 11 Mr. Uttam JUNKEESAW                     | Nil                       | 15,000   | Nil                           | 1        |

The Option Certificates of the Company are traded on the Development and Enterprise Market (DEM) of the Stock Exchange of Mauritius. The shares on the other hand are not listed.

#### 2.9 Directors dealings

There were no directors dealing during the year.

#### 2.10 Committees

The Board is assisted in fulfilling its responsibilities by committees, namely the Corporate Governance Committee, Audit & Risk Management Committee, Strategy & Investment Committee and Staff & Remuneration Committee, which operate under clearly defined terms of reference and regularly report and recommend specific matters to the Board for approval.

##### a) Corporate Governance Committee

The Corporate Governance Committee acts as a useful mechanism for making recommendations to the Board on all corporate governance provisions to be adopted so that the Board remains effective and complies with the prevailing corporate governance principles.



## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

## 2 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

## 2.10 Committees (Continued)

## a) Corporate Governance Committee (Continued)

The Committee has the following responsibilities:

- Determine, agree and develop the Company's general policy on corporate governance in accordance with the Code of Corporate Governance;
- Ensure that disclosures are made in the annual report in compliance with the disclosure provisions of the code;
- Consult other non-executive directors in its evaluation of the Chairperson and the Chief Executive Officer of the Board;
- Regular review of the Board structure, size and composition and make recommendations with regards to any adjustments that are deemed necessary;
- Make recommendations for the continuation (or not) in services of any director who has reached the age of 70;
- Recommend directors retiring by rotation for re-election;
- Have due regard for principles of governance and code of best practice;
- Liaise with the Board in relation to the preparation of the Committee's report to Shareholders;
- Assessing the Board's relationships with Management and to recommend, where necessary, limits on Management's authority to act without explicit Board approval; and
- Considering recommendations regarding the appointment of the Chief Executive Officer of the Company.

The members of the Corporate Governance Committee are as follows:

| No | Name of Members                   |
|----|-----------------------------------|
| 1  | Mrs. Divanandum Packiry P Chinien |
| 2  | Mr. Soobeersen Sanmukhiya         |
| 3  | Mr. Heymant Rao Anand Sonoo       |
| 4  | Mr. Daramdev Jhunput              |
| 5  | Mr. Gilbert Bernadin Legrand      |

## b) Audit &amp; Risk Management Committee

The Audit & Risk Management Committee meets regularly and consists of non-executive directors. The Company Secretary and Management executives attend the meetings as and when required.

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 2 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

#### 2.10 Committees (Continued)

##### b) Audit & Risk Management Committee (Continued)

The Committee has the following responsibilities:

- To monitor the integrity of the financial statements of the Company;
- To review financial statements prior to their approval;
- To review the Company's internal financial control and the risk management systems;
- To monitor and review the effectiveness of the Company's internal audit function;
- To make recommendations to the Board in relation to the appointment of the external auditors and to approve the remuneration and terms of engagement of the external auditors;
- To monitor and review the external auditors' independence, objectivity and effectiveness; and
- To develop and implement policy on the engagement of the external auditors to supply non-audit services.

The terms of reference of the Audit & Risk Management Committee have been approved by the Board and are reviewed as necessary. The Committee has satisfied its responsibilities for the year, in compliance with its terms of reference. The Committee members and attendance for year under review were as follows:

| No | Name of members             | Attendance |
|----|-----------------------------|------------|
| 1  | Mr Gunesh Beegadhur         | 5/5        |
| 2  | Mr Gilbert Bernadin Legrand | 5/5        |
| 3  | Mr Satian Rao Deojee        | 4/5        |
| 4  | Mr. Omeshsing Baneer        | 0/5        |

##### c) Strategy & Investment Committee

The Committee consists of 6 members including chairpersons of Sugar Investment Trust, SIT Leisure Limited, SIT Land Holdings Ltd and SIT Property Development Ltd. Its main objective is to discuss strategic matters and oversee strategic investment of the SIT Group.

Authority is delegated to the Committee to investigate and take all the necessary actions pertaining to strategy and investment decision making pursuant to strategic objectives of the SIT Group. It is then required to submit its recommendations to the main Board of the SIT Group for final approval.

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

## 2 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

## 2.10 Committees (Continued)

## c) Strategy &amp; Investment Committee (Continued)

The Committee has the following functions:

- Ensure that the Group has a proper strategy management system in place;
- Review the effectiveness of SIT Group strategy and make recommendation to the Board;
- Review strategic plans, corporate objectives and budgets and monitor performance compared to targets;
- Review and recommend strategic projects to the Board and monitor their implementation;
- Review management of the Group's capital resources;
- Seeking expert consultancy services pertaining to investment planning, due diligence, econometric modelling etc.;
- Provide a rapid response forum capable of seizing opportunities as they arise.

The Committee members and attendance for the year under review were as follows:

| No | Members                  | Attendance |
|----|--------------------------|------------|
| 1  | Mr. Preetam Boodhun      | 1/1        |
| 2  | Mr. Sobeersen Sanmukhiya | 1/1        |
| 3  | Mr. Feroze Peerboccus    | 1/1        |
| 4  | Mr. Gansam Boodram       | 1/1        |

## d) Staff &amp; Remuneration Committee

The Staff & Remuneration Committee has been established to provide a mechanism to enhance communication and consultation between staff and management on matters of mutual interest in terms of work matters, issues and concerns. It also promotes the spirit of cooperation between management and staff, considers suggestions for continuous improvements in the Group's operational efficiency, ensures staff welfare and recognition of staff concerns and ensures that SIT Group is an inclusive workplace.

The functions of the Staff & Remuneration Committee are essentially to:

- Advise management on work matters of interest and of concern to staff;
- Determine, agree and develop the Group's general policy on recruitment, remuneration and conditions of employment;
- Co-ordinate its activities with the Chairperson of the Board and the Chief Executive Officer and consult them in formulating the Committee's remuneration policy and specific remuneration packages;

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 2 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

#### 2.10 Committees (Continued)

##### d) Staff & Remuneration Committee (continued)

- Raise issues, initiate discussions and make suggestions to arrive at options to address the issues/concerns;
- Share with management staff ideas and suggestions for improvements to increase the Group's operational efficiency and ensure staff welfare;
- Act as a conduit for 2-way communication between staff and management and provide feedback both ways;
- Work such matters of interest/concern and issues/concerns for discussions that contribute towards achieving the Group's Mission and Vision;
- Personnel issues such as recruitment, staff training and development, performance management, grievance procedures, etc.;
- Administrative matters such as procurement, travel, transport, telecommunications, security, etc.;
- Staff relations and communications such as staff and customer satisfaction surveys, enhancing management/staff relationships, staff suggestions, etc.;
- New initiatives to benefit the SIT Group and the staff;
- Strategic issues for the future such as strategic staffing etc.;
- Matters relating to the wellbeing of staff — physical welfare, working conditions, sports and recreation, etc.;
- Any other matters affecting the Group's operational efficiency and staff well-being.

The Committee members and attendance for the year ended 30 June 2020 are as follows:

| No | Members                             | Attendance |
|----|-------------------------------------|------------|
| 1  | Mr. Feroze Peerboccus (Chairperson) | 3/4        |
| 2  | Mr. Uttam Junkeesaw                 | 3/4        |
| 3  | Mr. Sobeersen Sanmukhiya            | 4/4        |
| 4  | Mr. Krishna Kistnen                 | 3/4        |
| 5  | Mr. Daramdev Jhunput                | 4/4        |

#### 2.11 Senior Management

##### (a) Profile of Senior Management

###### Dineshrao BABAJEE — Chief Executive Officer

Mr Babajee joined SIT in July 2020. Prior to joining the SIT Group, Mr. Babajee was the General Manager of Rose Belle Sugar Estate for 4 years and Chairman of the Employees Welfare Fund from April 2015 to June 2020. He has 20 years of experience in Marketing and Management. Mr Babajee is a holder of an MBA in Business Administration and a BSc (Hons) in Agriculture with Specialisation in Agricultural Engineering.

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

## 2 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

## 2.11 Senior Management (Continued)

## (a) Profile of Senior Management (Continued)

**Mahendra Kumar RAMROOP – Chief Finance Officer**

Mr Ramroop joined SIT in March 2017 and has vast experience in the field of finance. He has worked in the banking sector for over 18 years. After that he joined the SIC Group and worked in the leisure sector for 7 years. Subsequently, he was assigned responsibilities in Corporate Services and for at least 12 years in Fund Management.

Mr Ramroop is a Fellow Member of the Association of Chartered Certified Accountants, UK. He is a member of M.I.P.A. He also holds an MBA with specialisation in Financial Management.

**Veekash HOSANEE – Project Manager**

Mr Hosanee joined SIT in December 2019. He is a Registered Professional Engineer and has more than 24 years of experience in the Building and Civil Engineering sector. He holds a BTech (Hons) in Civil Engineering, an MSc in Project Management and an MBA with specialisation in Property Development. Prior to joining SIT, Mr Hosanee held various post of responsibilities in various organisations both local and internationally.

**Dayanand (Rakesh) KOOBRAWA – Team Leader – Administration & Human Resource**

Mr Koobrawa joined SIT in June 2008 as Team Leader – Administration & Human Resources. He is a holder of an MBA General with Merit, a Degree in Human Resource Management, a Diploma in Occupational Health and Safety Management, a Diploma in Personnel Management and a Higher National Diploma in Computer Studies. He has also worked for 15 years as Administrative and Human Resource Manager at Triolet Bus Service Ltd.

**Kamal NUNDLOLL - Head of Operations, Splash N Fun Leisure Park**

Mr Nundloll joined the SIT Group in January 2020 and is responsible for the management and operation activities of the Splash N Fun Leisure Park. Prior to joining, Mr Nundloll has spent over 30 years in different positions and services working in hotels, the last one as General Manager of a four-star hotel and has wide experience in hospitality managing hotels, non-clinical services in a modern hospital and as a training officer at the Hotel School of Mauritius.

Mr Nundloll is a holder of an MBA with specialisation in Tourism Management. He also holds a Diploma in Hotel Management with in-service training in Kenya and Germany as well as a Diploma in Quality Management and a Diploma in Sales, Marketing & Communication.

**Satiadev (Anoop) SEETOHUL – Agricultural Operating Officer**

Mr Seetohul joined the SIT Group in January 2020 and is responsible for the implementation and management of the agricultural projects and activities of the SIT Group. He has over 25 years of working experience in Agriculture and prior to joining the SIT Group, Mr Seetohul has worked for 15 years as Research Scientist at Food and Agricultural Research Institute (FAREI) and 10 years as Research and Development Agronomist at Medine limited. He is a holder of a diploma in Agriculture and Sugar Technology, a BSc in Agriculture and an MSc in Plant Science and Biotechnology.



## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 2 THE STRUCTURE OF BOARD AND ITS COMMITTEES (CONTINUED)

#### 2.11 Senior Management (Continued)

##### Chitlall (Dhiraj) CHINTARAM – Internal Auditor

Mr Chintaram joined the SIT Group in January 2020. He has over 20 years of working experience in Auditing and Finance and prior to joining the SIT Group, Mr Chintaram has worked for 17 years at Harel Mallac & Co. Ltd as Group Internal Auditor. He is a Fellow Member of The Association of Chartered Certified Accountants, UK; the member of the Mauritius Institute of Professional Accountants and a Certified Internal Auditor from the Institute of Internal Auditors, USA. Mr. Chintaram is also a holder of an MBA with specialisation in Financial Management.

