SIT Land Holdings Ltd

A subsidiary of Sugar Investment Trust

ANNUAL REPORT 2019

CORPORATE INFORMATION

Board of Directors

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

Officer in Charge

Mr. Mahendra Kumar Ramroop

Registered Office

Ground Floor, NG Tower, Cybercity, Ebène

Secretaries, Registrar and Transfer Office

SIT Corporate and Secretarial Services Ltd

Legal Advisor

Me Dheerendra Kumar Dabee, SC, GOSK

Auditors

Mazars

Banks

SBM Bank (Mauritius) Ltd
Mauritius Commercial Bank Ltd
MauBank Ltd
Bank One Ltd
The Hong Kong and Shanghai Banking Corporation Ltd

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OUR VISION MISSION & VALUES

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

- Integrity
- Professionalism
- Teamwork
- Passion
- Commitment
- Customer Focus
- Diligence
- Attentiveness

OUR OVERRIDING OBJECTIVE

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

CHAIRMAN'S MESSAGE

Dear Shareholder,

It is an honour for me, as the newly appointed Chairperson of SIT Land Holdings Ltd (SITLH), to present the Annual Report of the company for the financial year 2018/2019. As a professional in the agribusiness sector for many years, it is my fervent wish to enhance the financial position of the company through operational excellence and embark on agricultural diversification programmes with a view to generate additional revenue streams for the company, with the assistance and support of my colleagues on the Board.

The major challenge faced by SITLH this year was the drop in the sugar price, which had a significant impact on the financial performance of the company. The turnover of the company decreased from Rs. 60.0 M in 2018 to Rs. 56.7 M in 2019. However, it is commendable to note that strict measures implemented by the company pertaining to monitoring of overtime and productivity bonuses have significantly reduced the expenses by nearly 30%. During the financial year 2018/2019, SITLH made a loss of Rs. 57.2 M which is mainly attributed to the share result of its associate company, SIT Property Development Ltd (SPDL). The income generated by SPDL regarding the residential morcellement projects at Aurea Living Harmony, Cote D'Or will only be accounted after having obtained the Morcellement Permit from the Morcellement Board of the Ministry of Housing and Land Use Permit and after signature of the deeds of sale. Despite the adverse financial context, our company has decided to declare a dividend of Rs. 0.04 per share for the year ended 30 June 2019.

The long-term strategy of SITLH is to diversify our agricultural activities and invest in the cultivation of other crops like bananas, onions and turmeric, due to the worrying developments in the global sugar market. Qualified personnel having the relevant experience in the cultivation of such crops have been recruited by the Company for the implementation of the agricultural diversification programmes. During the next financial year, investments will also be made in the acquisition of new machineries and equipment for the efficient running of the agricultural operations in line with our policy of reducing operating costs. The business model of the nursery at St Avold will also be reviewed to attract new markets and new strategies will be developed for the marketing of the plants.

The possibility to invest in Tanzania for the cultivation of sugarcane and operation of a sugar plant is being considered by the company. A Memorandum of Understanding was signed between SITLH and a Tanzanian firm in December 2019. A due diligence will be carried out to determine the feasibility of the project.

The implementation of the Smart City project at Le Bouchon is on the right track. A Letter of Comfort has been received from the Economic Development Board and SITLH is working in collaboration with the Curzon Group for the realisation of the project. The Smart City project will cover multiple real estate developments including residential and mixed commercial properties.

The development of some 30A of land at Belle Rive into a residential morcellement project is also in the pipeline. The project will be undertaken by its associate company, SPDL, which is the property development arm for the SIT Group. SPDL will also embark on a residential and a commercial morcellement project at Aurea Living Harmony, Cote D'Or. Applications for Letters of Intent have already been made to that effect.

To conclude, I wish to pay tribute to Late Krishna Kistnen, a very good friend and colleague on the Board, who sadly passed away on 30th November 2019. I also wish to extend my appreciation to Mr. Chittaman Jugroo, whose journey as Chief Executive Officer for the SIT Group ended on 31st January 2020, after four years of collaboration. I would also like to express my personal thanks to my colleagues on the Board for their valuable contributions. Finally, a special thanks to all the staff members of SITLH for their hard works and contributions towards the growth of the company.

Gansam Boodram
Chairman

MANAGEMENT REPORT

I have the pleasure to present the Annual Report of SIT Land Holdings Ltd (SITLH) for the financial year 2018/2019 to our valued shareholders and stakeholders.