##### Ranjeeta DEERPAUL – Accountant

Mrs Deerpaul joined the SIT Group in May 2016 as Accountant. She is a Fellow Member of The Association of Chartered Certified Accountants, UK. Prior to joining the SIT Group, she spent 7 years at KPMG Mauritius where she gained valuable accounting and auditing experience in supervisory positions. She was in charge of various audits of large institutions in the banking, manufacturing and hotel sector. She subsequently moved to London where she worked in a firm of accountants for 2 years. In 2011, she returned to Mauritius and joined Extell Investments Limited (a member of South African based Bravura Group) where she worked for 5 years as Finance Manager.

#### (b) Senior Management Interests

Senior management holding shares in the Company as at 30 June 2020 is shown below:

|   | Name                           | Number of Ordinary shares |          | Number of Option Certificate |          |
|---|--------------------------------|---------------------------|----------|------------------------------|----------|
|   |                                | Direct                    | Indirect | Direct                       | Indirect |
| 1 | Mr. Dinesh Rao BABAJEE         | Nil                       | Nil      | Nil                          | Nil      |
| 2 | Mr. Mahendra Kumar RAMROOP     | Nil                       | Nil      | Nil                          | Nil      |
| 3 | Mr. Veekash HOSANEE            | Nil                       | Nil      | Nil                          | Nil      |
| 4 | Mr. Dayanand (Rakesh) KOOBRAWA | 15,000                    | Nil      | 1                            | Nil      |
| 5 | Mr. Kamal NUNDLOLL             | 30,000                    | Nil      | 2                            | Nil      |
| 6 | Mr. Satiadev (Anoop) SEETOHUL  | Nil                       | Nil      | Nil                          | Nil      |
| 7 | Mr. Chitlall CHINTARAM         | Nil                       | Nil      | Nil                          | Nil      |
| 8 | Mrs. Ranjeeta DEERPAUL         | Nil                       | Nil      | Nil                          | Nil      |

### 3 ELECTION AND RE-ELECTION

The Directors are appointed at the Annual Meeting of Shareholders, where four directors are elected by the shareholders and the remaining five directors are appointed by the Founder Shareholder. Following the amendment brought to the Constitution in the year 2013 and which was adopted by its shareholder at a Special Meeting of Shareholders, the term office of each Board Member was limited to a term of three years. No person may be re-appointed or re-elected as Director before the expiry of three years after having previously served as Director.

During the last Annual Meeting of shareholders held on 28 March 2019, the Board of Directors of SITLH was reconstituted where directors were elected and appointed for a term of three years.

In line with the recommendations of the New Code of Corporate Governance 2016, the Board assumes the responsibilities for succession planning and for the appointment and induction of new directors to the Board.

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

## 4 DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

The directors are aware of their legal duties as provided under the Companies Act 2001 and regularly monitors and evaluates compliance with its Code of Ethics. The Company Secretary maintains an interest register and is available for consultation to shareholders upon written request to the Company Secretary.

The remuneration of the non-executive directors is determined whilst having due regard to market conditions and the interest of the shareholders. The board members are entitled to a fixed monthly remuneration and a travelling allowance. The committee members are entitled to a fixed remuneration per sitting. There is no variable remuneration policy for the directors.

In line with the recommendations of the Code of Corporate Governance, the names of the Directors of the Company holding office during the year and their respective earnings in terms of remunerations and other benefits are disclosed in the table hereunder:

|    | NAME OF DIRECTORS            | Remunerations and other Benefits (Rs) |
|----|------------------------------|---------------------------------------|
| 1  | Mr. Preetam BOODHUN          | 58,500                                |
| 2  | Mr. Gansam BOODRAM           | 199,500                               |
| 3  | Mr. Gessavah CHENGAN         | 102,500                               |
| 4  | Mr. Heymant Rao Anand SONOO  | 101,000                               |
| 5  | Mr. Gilbert Bernadin LEGRAND | 102,500                               |
| 6  | Mr. Daramdev JHUNPUT         | 103,500                               |
| 7  | Mr. Deepaksing RAMJEET       | 102,500                               |
| 8  | Mr. Poonith MUNGROOA         | 103,500                               |
| 9  | Mr. Krishna KISTNEN          | 44,500                                |
| 10 | Mr. Uttam JUNKEESAW          | 103,000                               |

The Board ensures that an effective IT policy and strategy are in place within the Company. In this respect, an independent IT Team has been appointed. The expenditures on information technology and information security policies are regularly reviewed and monitored.

The Chairperson ensures that all Board Members received accurate, timely and clear information whereas the Company Secretary ensures that good information flows within the Board and its committees and between senior management and non-executive directors. The Board makes sure that the directors have access to independent professional advice at the Company's expense in cases where the directors judge it necessary for discharging their responsibilities as directors.

All Board Members have an obligation to treat all matters relating to the Company, learned in their capacity as directors, in strict confidentiality and private and must not under any circumstance divulge them to anyone without the authority of the Board.

The Board has not yet adopted any policy regarding board and director appraisal but intends to implement same to be in line with the recommendations of the National Code of Corporate Governance.

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 5 RISK GOVERNANCE AND INTERNAL CONTROL

#### 5.1 Risk Management and Internal Control System

The Board is responsible for the governance of risk and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. In this respect, the Audit & Risk Management Committee looks after the risk management issues of the SIT Group.

The Board acknowledges that internal control is one of the mechanisms used to reduce risk to an acceptable level. It is the role of Senior Management to oversee the establishment, administration and assessment of the system and processes. The monitoring and review cover all material controls, including financial, operational and compliance. In this respect, internal control systems have been enhanced during the year to reduce risk and mitigate such deficiencies.

During harvest season 2018, the internal control systems regarding the operational activities were enhanced to improve the effectiveness of the organisation. As a result, the expenditures of SITLH were significantly reduced as compared to the previous years. The same internal control systems were in place for the harvest season 2019. All areas of the operational activities were covered and no known risks or deficiencies in the organisation's system were noted during the year under review.

#### 5.2 Identification of key risk managements

(i) Please refer to Note 4 of the Financial Statements.

(ii) Shareholders' Data Protection Risk

SIT Land Holdings Ltd has over 15,000 shareholders and therefore has to ensure that the share register is properly maintained and duly updated. SIT Corporate and Secretarial Services Ltd, which acts as Company Secretary of the Company, ensures that all share transfers and amendments in shareholders' particulars are entered into the share register. The risk of leakage of shareholders personal information definitely invites for a negative external image of the Company.

To overcome the risk, SIT Corporate and Secretarial Ltd has worked in close collaboration with the Central Depository & Settlement Co Ltd (CDS), to ensure the highest level of privacy of shareholders personal information. The share transfers and any change in shareholders particulars are stocked in an external IT database, monitored by CDS at its registered office. Moreover, regular interaction is made with the Commissioner of Data Protection Office to ensure that the provisions of the Data Protection Act are thoroughly complied with. Therefore, with the above structure in place, the likelihood of any leakage of shareholders personal information can be said to be negligible.

### 6 REPORTING WITH INTEGRITY

The Board is responsible for the preparation of accounts that fairly present the state of affairs of SITLH and also have to ensure that such accounts adhere to IFRS, IAS and the Companies Act 2001.

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

## 6 REPORTING WITH INTEGRITY (CONTINUED)

### 6.1 Charitable donations

The Company did not make any donation during the year under review (2019: Rs nil).

### 6.2 Political donations

The Company, in line with its policy, did not make any political donation during the year under review (2019: Rs nil).

### 6.3 Carbon reduction reporting

The Company actually does not have any policy set towards carbon reduction schemes. Nevertheless, it has adopted and implemented within the Group, the following measures amongst others, with the aim of reducing the use of carbon.

- The Company has preferred to go for the Pyroelectric (“Passive”) Infrared (PIR) sensor which allows sensing movement of a body within a range of 5 to 7 metres within an office space instead of use of the traditional switch system. The impact of the PIR is such that it switches automatically upon movement of any individual. Subsequently, in the absence of staff members, the office lights switch off automatically and thus lowers consumption of electricity.
- The Company is also via its associate SIT Property Development Ltd (SPDL), planning to set up two solar farms, in its residential morcellement project, Aurea- Living Harmony. With the imminent implementation of these solar farms, SPDL plans to convert heat energy into electrical energy during the day which shall be transferred to the CEB Grid. This will allow transmission of electricity solely from solar energy which in a way will avoid burning of coal for production of electricity.
- The Company has also come up with implementation of the VRF (Variable Refrigerant Flow) Air- Conditioning System in its office. The VRF units work only on predetermined rates which allows for substantial energy savings. This eventually contributes to less use of electricity and carbon emission.

With the above main actions undertaken by the Company, the SIT Group has shown that despite not yet having any policy regarding carbon reduction, it has in its best endeavours tried to be in line with the international needs towards a green environment and promote use of energy efficient systems within its office.

### 6.4 Sustainability reporting

The Company has developed and implemented social, safety, health and environmental policies and practices that in all material respects comply with existing legislative and regulatory frameworks.

### 6.5 Corporate and Social Responsibility

The Company has not undertaken any CSR activity during the year under review.

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 7 AUDIT

An internal audit department was set up in January 2018. The scope of internal auditing within Sugar Investment Trust (the Group and its companies) is broad as companies in the Group have activities in sugar cane cultivation and harvesting, rental of buildings, waterpark business and property development projects.

The Institute of Internal Auditors (IIA) defines Internal Auditing as:

“An independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

Consistent with its mission, the Internal Audit Department (IAD) provides management with information, appraisals, recommendations, and counsel regarding the activities examined and other significant issues.

IAD performs the following tasks in accordance with its overall strategy:

- Verify the existence of assets and recommend proper safeguards for their protection;
- Evaluate the adequacy of the system of internal controls;
- Recommend improvements in controls;
- Assess compliance with policies and procedures and sound business practices;
- Assess compliance with laws, regulations and contractual obligations;
- Review operations/programs to ascertain whether results are in line with established objectives and whether the operations/programs are being carried out as planned;
- Investigate reported occurrences of fraud, embezzlement, theft, waste etc; and
- Any assignments from the Chief Executive Officer.

In carrying out the duties and responsibilities, the Head of Internal Audit submits audit reports to the Chief Executive Officer and who takes remedial actions immediately. Such reports are made available to the Chairman of the Audit & Risk Management Committee.

In the course of their duties, internal auditors have full, free and unrestricted access to management, employees, any of the Company’s financial and operational activities, physical operations and to all information/records considered necessary for the proper execution of internal audit’s work, subject to strict accountability for safekeeping and confidentiality thereof.

A new Internal Auditor has been recruited during the year and disclosed on the Company’s website. The Internal auditor regularly reported to the Audit & Risk Management Committee and it was usually at least four times during a year.

The Audit & Risk Management Committee has met with the external auditor once during the year and discussed the critical policies, judgements and estimates with the external auditor.

Usually, the SIT Group appoints a new external auditor after every three financial years. External Auditors are appointed through bidding process. The last tender was launched in January 2018 which Mazars was appointed an External Auditor at the Annual General Meeting held in March 2018.

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

## 8 RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

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

### 8.1 Shareholders holding more than 5% of the capital of the Company

No person has reported any material interest of 5% or more of the equity share capital of SIT Land Holdings Ltd.

### 8.2 Dividend Policy

The Company aims to ensure that its shareholders have a consistent return on their investments in the form of stable dividends. For the financial year ended 30 June 2019, a dividend of Rs. 0.04 per share was declared. The dividend cover and dividend yield trend over the past years are shown below:

| Year | Dividend cover (Times) | Dividend Yield (%) |
|------|------------------------|--------------------|
| 2019 | 0.00                   | 4                  |
| 2018 | 0.00                   | 4                  |
| 2017 | 0.00                   | 4                  |
| 2016 | 4.83                   | 3                  |
| 2015 | 0.00                   | -                  |
| 2014 | 0.00                   | 10                 |
| 2013 | 1.50                   | 12                 |
| 2012 | 1.03                   | 10                 |
| 2011 | 2.69                   | 10                 |

### 8.3 Related party transactions

Please refer to Note 26 of the Financial Statements.

### 8.4 Important Events

#### Reporting

|   |                   |
|---|-------------------|
| Publication of Unaudited Abridged Interim Financial Statements for Quarter ending September 30, 2020  | 15 November 2020  |
| Publication of Unaudited Abridged Interim Financial Statements for Half year ending December 31, 2020 | 15 February 2021  |
| Publication of Unaudited Abridged Interim Financial Statements for nine months ending March 31, 2021  | 15 May 2021       |
| Publication of Abridged Audited Financial Statements for year ending June 30, 2021                    | 30 September 2021 |

### 8.5 Employee Share-Option Plan

There is no share-option plan in place within the Company.

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

### 9 MATERIAL CLAUSES OF THE CONSITUTION

#### Article 8.1

The Founder Shares shall confer upon the Sugar Investment Trust or its agents and instrumentalities the following rights and privileges namely: -

- (i) the right to appoint such number of Directors of the Company so as to control its Board of Directors; and
- (ii) the right to appoint the Chairman of the Board of Directors.

#### Article 78

The Company shall appoint such number of Directors as the Company in General Meeting may decide provided that:

- (i) the majority of those Directors shall at all-time be appointed by the holder of the Founder Share of the Company; and
- (ii) out of the remaining other Directors, at least one shall be: -
  - (a) an Employee (as defined by the Sugar Industry Efficiency Act) of the sugar industry who is a member of the Company; and
  - (b) a Planter (as defined by the Sugar Industry Efficiency Act) of the sugar industry who is a member of the Company.

A copy of the Memorandum & Articles of Association is available upon request at the registered office of the Company.

### 10 SHAREHOLDERS' AGREEMENT

There is no Shareholders' Agreement. However, Article 79 of the Memorandum and Article of Association of the Company provides that every director shall be a shareholder of the Company except the Directors appointed by the holder of Founder Share who shall not be required to hold any share of the Company for the purpose of eligibility for appointment as a Director of the Company.


### 11 MANAGEMENT AGREEMENT

The Company has not entered into any management agreement with third parties.

Approved and authorised by the Board of Directors and signed on its behalf by:



.....  
Director



.....  
Director

Date: 26 October 2020



## STATEMENT OF COMPLIANCE

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

**Name of Public Interest Entity** : SIT Land Holdings Ltd  
**Reporting Period** : 01 July 2019 to 30 June 2020

We, the Directors of **SIT Land Holdings Ltd (SITLH)** confirm that throughout the year ended 30 June 2020 to the best of our knowledge, SITLH has complied with the principles of the Code of Corporate Governance (the “Code”) except for the following:

### Principle 1 – Governance Structure

- Adoption of a Board Charter

The Board, as a governing body, fully understand its role, responsibility and authority in setting the direction, the management and control of the Company. The Company has started working on a Board charter which will soon be adopted to be in line with the recommendations of the National Code of Corporate Governance 2016.

### Principle 2 – The Structure of the Board and its Committees

- Independent Directors

Although the National Code of Corporate Governance 2016 recommends having at least two Executive Directors and two Independent Directors, the Board believes that the Board composition is adequate due to the size and complexity of the business, which is in line with the Company’s Memorandum & Article of Association.

- Gender Balance on the Board

Presently no mechanism is in place within the Company to promote gender balance on the Board, as the Board members are elected and appointed by the Company’s shareholders as provided under the Memorandum & Articles of Association.

### Principle 3 – Director Appointment Procedures

- Induction and Orientation Process

During the year, the directors attended a two days training / workshop aimed at promoting integrity in procurement. The trainings were conducted by the Independent Commission Against Corruption (ICAC).

- Professional development and ongoing education of directors

The Company did not undertake any professional development and ongoing education of directors during the year but will consider implementing such system.

## STATEMENT OF COMPLIANCE (CONTINUED)

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

### Principle 4 – Directors Duties, Remuneration and Performance

- Conflicts of Interest

Presently, the SIT Group does not have any formal conflict of interest and related party transactions policy but will adopt same as from the next financial year in line with the National Code of Corporate Governance for Mauritius.

- Board Evaluation and Development

The SIT Group did not appoint any independent Board Evaluator during the year under review and no Board evaluation and development processes were undertaken. However, the SIT Group will consider implementing one soon.

### Principle 5 – Risk Governance and Internal Control

- Whistle-blowing rules and procedures

The Board has not adopted any whistle-blowing rules and procedures yet but will implement one soon.



.....  
Director



.....  
Director

Date: 26 October 2020

## STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2020

Directors acknowledge their responsibilities for:

- (i) adequate accounting records and maintenance of effective internal control systems;
- (ii) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that year and which comply with International Financial Reporting Standards ("IFRS") and the requirements of the Mauritius Companies Act and Financial Reporting Act;
- (iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements; and
- (iv) having made an assessment of the Company as a going concern and have reasons to believe it will continue to operate for the foreseeable.
- (v) The external auditors are responsible for reporting on whether the financial statements are fairly presented.

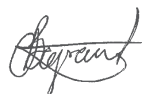
The directors report that:

- (i) adequate accounting records and an effective system of internal controls and risk management have been maintained;
- (ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- (iii) International Financial Reporting Standards have been adhered to. Any departure in the interest in fair presentation has been disclosed, explained and quantified;
- (iv) Mauritius Companies Act requirements have been fully adhered to; and
- (v) the Code of Corporate Governance has been adhered to. Reasons have been provided where there has not been compliance.

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



.....  
Director



.....  
Director

Date: 26 October 2020

## SECRETARY'S CERTIFICATE FOR THE YEAR ENDED 30 JUNE 2020

In accordance with 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 Companies Act 2001, except for the filing of the audited financial statements within the prescribed year.



.....  
**Mr Mahendra Kumar Ramroop FCCA**  
**For SIT CORPORATE AND SECRETARIAL SERVICES LTD**  
Company Secretary

**Date:** 26 October 2020

# INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SIT LAND HOLDINGS LTD

## Report on the audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of **SIT Land Holdings Ltd** (the "Company") on pages 41 to 80 which comprise the statements of financial position as at 30 June 2020 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 41 to 80 give a true and fair view of the financial position of the Company as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and comply with 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

### Other information

The directors are responsible for the other information. The other information comprises the Corporate Governance Report, Commentary of The Directors and the Secretary's Certificate as required by the Companies Act 2001 which we obtained prior to the date of the audit report. Other information does not include the financial statements and our audit report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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.

# INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SIT LAND HOLDINGS LTD

## Report on the audit of the Financial Statements (Continued)

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition, we have determined the matters described overleaf to be the key audit matters to be communicated in our report.

| Matter   | Audit response   |
|--|--|
| <p><b>Land</b><br/>(Refer to Note 2.6 for accounting policies and Note 5 relating to land.</p> <ul style="list-style-type: none"> <li>Land is the Company's most significant asset comprising of 34% of the total assets as at 30 June 2020. The land is held for agricultural purpose and is stated at cost.</li> <li>Due to the significant risk over the recording and classification of land and the amount of resources being allocated by the directors over the reconciliation of movements since inception, we have determined this area as a key audit matter in our audit of the financial statements.</li> </ul> <p><b>Impairment assessment of amount due from associate company</b><br/>(Refer to the Note 2.3 for the accounting policies and Note 12 relating to trade and other receivables</p> <ul style="list-style-type: none"> <li>As at 30 June 2020, the amount due from associate Company amounted to Rs. 206,499,000, representing 60% of the current assets and 27% of the total assets of the Company.</li> <li>Under IFRS 9 'expected loss' model, a credit event (or impairment "trigger") no longer has to occur before credit losses are recognised. 12 month expected credit losses is recognised in the profit or loss or lifetime expected losses recognised on assets for which there is a significant increase in credit risk after initial recognition.</li> </ul> | <p>Our procedures in relation to land included the following:</p> <ul style="list-style-type: none"> <li>We testing the design and implementation of the internal controls over the recording and classification of land;</li> <li>We agreed the land recorded in the land register with the supporting title deeds obtained from the land registry;</li> <li>We evaluated the movements recorded in the land register against the land surveyor report and the title deeds to ascertain whether the movements are accurately recorded and appropriate.</li> </ul> <p>Our procedures in relation to impairment on receivables from associate included the following:</p> <ul style="list-style-type: none"> <li>Evaluation of the financial performance of SIT PROPERTY DEVELOPMENT LTD, including its solvency and liquidity position, as evidenced by the latest audited financial statements for which we are auditors;</li> <li>We challenged the assumption used by the directors' recoverability assessment by: <ul style="list-style-type: none"> <li>(a) Applying or knowledge and understanding of the associate and the industry in which it operates;</li> <li>(b) Obtaining the valuation reports for properties owned by the associate and evaluating whether the market value of the properties is sufficient to cover its obligations towards the Company;</li> </ul> </li> </ul> |

# INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SIT LAND HOLDINGS LTD

## Report on the audit of the Financial Statements (Continued)

### Key Audit Matters (Continued)

| Matter   | Audit response  |
|--|---|
| <ul style="list-style-type: none"> <li>As at 30 June 2020, impairment indicators were identified:               <ul style="list-style-type: none"> <li>(a) The associate was in a net current liability position;</li> <li>(b) The associate had not managed to source funding to finance its main projects; and</li> <li>(c) The associate was facing challenges with collecting receivables relating to final payments from clients for reserved plots of land.</li> </ul> </li> <li>As at Balance Sheet date, the directors assessed the receivables from associate taking into account the financial health, the fair value of the assets and the ability of the associate to repay its financial obligations. Based on the assessment made by the directors, no provision for impairment have been booked with respect to receivables from associate.</li> <li>Given the magnitude of the amount due from associate in the financial statements, the impairment assessment of this balance is a key audit matter in our audit of the financial statements.</li> </ul> | <ul style="list-style-type: none"> <li>(c) Assessing the credit history of the associate based on the historical trends of repayments; and</li> <li>(d) Discussing with management on the viability of key development projects and confirming that the directors have approved each development plan of the associate.</li> <li>(e) We considered the consistency of judgements regarding the recoverability of receivables from associate made year in year to consider whether there is evidence of management bias through discussion with management on their rationale and obtaining evidence to support</li> <li>We have evaluated whether the impairment assessment of the amount due from SIT PROPERTY DEVELOPMENT LTD and the related assumptions and judgements applied are adequately disclosed in the financial statements.</li> </ul> |

### Responsibilities of the Directors and Those Charged with Corporate Governance 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 for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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.

Those charged with corporate governance are responsible for overseeing the Company's financial reporting process.



# INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SIT LAND HOLDINGS LTD

## Report on the audit of the Financial Statements (Continued)

### 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 judgment and maintain professional scepticism throughout the audit. We also:

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

# INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SIT LAND HOLDINGS LTD

## Report on the audit of the Financial Statements (Continued)

### Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

### Report on Other Legal and Regulatory Requirements

#### Mauritius Companies Act 2001

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

- We have no relationship with, or interests in, the Company or any of its subsidiaries, other than in our capacity as auditors of the Company;
- We have obtained all information and explanations we have required; and
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

# INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SIT LAND HOLDINGS LTD

## Report on the audit of the Financial Statements (Continued)

## Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

## Financial Reporting Act 2004

The Directors are responsible for preparing the corporate governance report. Our responsibility is to report the extent of compliance with the requirements of the Code of Corporate Governance (the "Code") and on whether the disclosure is consistent with the requirements of the Code. In our opinion, the disclosure is consistent with the requirements of the Code.


## Other Matters

This report, including the opinion has been prepared for and only 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. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into those whose hands it may come save where expressly agreed by our prior consent in writing.



Mazars

Date: 26 OCT 2020



Udaysingh Taukoordass, FCA  
Licensed by FRC

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

|                                     | Notes | 2020<br>Rs'000 | 2019<br>Rs'000 |
|-------------------------------------|-------|----------------|----------------|
| <b>ASSETS</b>                       |       |                |                |
| <b>Non-current assets</b>           |       |                |                |
| Land                                | 5     | 264,412        | 264,538        |
| Investment properties               | 6     | 70,053         | 70,053         |
| Plant and equipment                 | 7     | 7,483          | 7,918          |
| Intangible assets                   | 8     | 26             | -              |
| Investment in associate             | 9     | 83,108         | 125,653        |
| Deferred expenditures               | 10    | 357            | 360            |
| <b>Total non-current assets</b>     |       | <b>425,439</b> | <b>468,522</b> |
| <b>Current assets</b>               |       |                |                |
| Inventories                         | 11    | 2,686          | 4,240          |
| Trade and other receivables         | 12    | 228,439        | 224,253        |
| Consumable biological assets        | 13    | 8,713          | 15,190         |
| Cash and cash equivalents           | 23(b) | 2,789          | 6,015          |
| Assets held for sale                | 14    | 100,269        | 101,274        |
| <b>Total current assets</b>         |       | <b>342,896</b> | <b>350,972</b> |
| <b>Total assets</b>                 |       | <b>768,335</b> | <b>819,494</b> |
| <b>EQUITY AND LIABILITIES</b>       |       |                |                |
| <b>Equity</b>                       |       |                |                |
| Stated capital                      | 15    | 325,025        | 325,025        |
| Retained earnings                   |       | 38,565         | 132,170        |
| <b>Total equity</b>                 |       | <b>363,590</b> | <b>457,195</b> |
| <b>Liabilities</b>                  |       |                |                |
| <b>Non-current liability</b>        |       |                |                |
| Retirement benefit obligations      | 16    | 30,031         | 26,884         |
| <b>Total non-current liability</b>  |       | <b>30,031</b>  | <b>26,884</b>  |
| <b>Current liabilities</b>          |       |                |                |
| Trade and other payables            | 17    | 372,290        | 333,450        |
| Bank overdraft                      | 23(b) | 2,049          | -              |
| Contract liability                  | 2.16  | 375            | 1,965          |
| <b>Total current liabilities</b>    |       | <b>374,714</b> | <b>335,415</b> |
| <b>Total liabilities</b>            |       | <b>404,745</b> | <b>362,299</b> |
| <b>Total equity and liabilities</b> |       | <b>768,335</b> | <b>819,494</b> |

Approved by Board of directors on 26 October 2020 and signed on its behalf by



Director



Director

The notes on pages 45 to 80 form an integral part of the financial statements.

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

|   | Notes | 2020<br>Rs'000  | 2019<br>Rs'000  |
|---|-------|-----------------|-----------------|
| Revenue   | 2.17  | 46,164          | 53,631          |
| Cost of sales   | 18    | (68,797)        | (60,469)        |
| <b>Gross loss</b>   |       | <b>(22,633)</b> | <b>(6,838)</b>  |
| Other income  | 19    | 7,078           | 3,052           |
| Administrative expenses                                       | 20    | (9,235)         | (7,843)         |
| <b>Operating loss</b>   |       | <b>(24,790)</b> | <b>(11,629)</b> |
| Finance income  |       | 17,226          | 17,780          |
| Finance costs   |       | (27,840)        | (25,331)        |
| <b>Net finance costs</b>                                      | 21    | <b>(10,614)</b> | <b>(7,551)</b>  |
| Share of loss of associate, net of taxation                   | 9     | (42,545)        | (38,024)        |
| <b>Loss before taxation</b>                                   |       | <b>(77,949)</b> | <b>(57,204)</b> |
| Taxation  | 22(c) | -               | -               |
| <b>Loss for the year</b>                                      |       | <b>(77,949)</b> | <b>(57,204)</b> |
| <b>Other comprehensive income</b>                             |       |                 |                 |
| Items that will not be reclassified to profit or loss         |       |                 |                 |
| Re-measurement of defined benefit liability                   | 16    | (2,655)         | (474)           |
| Other comprehensive income for the year                       |       | -               | -               |
| <b>Total loss and other comprehensive income for the year</b> |       | <b>(80,604)</b> | <b>(57,678)</b> |
| Earnings per share (Rs)                                       |       | (0.25)          | (0.18)          |

The notes on pages 45 to 80 form an integral part of the financial statements.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

|  | Stated<br>Capital<br>Rs'000 | Retained<br>earnings<br>Rs'000 | Total<br>Rs'000 |
|--|-----------------------------|--------------------------------|-----------------|
| Balance at 01 July 2018                        | 325,025                     | 202,849                        | 527,874         |
| <b>Total comprehensive income</b>              |                             |                                |                 |
| Loss for the year                              | -                           | (57,204)                       | (57,204)        |
| Other comprehensive income                     | -                           | (474)                          | (474)           |
|  | -                           | (57,678)                       | (57,678)        |
| <b>Transactions with owners of the Company</b> |                             |                                |                 |
| <b>Contributions and distributions</b>         |                             |                                |                 |
| Dividends (Note 24)                            | -                           | (13,001)                       | (13,001)        |
|  | -                           | (13,001)                       | (13,001)        |
| Balance at 30 June 2019                        | 325,025                     | 132,170                        | 457,195         |
| Balance at 01 July 2019                        | 325,025                     | 132,170                        | 457,195         |
| Adjustment from the adoption of IFRS 16        | -                           | -                              | -               |
|  | 325,025                     | 132,170                        | 457,195         |
| <b>Total comprehensive income</b>              |                             |                                |                 |
| Loss for the year                              | -                           | (77,949)                       | (77,949)        |
| Other comprehensive income                     | -                           | (2,655)                        | (2,655)         |
|  | -                           | (80,604)                       | (80,604)        |
| <b>Transactions with owners of the Company</b> |                             |                                |                 |
| <b>Contributions and distributions</b>         |                             |                                |                 |
| Dividends (Note 24)                            | -                           | (13,001)                       | (13,001)        |
|  | -                           | (13,001)                       | (13,001)        |
| <b>Balance at 30 June 2020</b>                 | <b>325,025</b>              | <b>38,565</b>                  | <b>363,590</b>  |

The notes on pages 45 to 80 form an integral part of the financial statements.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

|   | Notes | 2020<br>Rs      | 2019<br>Rs      |
|---|-------|-----------------|-----------------|
| <b>Cash Flows from operating activities</b>         |       |                 |                 |
| Cash generated from operations                      | 23(a) | 13,242          | 19,878          |
| Interest received                                   |       | 17,226          | 17,780          |
| Interest paid                                       |       | (27,840)        | (25,331)        |
| <b>Net cash generated from operating activities</b> |       | <b>2,628</b>    | <b>12,327</b>   |
| <b>Cash flows from investing activities</b>         |       |                 |                 |
| Acquisition of plant and equipment                  |       | (2,600)         | (1,636)         |
| Acquisition of intangible assets                    |       | (30)            | -               |
| Proceeds from sale of land                          |       | 7,728           | 1,905           |
| <b>Net cash generated from investing activities</b> |       | <b>5,098</b>    | <b>269</b>      |
| <b>Cash flows from financing activities</b>         |       |                 |                 |
| Dividend paid to shareholders                       |       | (13,001)        | (13,001)        |
| <b>Net cash used in financing activities</b>        |       | <b>(13,001)</b> | <b>(13,001)</b> |
| <b>Net decrease in cash and cash equivalents</b>    |       | <b>(5,275)</b>  | <b>(405)</b>    |
| Cash and cash equivalents at beginning of year      |       | 6,015           | 6,420           |
| <b>Cash and cash equivalents at end of year</b>     |       | <b>740</b>      | <b>6,015</b>    |

The notes on pages 45 to 80 form an integral part of the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 1 GENERAL INFORMATION

SIT LAND HOLDINGS LTD is a public company, incorporated on 23 November 2001 and domiciled in Mauritius. It was listed on the Development and Enterprise Market of the Stock Exchange of Mauritius on 26 September 2002. Its registered office and principle place of business is Ground Floor, NG Tower, Cybercity, Ebène.

The principal activities of the Company are:

- dealing in matters relating to agriculture in general;
- acquire, hold and/or dispose of properties in general; and
- investment holding.

These financial statements will be submitted for consideration at forthcoming Annual General Meeting of shareholders of the Company.

## 2 SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Basis of presentation

The financial statements of SIT Land Holdings Ltd comply with the Mauritius Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost basis except for consumable biological assets that is stated at fair value.

The preparation of financial statements in conformity with IFRS, requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described in Note 3.

The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs'000), except when otherwise indicated.

#### Going concern

The Company incurred a loss of **Rs 80,605,808** (2019: Rs 57,678,471) for the year ended 30 June 2020 and as of that date, the Company's current liabilities exceeded its current assets by **Rs 31,818,562** (2019: net current asset: Rs 15,556,832) The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the support of the holding company.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.2 New and amended standards adopted as at 01 July 2019

The Company has adopted the new accounting pronouncement which have become effective this year and are as follows:

##### IFRS 16 “Leases”

IFRS 16 “Leases” replaces IAS 17 “Lease” along with three interpretations (IFRIC 4 “Determining whether an Arrangement contain a lease”, SIC 15 “Operating leases - Incentive” and SIC 27 “Evaluating the substance of Transactions Including the legal form of a lease”).

On transition for leases previously accounted for as operating leases with a remaining lease term less than 12 months, the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight line basis over the remaining lease term.

Other Standards and amendments that are effective for the first time in 2020 and applicable to the Company are:

- Definition of Material - amendments to IAS 1 and IAS 8
- Definition of Business - amendments to IFRS 3
- Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7
- Revised conceptual Framework for Financial Reporting
- Annual Improvements to IFRS Standards 2018-2020 Cycle
- Covid-19 Related Rent Concessions - amendments to IFRS 16 and interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### 2.3 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective standards and amendments to existing standards and interpretations have been published by the IASB. None of these standards or amendments to existing standards have been adopted by the Company.

Management anticipates that all relevant pronouncement will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company’s financial statements.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Financial Instruments

#### Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### Classification and initial measurement of financial assets

Except for the trade receivables that do not contain significant financing components and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs.

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

In the periods presented the Company does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial assets
- the contractual cash flows characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

#### Subsequent measurement of financial assets

##### Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objectives is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.4 Financial Instruments (Continued)

##### Subsequent measurement of financial assets (Continued)

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

##### Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

##### Financial assets at fair value through other comprehensive income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

##### Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (stage 1); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (stage 2).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.4 Financial Instruments (Continued)

##### Impairment of financial assets (Continued)

Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.

12 month expected credit losses are recognised for the first category while “lifetime expected credit losses” are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments.

##### Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

##### Classification and measurement of financial liabilities

The Company financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within finance costs or finance income.

#### 2.5 Investment properties

Investment property comprises portions of land leased out and is held for long-term rental yields. Investment property is measured at cost and is not depreciated. Transfers from land to investment property are accounted at cost.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.6 Freehold Land

Land is stated at cost and is not depreciated.

Any gain or loss on disposal of land (calculated on the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

#### 2.7 Plant and equipment

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation. Costs include expenditures directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that it will increase the future economic benefits associated with the item that will flow to the Company over those originally assessed and the cost of the item can be measured reliably.

Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life.

The annual depreciation rates used for current and comparative periods are as follows:

|                      |          |
|----------------------|----------|
| Bearer plant canes   | 7 years  |
| Computer equipment   | 3 years  |
| Motor vehicles       | 5 years  |
| Furniture & fittings | 10 years |
| Tools & equipment    | 4 years  |
| Plant & machinery    | 5 years  |

Gains and losses on disposal of plant and equipment are determined by reference to their carrying amount and are included in profit or loss.

#### 2.8 Intangible assets

Computer software

Acquired computer software licenses are capitalised on the basis of costs incurred and bring the specific software and are amortised using the straight-line method over the estimated useful lives of three years.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.9 Investment in associate

An associate is an entity in which the Company has significant influence, but not control, or joint control, over the financial and operating policies. Investment in associate is accounted for using the equity method. It is initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of profit or loss of the associate, until the date on which significant influence ceases.

#### 2.10 Deferred expenditures

Land development and expenditure in respect of costs incurred to prepare land in a saleable condition that is to be sold and is released to profit or loss on disposal.

#### 2.11 Assets held for sale

Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

#### 2.12 Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

#### 2.13 Cash and cash equivalents

Cash comprises cash at bank and bank overdrafts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents are measured at amortised cost which is equivalent to their fair values.

#### 2.14 Retirement benefit obligations

##### (i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.14 Retirement benefit obligations (Continued)

##### (ii) Defined benefit plans

The Company's net obligations in respect of defined benefit pension plans for employees is calculated by estimating the amount of future benefit that its employees have earned in return for their service in the current and prior periods, discounting that amount to determine the present value and deducting the fair value of any plan assets. The discount rate is the yield at the end of the reporting period. The net present value of gratuity on retirement payable under the Workers' Rights Act 2019 is calculated by a qualified actuary (AON Hewitt Ltd) using the projected unit credit method on a yearly basis. The obligations arising under this item are not funded.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Company determines the net interest expense or income on the net defined benefit liability or 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 then-net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the statement of profit or loss and other comprehensive income. Any actuarial gain and loss that arises is recognised immediately in other comprehensive income.

#### 2.15 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

#### 2.16 Contract liability

The following table provides information about contract liabilities from contracts with customers

|                                   | 2020<br>Rs'000 | 2019<br>Rs'000 |
|-----------------------------------|----------------|----------------|
| Balance as at 01 July,            | 1,965          | 424            |
| Deposits received during the year | 4,188          | 3,446          |
| Released during the year          | (5,778)        | (1,905)        |
| Balance as at 30 June,            | 375            | 1,965          |

The contract liabilities relate to deposits received from customers for the acquisition of land. The amount of **Rs. 5,777,950** (2019: Rs 1,904,750) recognised in contract liabilities has been recognised as revenue for the year ended 30 June 2020.

No information is provided about the remaining performance obligations as at 30 June 2020 that have an original expected duration of one year or less, as allowed by IFRS 15.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2.17 Revenue

The Company generates revenue from sugar and its by-products and sale of agricultural land. To determine whether to recognise revenue, the Company follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to performance obligations
- 5 Recognising revenue when/as performance obligations are satisfied.

In the following table, revenue is disaggregated by nature and timing of revenue recognition for the year ended 30 June 2020 and 30 June 2019:

|   | 2020   | 2019   |
|---|--------|--------|
|   | Rs'000 | Rs'000 |
| Proceeds from sugar and the related by-products |        |        |
| Sugar   | 28,545 | 24,809 |
| Molasses  | 5,229  | 5,241  |
| Bagasses  | 359    | 459    |
| Compensation received                           | 4,303  | 21,217 |
|   | 38,436 | 51,726 |

|   | 2020   | 2019   |
|---|--------|--------|
|   | Rs'000 | Rs'000 |
| Proceeds from sale of agricultural land |        |        |
| Ile D'Ambre                             | 1,540  | -      |
| Union Park                              | 4,188  | -      |
| Rivière Dragon                          | 2,000  | -      |
| Domaine Deux Bras                       | -      | 1,905  |
|   | 7,728  | 1,905  |

Timing of revenue recognition:

|   |        |        |
|---|--------|--------|
| - Products transferred at a point in time | 38,436 | 51,726 |
| - Land transferred at a point in time     | 7,728  | 1,905  |
|   | 46,164 | 53,631 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.17 Revenue (Continued)

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers including significant payment terms and the related revenue recognition policies:

| Type of goods                     | Nature and timing of satisfaction of performance obligations, including significant payment terms  | Revenue recognition policies   |
|-----------------------------------|--|--|
| Sugar and its related by-products | <ul style="list-style-type: none"> <li>Revenue from sugar and related products are recognised at that point in time when controls of the goods are transferred to the milling company.</li> </ul>  | <ul style="list-style-type: none"> <li>Revenue was recognised when controls of goods are transferred to milling company at an amount that reflect the consideration (determined by the Mauritius Sugar Syndicate) to which the Company expects to be entitled in exchange of those goods.</li> </ul> |
| Sales of land                     | <ul style="list-style-type: none"> <li>Sale of land is considered to be single performance obligation which is satisfied at a point in time when ownership of land is transferred to the buyer upon signing of the sale contract. A schedule of payment is agreed with the buyer and upon full payment by the latter and signing of the sale contract, the ownership of land is transferred to the buyer.</li> </ul> | <ul style="list-style-type: none"> <li>Revenue was recognised upon signature of the sales agreement by the buyer.</li> </ul>   |

#### 2.18 Other income

Other income comprises rental income from land, sale of plants, excess over four miles and sundry income. Other income is recognised on the accrual basis unless collectability is in doubt.

#### 2.19 Net finance costs

Finance costs include interest expense on bank overdrafts, borrowings and intercompany current accounts. Interest expense is recognised in profit or loss using the effective interest method.

#### 2.20 Expenses

All expenses are accounted in profit or loss on an accrual basis.

#### 2.21 Taxation

Taxation comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

##### (i) Current tax

Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Taxation (Continued)

#### (i) Current tax (Continued)

Current tax assets and liabilities are offset only if certain criteria are met.

An entity shall offset current tax assets and current tax liabilities if, and only if, the entity:

- (a) has a legally enforceable right to set off the recognised amounts, and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### (ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans of the Company and reversal of temporary differences. Deferred tax assets are reviewed at the end of each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met:

- (i) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (a) the same taxable entity; or
  - (b) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.21 Taxation (Continued)

##### (iii) Corporate social responsibility

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility ("CSR") is regarded as a tax and is therefore subsumed with the income tax recognised in the profit or loss and the income tax liability on the statement of financial position.

The CSR charge for the current year is measured at the amount expected to be paid to the Mauritian tax authorities. The CSR rate used to compute the amount are those charged or substantively enacted by the reporting date.

#### 2.22 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises of cost of purchase and all other costs incurred in bringing the inventories to their present location and condition. Cost is determined by the weighted average method. Net realisable value is the estimate of selling price in the ordinary course of business less the costs to completion and selling expenses.

#### 2.23 Leased assets

Accounting policy applicable from 01 July 2019

The Company as a lessee

For any new contracts entered on or after 01 July 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract or part of a contract, that conveys the rights to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets the three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use considering its rights within the defined scope of the contract.
- the Company has the right to direct the use of the identified asset throughout the period of use. The company assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any cost to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentive received).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.23 Leased assets (Continued)

##### Measurement and recognition of leases as a lessee (Continued)

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payment included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest, it is remeasured to reflect any reassessment or modification, or if there is any change in substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

On the statement of financial position, right-of-use assets have been included in Investment properties and the lease liability under borrowings.

Accounting policy applicable before 01 July 2019

##### Operating lease

All other leases are treated as operating lease where the Company is a lessee, payments on operating lease arrangements are recognised as an expense on a straight-line basis over the lease term. Associated costs such as maintenance and insurance, are expense as incurred.

##### The Company as a lessor

The Company also earns rental income from operating lease of its investment properties. Rental income is recognised on a straight-line basis over the term of the lease.

### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### (a) Calculation of loss allowance

When measuring ECL, the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic divers and how those business will affect each other loss given default is on estimate of the loss arising on default. It is based on the difference between the contractual cash flows due those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancement.

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

#### (b) Asset lives and residual values

Items which form part of the investment property are depreciated over their useful lives considering 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 considered. 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.

#### (c) Biological assets

##### (i) Bearer biological assets

Bearer biological assets have been estimated based on the cost of land preparation and planting of bearer plants.

##### (ii) Consumable biological assets

Standing canes are measured at their fair value less costs to sell. The fair value of standing canes is based on active market rates, where appropriate, or management's assessment of the fair value based on available data (Sugar extraction rate, forecast of sugar price and others) using the discounted cash flow technique.

#### (d) Going concern

The directors of the Company have assessed the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the directors are not aware of any material uncertainties that may cast doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

### 4 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

#### 4.1 Financial risk management

The Company's activities are exposed to a variety of financial risks, including:

- Market risk;
- Credit risk; and
- Liquidity risk

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 4 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

#### 4.1 Financial risk management (Continued)

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

##### (a) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

##### (b) Market risk

###### (i) Interest rate risk

The Company has set up the risk committee and expects this committee to closely monitor such transactions. The objective of the Committee is to assist the Board in the discharge of its duties relating to corporate accountability and the associated risk in terms of management, assurance and reporting.

The role of the Committee is to review and assess the integrity of the risk control systems and ensure that the risk policies and strategies are effectively managed. The Committee also sets out the nature, role, responsibility and authority of the risk management function within the Company and outline the scope of risk management work.

Borrowings are made at variable rates and is therefore exposed to risk associated with the effect of fluctuations in the prevailing level of market interest rates on its financial position and cashflows. For the current year, the Company is not exposed to interest rate risk as all the bank loans have been fully settled. The current accounts with the holding and associate carry fixed interest rate.

###### (ii) Currency risk

The Company is not exposed to currency risk as it deals in Mauritian Rupee only.

###### (iii) Price risk

The Company is exposed to price risk with the incidence of the market price of sugar.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 4 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

#### 4.1 Financial risk management (Continued)

##### c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, arising principally from the Company's financial assets listed in the table below. Cash and cash equivalents are placed with or entered into with reputable financial institutions. Trade and other receivables comprise principally of trade receivable and amount due from associate. The amount due from associate, management does not foresee any risk of default based on historical dealings.

|                             | 2020<br>Rs'000 | 2019<br>Rs'000 |
|-----------------------------|----------------|----------------|
| Cash and cash equivalents   | 2,789          | 6,015          |
| Trade and other receivables | 228,166        | 224,067        |
|                             | <u>230,955</u> | <u>230,082</u> |

The carrying amount of financial assets excluding prepayments of **Rs 273,151** (2019: Rs 185,934) represents the maximum credit exposure.

##### d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations, associated with its financial liabilities that are settled by delivery of cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management monitors rolling forecasts of the Company's liquidity reserve on the basis of the expected cash flows.

##### Contractual cash flows

The following are the contractual maturities of non-derivative financial liabilities for the Company at the reporting date:

|                          | Contractual cash flows |                     |                          |                          |                 |
|--------------------------|------------------------|---------------------|--------------------------|--------------------------|-----------------|
|                          | Total                  | Less than<br>1 year | Between 1<br>and 2 years | Between 2<br>and 5 years | Over<br>5 years |
|                          | Rs'000                 | Rs'000              | Rs'000                   | Rs'000                   | Rs'000          |
| At 30 June 2020          |                        |                     |                          |                          |                 |
| Trade and other payables | 372,290                | 372,290             | -                        | -                        | -               |
| At 30 June 2019          |                        |                     |                          |                          |                 |
| Trade and other payables | 333,450                | 333,450             | -                        | -                        | -               |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 4 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

## 4.2 Accounting classifications and fair values

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

|  | Carrying amounts |                |
|--|------------------|----------------|
|  | 2020             | 2019           |
|  | Rs'000           | Rs'000         |
| <b>Financial assets carried not measured at fair value</b> |                  |                |
| Trade and other receivables (excluding prepayments)        | 228,166          | 224,067        |
| Cash and cash equivalents                                  | 2,789            | 6,015          |
| <b>Total</b>   | <b>230,955</b>   | <b>230,082</b> |
| <b>Financial liabilities measured at fair value</b>        |                  |                |
| Trade and other payables                                   | 372,290          | 333,450        |
| <b>Total</b>   | <b>372,290</b>   | <b>333,450</b> |

Trade and other receivables, cash and cash equivalents, borrowings and trade and other payables are the Company's financial instruments. Accordingly, management believes that their carrying values are a reasonable approximation of their fair values, due to the immaterial impact of discounting. Therefore, no further fair value disclosures are presented.

## 4.3 Capital risk management

The Company's objectives when managing capital are:

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

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and adjusts in 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 dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

There were no changes in the Company's approach to capital management during the year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 4 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

#### 4.3 Capital risk management (Continued)

|                                 | 2020<br>Rs'000 | 2019<br>Rs'000 |
|---------------------------------|----------------|----------------|
| Total debt                      | 404,745        | 362,299        |
| Less: cash and cash equivalents | (2,789)        | (6,015)        |
| Net debt                        | 401,956        | 356,284        |
| Total equity                    | 363,590        | 457,195        |
| Debt to capital ratio           | 1.11           | 0.78           |

### 5 LAND

|                          | 2020<br>Rs'000 | 2019<br>Rs'000 |
|--------------------------|----------------|----------------|
| At 01 July,              | 264,538        | 264,538        |
| Disposed during the year | (126)          | -              |
| At 01 July & 30 June     | 264,412        | 264,538        |
| Number of arpents        | 2,105.53A      | 2,106.53A      |

Land has been pledged as security for the notes issued by the holding company.

### 6 INVESTMENT PROPERTIES

|                      | 2020<br>Rs'000 | 2019<br>Rs'000 |
|----------------------|----------------|----------------|
| At 01 July & 30 June | 70,053         | 70,053         |
| Number of arpents    | 274.14 A       | 274.14 A       |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 6 INVESTMENT PROPERTIES (CONTINUED)

| Description                     | Location    | Extent | Value per<br>cent<br>Rs'000 | Total<br>Rs'000 | Rental income<br>recognised<br>during the year<br>Rs'000 |
|---------------------------------|-------------|--------|-----------------------------|-----------------|--|
| Land lease for food cultivation | Britannia   | 200    | 126                         | 25,116          | 1,447  |
|                                 | Belle Rive  | 49.14  | 126                         | 6,171           | 39   |
|                                 | Ile D'Ambre | 25     | 1,551                       | 38,767          | -  |

During the year ended 30 June 2020, the rental income was not recognised for Ile D'Ambre. The contract was terminated in 2018.

## 7 PLANT AND EQUIPMENT

|                                     | Bearer<br>Plants<br>Rs'000 | Computer<br>Equipment<br>Rs'000 | Motor<br>vehicles<br>Rs'000 | Plant and<br>machinery<br>Rs'000 | Furniture<br>and fittings<br>Rs'000 | Tools and<br>equipment<br>Rs'000 | Total<br>Rs'000 |
|-------------------------------------|----------------------------|---------------------------------|-----------------------------|----------------------------------|-------------------------------------|----------------------------------|-----------------|
| <b>COST</b>                         |                            |                                 |                             |                                  |                                     |                                  |                 |
| At 30 June 2018                     | 78,372                     | 167                             | 6,887                       | -                                | 381                                 | 6,089                            | 91,896          |
| Additions                           | 408                        | 208                             | 320                         | 700                              | -                                   | -                                | 1,636           |
| At 30 June 2019                     | 78,780                     | 375                             | 7,207                       | 700                              | 381                                 | 6,089                            | 93,532          |
| <b>Additions</b>                    | 2,600                      | -                               | -                           | -                                | -                                   | -                                | 2,600           |
| At 30 June 2020                     | 81,380                     | 375                             | 7,207                       | 700                              | 381                                 | 6,089                            | 96,132          |
| <b>ACCUMULATED<br/>DEPRECIATION</b> |                            |                                 |                             |                                  |                                     |                                  |                 |
| At 30 June 2018                     | 69,193                     | 167                             | 6,719                       | -                                | 381                                 | 5,948                            | 82,408          |
| Charge for the year                 | 2,771                      | 39                              | 206                         | 49                               | -                                   | 141                              | 3,206           |
| At 30 June 2019                     | 71,964                     | 206                             | 6,925                       | 49                               | 381                                 | 6,089                            | 85,614          |
| <b>Charge for the year</b>          | 2,764                      | 69                              | 61                          | 141                              | -                                   | -                                | 3,035           |
| At 30 June 2020                     | 74,728                     | 275                             | 6,986                       | 190                              | 381                                 | 6,089                            | 88,649          |
| <b>NET BOOK VALUE</b>               |                            |                                 |                             |                                  |                                     |                                  |                 |
| At 30 June 2020                     | 6,652                      | 100                             | 221                         | 510                              | -                                   | -                                | 7,483           |
| At 30 June 2019                     | 6,816                      | 169                             | 282                         | 651                              | -                                   | -                                | 7,918           |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 8 INTANGIBLE ASSETS

|                                 | Rs'000 |
|---------------------------------|--------|
| <b>COST</b>                     |        |
| At 30 June 2019                 | 1,585  |
| Additions                       | 30     |
| At 30 June 2020                 | 1,615  |
| <b>ACCUMULATED AMORTISATION</b> |        |
| At 30 June 2019                 | 1,585  |
| Charge for the year             | 4      |
| At 30 June 2020                 | 1,589  |
| <b>CARRYING AMOUNT</b>          |        |
| At 30 June 2020                 | 26     |
| At 30 June 2019                 | -      |

### 9 INVESTMENT IN ASSOCIATE

|                              | 2020<br>Rs'000 | 2019<br>Rs'000 |
|------------------------------|----------------|----------------|
| At 01 July,                  | 125,653        | 163,677        |
| Share of result of associate | (42,545)       | (38,024)       |
| At 30 June,                  | 83,108         | 125,653        |

(a) Details in respect of the investment in associate are as follows:

| Name of entity               | Activity             | Country of incorporation | Place of business                        | % Holding | Year end     |
|------------------------------|----------------------|--------------------------|--|-----------|--------------|
| SIT Property Development Ltd | Property Development | Mauritius                | Ground Floor, NG Tower, Cybercity, Ebène | 49%       | 30 June 2020 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 9 INVESTMENT IN ASSOCIATE (CONTINUED)

(b) Summarised financial information in respect of the Company's associate are set out below:

|                                       | 2020      | 2019      |
|---------------------------------------|-----------|-----------|
|                                       | Rs'000    | Rs'000    |
| Current assets                        | 1,217,802 | 1,214,546 |
| Non-current assets                    | 729,262   | 742,159   |
| Current liabilities                   | 1,771,502 | 1,699,766 |
| Non-current liabilities               | 5,448     | -         |
| Revenue                               | 51,473    | 109,211   |
| Loss for the year                     | (86,825)  | (77,600)  |
| Total comprehensive loss for the year | (86,825)  | (77,600)  |

## 10 DEFERRED EXPENDITURES

|                          | 2020   | 2019   |
|--------------------------|--------|--------|
|                          | Rs'000 | Rs'000 |
| At 1 July                | 360    | 164    |
| Addition                 | -      | 200    |
| Released during the year | (3)    | (4)    |
| At 30 June               | 357    | 360    |

## 11 INVENTORIES

|                           | 2020   | 2019   |
|---------------------------|--------|--------|
|                           | Rs'000 | Rs'000 |
| Fertilizers and chemicals | 2,686  | 4,240  |

Inventories are stated at the lower of cost and net realisable value.

## 12 TRADE AND OTHER RECEIVABLES

|   | 2020    | 2019    |
|---|---------|---------|
|   | Rs'000  | Rs'000  |
| Trade receivables                               | 21,200  | 15,230  |
| Other receivables                               | 740     | 605     |
| Amount due from the associate company (Note 26) | 206,499 | 208,418 |
|   | 228,439 | 224,253 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 12 TRADE AND OTHER RECEIVABLES (CONTINUED)

The carrying amounts of trade and other receivables approximate their fair value.

The amount due from SIT Property Development Ltd (the “associate company”) carries interest at a rate of 8.5% per annum and is repayable on demand. At year end, the following impairment indicators were identified:

- the associate was in a net current liability position;
- the associate had not managed to source funding to finance its major projects; and
- the associate was facing challenges with collecting receivables relating to final payments from clients for reserved plots of land.

The directors have therefore made an assessment of the recoverability of the amount due from the associate and they are of the opinion that they will recover the fund based on the following factors:

Fair value of the assets of the associate

Sugar Investment Trust (the “holding company”) issued notes amounting to Rs 1.5 billion in 2017. As part of the arrangement, the latter had appointed an expert to value some of the assets within the group which will be pledged as security for the notes issued. The directors used the valuation reports prepared by the expert to assess the fair value of the assets owned by the associate and they deem the value of these assets to be sufficient to cover its obligations towards the Company.

Financial health and ability of the associate to repay its financial obligations

The directors expect SIT Property Development Ltd to be more profitable in the future as it has major projects in the pipeline and do not foresee any risk of default based on historical dealings. In addition, Sugar Investment Trust, which is also the major shareholder of the associate, has provided a subordination in favour of the other creditors of the latter.

### 13 CONSUMABLE BIOLOGICAL ASSETS

|  | 2020    | 2019   |
|--|---------|--------|
|  | Rs'000  | Rs'000 |
| At 01 July,  | 15,190  | 13,565 |
| Net (loss) / gain arising from changes in fair value | (6,477) | 1,625  |
| At 30 June,  | 8,713   | 15,190 |
| Analysed as:   |         |        |
| Standing sugar cane crop                             | 5,048   | 12,111 |
| Nursery plants                                       | 3,665   | 3,079  |
|  | 8,713   | 15,190 |

The Company is exposed to fluctuations in the prices of sugar and its related by-products. This risk affects both the crop proceeds and the fair value of consumable biological assets. The risk is not hedged.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 13 CONSUMABLE BIOLOGICAL ASSETS (CONTINUED)

|                                     | Standing<br>sugar<br>cane crop<br>Rs'000 | Nursery<br>plants<br>Rs'000 | Total<br>Rs'000 |
|-------------------------------------|--|-----------------------------|-----------------|
| At 01 July 2019                     | 12,111                                   | 3,079                       | 15,190          |
| Increase/(decrease) in fair value   |  |                             |                 |
| Due to harvest / sales              | 5,048                                    | (435)                       | 4,613           |
| Due to biological transformation    | (12,111)                                 | 1,021                       | (11,090)        |
| At 30 June 2020                     | 5,048                                    | 3,665                       | 8,713           |
| At 01 July 2018                     | 8,360                                    | 5,205                       | 13,565          |
| Increase / (decrease) in fair value |  |                             |                 |
| Due to harvest / sales              | (8,360)                                  | (709)                       | (9,069)         |
| Due to biological transformation    | 12,111                                   | (1,417)                     | 10,694          |
| At 30 June 2019                     | 12,111                                   | 3,079                       | 15,190          |

|  | 2020<br>Rs'000 | 2019<br>Rs'000 |
|--|----------------|----------------|
| Number of hectares of sugar cane plantations at year end | 516            | 708            |
| Tonnage of sugar cane harvested during the year          | 35,511         | 36,676         |

**(a) Measurement of fair values****(i) Fair value hierarchy**

The fair value measurement for standing sugar canes have been categorised as Level 3 fair value based on the inputs to the valuation techniques used. The fair value measurement of nursery plants has been categorised as Level 2 fair values based on observable market sales data.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 13 CONSUMABLE BIOLOGICAL ASSETS (CONTINUED)

#### (a) Measurement of fair values (continued)

##### (ii) Valuation technique and significant unobservable inputs

| Type           | Valuation technique   | Significant unobservable inputs   | Inter-relationship between key unobservable inputs and fair value measurement   |
|----------------|---|---|---|
| Standing canes | <p>Cost technique and discounted cash flows:</p> <p>The Company considers both techniques, and reconciles and weighs the estimates under each technique based on its assessment of the judgement that market participants would apply. The cost technique considers the costs of creating a comparable plantation, taking into account the costs of cultivation and preparation, buying and planting young crops. Discounted cash flows consider the present value of the net cash flows expected to be generated by the plantation at maturity. The expected net cash flows are discounted using risk-adjusted discount rates.</p> | <ul style="list-style-type: none"> <li>• Estimated costs of cultivation and preparation – 1.7% increase over actual costs incurred (2019: 1.5% increase over actual costs incurred)</li> <li>• Estimated future sugar prices per tonne Rs 11,384 (2019: Rs 8,700)</li> <li>• Estimated production of sugar 2,580 tonnes (2019: 3,000 tonnes)</li> <li>• Risk adjusted discount rate 5.25% (2019: 6.5% per annum)</li> </ul> | <p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>• The estimated costs of cultivation and preparation were higher/(lower);</li> <li>• The estimated sugar prices per tonne were higher/(lower); or</li> <li>• The estimated production of sugar was higher/ (lower);</li> <li>• The risk-adjusted discount rates were lower/ (higher).</li> </ul> |
| Nursery plants | <p>Market comparison technique:</p> <p>The fair value is based on the market price of nursery plants of similar age, quality and market values.</p>   | Not applicable  | Not applicable  |

#### (b) Risk management strategy related to agricultural activities

The Company's sugar plantations and nursery plants are exposed to the risk of damage from climatic changes, diseases, fire and other natural forces. The Company has extensive processes in place aimed at monitoring and mitigating those risks, including pest and disease controls. The Company is also insured against natural disasters.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 14 ASSETS HELD FOR SALE

|                          | 2020    | 2019    |
|--------------------------|---------|---------|
|                          | Rs'000  | Rs'000  |
| At 01 July,              | 101,274 | 102,483 |
| Disposed during the year | (1,005) | (1,209) |
| At 30 June,              | 100,269 | 101,274 |

Assets held for sale represent unsold plots of land as at 30 June 2020 in respect of agricultural morcellements at Ile D'Ambre, Deux Bras and Union Park. Number of arpents available as at year-end are as follows:

|             | 2020   | 2019   |
|-------------|--------|--------|
|             | Arpent | Arpent |
| Ile D'Ambre | 63.42  | 63.98  |
| Deux Bras   | 2.35   | 2.35   |
| Union Park  | 12.98  | 14.07  |
|             | 78.75  | 80.40  |

## 15 STATED CAPITAL

|  | 2020    | 2019    |
|--|---------|---------|
|  | Rs'000  | Rs'000  |
| Issued and fully paid  |         |         |
| 1 founder share, equivalent to 25,000 ordinary shares at Rs 1 each | 25      | 25      |
| 325,000,000 ordinary shares at Rs 1 each                           | 325,000 | 325,000 |
|  | 325,025 | 325,025 |

## Rights attached to the founder share

The founder share shall rank equally with ordinary shares in the capital of the Company as regards rights to dividends and other distribution and for return of capital upon a winding up. The holder thereof shall be entitled to receive notice of, attend and vote at all general meetings of the Company.

The founder share shall carry and the holder thereof shall be entitled to cast, whether on a poll or otherwise, such number of votes as amounts to an absolute majority of the votes that may cast at such general meeting.

## Rights attached to the ordinary shares

The ordinary shares shall rank "pari passu" in all respects namely that at all general meetings of the Company. Every ordinary share shall on a poll confer one vote to its holder.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 16 RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations comprise gratuity on retirement payable under the Workers' Rights Act 2019 and have been based on the report submitted by AON Hewitt Ltd, dated 11 September 2020.

**Movement in the gratuity on retirement is as follows:**

|   | SIPFI Members  |                | Artisans/Labourer |                | Total          |                |
|---|----------------|----------------|-------------------|----------------|----------------|----------------|
|   | 2020<br>Rs'000 | 2019<br>Rs'000 | 2020<br>Rs'000    | 2019<br>Rs'000 | 2020<br>Rs'000 | 2019<br>Rs'000 |
| At 01 July,                                     | 180            | 28             | 26,704            | 25,561         | 26,884         | 25,589         |
| Amount recognised in profit or loss             | 22             | 21             | 1,910             | 2,104          | 1,932          | 2,125          |
| Amount recognised in other comprehensive income | 359            | 190            | 2,296             | 284            | 2,655          | 474            |
| Less: Employer contributions                    | (37)           | (59)           | (1,403)           | (1,245)        | (1,440)        | (1,304)        |
| At 30 June                                      | 524            | 180            | 29,507            | 26,704         | 30,031         | 26,884         |

(i) The amounts recognised in statement of profit or loss are as follows:

|  | SIPFI Members  |                | Artisans/Labourer |                | Total          |                |
|--|----------------|----------------|-------------------|----------------|----------------|----------------|
|  | 2020<br>Rs'000 | 2019<br>Rs'000 | 2020<br>Rs'000    | 2019<br>Rs'000 | 2020<br>Rs'000 | 2019<br>Rs'000 |
| Current service cost                                   | 15             | 22             | 792               | 782            | 807            | 804            |
| Settlement loss  | -              | -              | -                 | -              | -              | -              |
| Net interest on net defined benefits liability/(asset) | 7              | (1)            | 1,118             | 1,322          | 1,125          | 1,321          |
|  | 22             | 21             | 1,910             | 2,104          | 1,932          | 2,125          |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 16 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

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

|   | SIPFI Members  |                | Artisans/Labourer |                | Total          |                |
|---|----------------|----------------|-------------------|----------------|----------------|----------------|
| Movement in the gratuity on retirement is as follows: | 2020<br>Rs'000 | 2019<br>Rs'000 | 2020<br>Rs'000    | 2019<br>Rs'000 | 2020<br>Rs'000 | 2019<br>Rs'000 |
| Return on plan assets above interest income           | (114)          | 84             | -                 | -              | (114)          | 84             |
| Liability experience loss                             | (13)           | 14             | (107)             | 76             | (120)          | 90             |
| Liability loss due to change in financial assumptions | 486            | 92             | 2,403             | 208            | 2,889          | 300            |
|   | 359            | 190            | 2,296             | 284            | 2,655          | 474            |

(iii) The movement in the present value of defined benefit obligation over the year are as follows:

|   | SIPFI Members  |                | Artisans/Labourer |                | Total          |                |
|---|----------------|----------------|-------------------|----------------|----------------|----------------|
| Movement in the gratuity on retirement is as follows: | 2020<br>Rs'000 | 2019<br>Rs'000 | 2020<br>Rs'000    | 2019<br>Rs'000 | 2020<br>Rs'000 | 2019<br>Rs'000 |
| At 01 July,   | 1,991          | 1,849          | 26,704            | 25,561         | 28,695         | 27,410         |
| Current service cost                                  | 15             | 22             | 792               | 782            | 807            | 804            |
| Interest expense                                      | 81             | 95             | 1,118             | 1,322          | 1,199          | 1,417          |
| Employee contributions                                | 14             | 20             | -                 | -              | 14             | 20             |
| Settlement loss                                       | -              | -              | -                 | -              | -              | -              |
| Benefits paid   | (225)          | (101)          | (1,403)           | (1,245)        | (1,628)        | (1,346)        |
| Liability loss due to change in financial assumptions | 486            | 92             | 2,403             | 208            | 2,889          | 300            |
| Liability experience (gain)/loss                      | (13)           | 14             | (107)             | 76             | (120)          | 90             |
| Transfer in   | -              | -              | -                 | -              | -              | -              |
| At 30 June,   | 2,349          | 1,991          | 29,507            | 26,704         | 31,856         | 28,695         |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 16 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(iv) The movement in the fair value of plan assets over the year are as follows:

|   | SIPF1 Members |        | Total  |        |
|---|---------------|--------|--------|--------|
|   | 2020          | 2019   | 2020   | 2019   |
|   | Rs'000        | Rs'000 | Rs'000 | Rs'000 |
| At 01 July,                                     | 1,811         | 1,821  | 1,811  | 1,821  |
| Interest income                                 | 74            | 96     | 74     | 96     |
| Employer contributions                          | 37            | 59     | 37     | 59     |
| Employee contributions                          | 14            | 20     | 14     | 20     |
| Benefits paid                                   | (225)         | (101)  | (225)  | (101)  |
| Return on plan assets excluding interest income | -             | (84)   | -      | (84)   |
| Transfers in                                    | 114           | -      | 114    | -      |
| At 30 June,                                     | 1,825         | 1,811  | 1,825  | 1,811  |

The principal actuarial assumptions at end of year were as follows

|                          | SIPF1 Members |          | Artisans/Labourers |          |
|--------------------------|---------------|----------|--------------------|----------|
|                          | 2020          | 2019     | 2020               | 2019     |
|                          | Rs'000        | Rs'000   | Rs'000             | Rs'000   |
| Discount rate            | 2.00%         | 4.30%    | 2.00%              | 4.30%    |
| Future salary increases  | 0.00%         | -        | 2.00%              | 2.20%    |
| Future pension increases | 0.00%         | -        | -                  | -        |
| Average retirement age   | 60 years      | 60 years | 60 years           | 60 years |

#### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

|  | SIPF1 Members |        | Artisans/Labourers |        |
|--|---------------|--------|--------------------|--------|
|  | 2020          | 2019   | 2020               | 2019   |
|  | Rs'000        | Rs'000 | Rs'000             | Rs'000 |
| Increase due to 1% decrease in discount rate | 283           | 209    | 1,279              | 1,221  |
| Decrease due to 1% decrease in discount rate | 236           | 176    | 1,182              | 1,125  |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 16 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

**Sensitivity analysis (Continued)**

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

**Future cash flows**

The funding policy is to pay contributions at the rates required by SIPF for relevant employees.

|  | 2020     | 2019     |
|--|----------|----------|
| Expected employer contribution for the next year (Rs'000)                                  | 37       | 59       |
| Weighted average duration of the defined benefit obligation                                | 11 years | 10 years |
| The funding policy is to pay benefits out of the reporting entity's cash flow as when due. |          |          |
|  | 2020     | 2019     |
| Expected employer contribution for the next year (Rs'000)                                  | 8,696    | 8,270    |
| Weighted average duration of the defined benefit obligation                                | 4 years  | 4 years  |

**Associated risks**

The Company is subject to an unfunded defined benefits plan for the employees. The plan exposes the Company to normal risks described below:

**Interest risk:** A decrease in the bond interest rate will increase the plan liability. However, this may be partially offset by a decrease in inflationary pressures on salary increases.

**Longevity risk:** The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

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

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

## 17 TRADE AND OTHER PAYABLES

|   | 2020    | 2019    |
|---|---------|---------|
|   | Rs'000  | Rs'000  |
| Trade payables                          | 3,993   | 70      |
| Other payables                          | 19,694  | 20,542  |
| Amount due to holding company (Note 26) | 348,603 | 312,838 |
|   | 372,290 | 333,450 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 18 COST OF SALES

|   | 2020          | 2019          |
|---|---------------|---------------|
|   | Rs'000        | Rs'000        |
| Employee costs (Note (a))                                       | 28,536        | 28,613        |
| Changes in fair value of consumable biological assets (Note 13) | 6,477         | (1,625)       |
| Cultivation costs and SIFB premium                              | 15,262        | 11,440        |
| Subcontractor costs   | 14,291        | 17,723        |
| Depreciation of bearer plant canes (Note 7)                     | 2,764         | 2,771         |
| Nursery expenses  | 29            | 62            |
| Cost of land sold   | 1,134         | 1,209         |
| Staff protective equipment                                      | 297           | 214           |
| Other costs   | 7             | 62            |
|   | <b>68,797</b> | <b>60,469</b> |

#### (a) Employee costs

|  | 2020          | 2019          |
|--|---------------|---------------|
|  | Rs'000        | Rs'000        |
| Wages, salaries and social security costs  | 28,044        | 27,792        |
| Movement in retirement benefit obligations | 492           | 821           |
|  | <b>28,536</b> | <b>28,613</b> |
| Average number of employees                | <b>78</b>     | <b>89</b>     |

### 19 OTHER INCOME

|                               | 2020         | 2019         |
|-------------------------------|--------------|--------------|
|                               | Rs'000       | Rs'000       |
| Rental income from land       | 2,542        | 1,158        |
| Excess over four miles refund | 1,075        | 1,067        |
| Income from sale of plant     | 435          | 709          |
| Sundry income                 | 3,026        | 118          |
|                               | <b>7,078</b> | <b>3,052</b> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 20 ADMINISTRATIVE EXPENSES

|  | 2020<br>Rs'000 | 2019<br>Rs'000 |
|--|----------------|----------------|
| Management fees  | 1,000          | 1,000          |
| Depreciation of plant and equipment, excluding bearer plant canes (Note 7) | 271            | 435            |
| Amortisation of computer software (Note 8)                                 | 4              | -              |
| Annual report expenses   | 659            | 604            |
| Motor vehicles expenses  | 1,461          | 859            |
| General expenses   | 2,233          | 1,369          |
| Directors' fees  | 1,021          | 934            |
| Audit fees   | 245            | 225            |
| Press and advertising costs  | 210            | 199            |
| Computer costs   | 28             | 133            |
| Postage  | 786            | 796            |
| Bank charges   | 103            | 103            |
| Licences   | 338            | 386            |
| Professional fees  | 602            | 154            |
| AGM expenses   | -              | 277            |
| Other expenses   | 274            | 369            |
|  | <b>9,235</b>   | <b>7,843</b>   |

## 21 NET FINANCE COSTS

|   | 2020<br>Rs'000  | 2019<br>Rs'000  |
|---|-----------------|-----------------|
| Interest income:                                      |                 |                 |
| - Bank accounts                                       | 62              | 39              |
| - Current account held with associate (Note 26)       | 17,164          | 17,741          |
| <b>Finance income</b>                                 | <b>17,226</b>   | <b>17,780</b>   |
| Interest expense:                                     |                 |                 |
| - Bank overdraft                                      | -               | -               |
| - Current account held with holding company (Note 26) | (27,840)        | (25,331)        |
| <b>Finance costs</b>                                  | <b>(27,840)</b> | <b>(25,331)</b> |
| <b>Net finance costs</b>                              | <b>(10,614)</b> | <b>(7,551)</b>  |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 22 TAXATION

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

However, no provision for income tax has been made in the financial statements as the Company has accumulated tax losses amounting to **Rs 107,667,000** (2019: Rs 80,441,000).

Net deferred tax asset has not been recognised on accumulated tax losses, retirement benefit obligation and accelerated capital allowance because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

#### (a) Statement of financial position

|                         | 2020   | 2019   |
|-------------------------|--------|--------|
|                         | Rs'000 | Rs'000 |
| At 01 July,             | -      | -      |
| Tax charge for the year | -      | -      |
| At 30 June,             | -      | -      |

#### (b) Statement of profit or loss and other comprehensive income

|   | 2020   | 2019   |
|---|--------|--------|
|   | Rs'000 | Rs'000 |
| Derecognition of previously recognised deferred tax asset | -      | -      |
| Tax charge for the year                                   | -      | -      |

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

|   | 2020     | 2019     |
|---|----------|----------|
|   | Rs'000   | Rs'000   |
| Loss before taxation                          | (77,949) | (57,204) |
| Tax calculated at a rate of 15% (2019: 15%)   | (11,692) | (8,581)  |
| Share of loss of associate                    | 6,382    | 5,704    |
| Excess of depreciation over capital allowance | 345      | 325      |
| Income not subject to tax                     | -        | (24)     |
| Expenses not deductible for tax purposes      | 807      | -        |
| Tax losses carried forward                    | 4,158    | 2,576    |
| Tax charge for the year                       | -        | -        |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 22 TAXATION (CONTINUED)

## (d) Deferred tax assets not recognised

|                          | Accelerated<br>tax<br>depreciation<br>Rs'000 | Tax losses<br>Rs'000 | Retirement<br>benefit<br>obligations<br>Rs'000 | Total<br>Rs'000 |
|--------------------------|--|----------------------|--|-----------------|
| At 30 June 2018          | 298  | 9,490                | 3,838  | 13,626          |
| Movement during the year | (92)   | 2,576                | 195  | 2,679           |
| At 30 June 2019          | 206  | 12,066               | 4,033  | 16,305          |
| Movement during the year | (66)   | 4,084                | 472  | 4,490           |
| At 30 June 2020          | 140  | 16,150               | 4,505  | 20,795          |

## (e) Accumulated losses

| Year end     | Tax losses available:       |                 |                                     | Total   |
|--------------|-----------------------------|-----------------|-------------------------------------|---------|
|              | To be<br>carried<br>forward | Expiry<br>Dates | To carry<br>forward<br>indefinitely |         |
|              | Rs'000                      | Rs'000          | Rs'000                              | Rs'000  |
| 30 June 2016 | 18,675                      | 30 June 2021    | -                                   | 18,675  |
| 30 June 2017 | 20,089                      | 30 June 2022    | 899                                 | 20,988  |
| 30 June 2018 | 22,483                      | 30 June 2023    | 1,121                               | 23,604  |
| 30 June 2019 | 16,135                      | 30 June 2024    | 1,039                               | 17,174  |
| 30 June 2020 | 20,792                      | 30 June 2025    | 6,434                               | 27,226  |
|              | 98,174                      |                 | 9,493                               | 107,667 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 23 NOTES TO THE STATEMENT OF CASH FLOWS

#### (a) Cash generated from operations

|   | Notes | 2020<br>Rs'000 | 2019<br>Rs'000 |
|---|-------|----------------|----------------|
| Loss before tax   |       | (77,949)       | (57,204)       |
| Adjustments for:  |       |                |                |
| Depreciation on plant and equipment                       | 7     | 3,035          | 3,206          |
| Amortisation of computer software                         | 8     | 4              |                |
| Expenditure incurred during the year                      |       | -              | (196)          |
| Profit on sale of land                                    |       | (6,594)        | (696)          |
| Interest income   | 21    | (17,226)       | (17,780)       |
| Interest expense  | 21    | 27,840         | 25,331         |
| Share of result of associate                              | 9     | 42,545         | 38,024         |
| Movement in retirement benefit obligations                | 16    | 492            | 821            |
| Net changes in fair value of consumable biological assets | 13    | 6,477          | (1,625)        |
|   |       | (21,376)       | (10,119)       |
| Changes in working capital:                               |       |                |                |
| - Inventories   |       | 1,554          | (1,464)        |
| - Trade and other receivables                             |       | (4,186)        | 1,887          |
| - Trade and other payables                                |       | 38,840         | 28,033         |
| - Contract liability                                      |       | (1,590)        | 1,541          |
| Cash generated from operations                            |       | 13,242         | 19,878         |

#### (b) Cash and cash equivalents

|                               | 2020<br>Rs'000 | 2019<br>Rs'000 |
|-------------------------------|----------------|----------------|
| Cash at bank                  | 2,779          | 6,010          |
| Cash in hand                  | 10             | 5              |
|                               | 2,789          | 6,015          |
| Bank overdraft                | (2,049)        | -              |
| Net cash and cash equivalents | 740            | 6,015          |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 24 DIVIDENDS

| 2020   | 2019   |
|--------|--------|
| Rs'000 | Rs'000 |
| 13,001 | 13,001 |

Dividend of Rs 0.04 per share (2019: Rs 0.04)

## 25 HOLDING COMPANY

The directors regard Sugar Investment Trust, a company incorporated in Mauritius having its registered office at Ground Floor, NG Tower, Cybercity, Ebène as the holding company.

## 26 RELATED PARTY TRANSACTIONS

|                              | Management<br>fees payable<br>Rs'000 | Interest<br>income/<br>(expense)<br>Rs'000 | Amount<br>owed by/(to)<br>related<br>parties<br>Rs'000 |
|------------------------------|--------------------------------------|--|--|
| 2020                         |                                      |  |  |
| Sugar Investment Trust       | 1,000                                | (27,840)                                   | (348,603)  |
| SIT Property Development Ltd | -                                    | 17,164                                     | 206,499  |

|                              | Management<br>fees payable<br>Rs'000 | Interest<br>income/<br>(expense)<br>Rs'000 | Amount<br>owed by/(to)<br>related<br>parties<br>Rs'000 |
|------------------------------|--------------------------------------|--|--|
| 2019                         |                                      |  |  |
| Sugar Investment Trust       | 1,000                                | (25,331)                                   | (312,838)  |
| SIT Property Development Ltd | -                                    | 17,741                                     | 208,418  |

Outstanding balances owed by or due to related parties at the year-end are unsecured, with no fixed terms of repayment, bearing interest at a rate of 8.5% per annum and repayable on demand.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2020, the Company has not recorded any impairment of receivables relating to amount owed by related party (2019: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 26 RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of key management personnel

The remuneration of directors as at 30 June was as follows:

|                         | 2020   | 2019   |
|-------------------------|--------|--------|
|                         | Rs'000 | Rs'000 |
| Directors' remuneration | 1,021  | 934    |

### 27 SUBSEQUENT EVENTS

There have been no material post reporting events which would require any disclosure or adjustments in respect to the financial statements at 30 June 2020.

The directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the Company will not be a going concern in the year ahead.

Furthermore, management is not aware of any material uncertainties that may cast doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

The Covid-19 pandemic is uncertain and rapidly evolving, and management shall continue to monitor the anticipated impacts on the business as circumstances change. The directors' strategic focus has been on strengthening the balance sheet and has placed the economy on a sound footing to face the current challenges. The Company is in a strong liquidity position and holds enough cash to fund operational expenses in the immediate future, with the existing cash resources.