OVERVIEW AND FINANCIAL PERFORMANCE

With the constant decrease of the price of sugar, the financial performance of SITLH for the financial year ended 30 June 2019 was challenging. The total revenue generated by the Company amounted to Rs. 56.7 M in 2019 as compared to Rs. 60.0 M in 2018. The Company made a loss of Rs. 57.2 M in 2019 as compared to Rs. 29.8 M in 2018 due to the impact of the share result of its associate company, SIT Property Development Ltd (SPDL). The latter made a loss during the year as the deeds of sale regarding the residential morcellement project at Aurea could not be finalised during the financial year. Same will be finalised during the next financial year. It is praiseworthy to note that implementation of strict measures including control of overtime and productivity bonuses have helped to reduce the cost of sales by nearly 30%.

SUGAR CANE ACTIVITIES

Crop Outlook 2018

Sugar proceeds were in respect of 2,852 tons of sugar at the rate of Rs. 8,700 per ton, as compared to 3,276 tons of sugar at the rate of Rs. 11,317 in 2018. However, the total revenue dropped by only 2% due to the receipt of compensations of Rs. 16.7 M from the Sugar Insurance Fund Board (as compared to Rs. 4.1M in 2018) and Rs. 4.5 M from the Sugar Sustainability Fund (as compared to Rs. 1.0 M in 2018).

For the crop year 2018, sugar cane harvesting started on 02nd July 2018 and ended on 23rd November 2018. Around 36,676 tons of sugar cane were produced for both Mon Trésor and Britannia regions.

The harvest results for Mon Trésor and Britannia are summarised in the following table:

DETAILS		MON TRESOR		BRITANNIA		TOTAL	
		2018	2017	2018	2017	2018	2017
Area Harvested	Ha	309	323	335	373	644	731
Sugar Cane Produced	Tons	17,037	20,771	19,639	25,802	36,676	45,042
Sugar Cane Yield	Tons/Ha	55.18	64.23	58.66	69.20	56.92	61.62
Sugar Produced	Tons	1,642	1,331	1,885	1,874	3,527	3,205
Sugar Yield	Tons/Ha	5.32	6.96	5.63	5.03	5.48	4.38
Extraction Rates	%	9.64	10.78	9.60	7.26	9.62	7.12

Crop Outlook 2019

For crop year 2019, sugar cane harvesting started on 01 July 2019 and ended on 16 January 2020. In October 2019, two fire outbreaks occurred which affected some 22 hectares of sugar cane fields. SITLH strongly suspects deliberate acts of arson for both fire outbreaks and the incidents were reported to the police and SIFB. Around 3,000 tons of sugar cane were burnt, which resulted in a delay in the harvesting of the sugar canes. Omnicane Milling Operations Ltd refused to take up approximately 1,100 tons of burnt sugar cane due to their low purity. We have made a request for compensation from the SIFB for the losses suffered in sugar production for the harvest season 2019.

AGRICULTURAL DIVERSIFICATION

Food Security Programmes

SITLH has leased some 200 A of land at Britannia to small planters at concessionary rates for agricultural purposes as part of the Food Security Scheme and 100 Arpents Scheme implemented by the Government of Mauritius. Plot occupancy is monitored by SITLH on a regular basis.

During the financial year 2018/2019, the total income derived from the rental of land to small planters under the above schemes amounted to Rs. 1.16 M.

Operation of nursery

The nursery at St Avold, Britannia, which has over 150 different species of plants, has now been transformed into a business unit to commercialise the plants to other entities of the SIT Group, landscapers and the general public. For the year under review, the revenue generated from the sale of plants amounted to Rs. 709,000 as compared to Rs. 588,000 in 2018, representing an increase of 20.6%.

With the re-opening of *'Splash N Fun Leisure Park'*, several plants from the nursery were used for landscaping works at Belle Mare. Presently, Management is proceeding with the restructuring of the nursery activities and intends to introduce new crop varieties to increase the genetic diversity of the nursery. The marketing systems of the nursery are also being reviewed to target new markets. The existing potting plants for sale will be upgraded and an irrigation system will be set up for the nursery.

Diversification of agricultural activities

SITLH intends to further invest in its diversification programme and is considering the possibility to cultivate crops such as onions, banana and turmeric. Additional staff have been recruited towards the end of 2019 having experience in cultivation of such crops, for the implementation of the diversification programme.

Project in Tanzania

SITLH is considering the possibility for sugarcane cultivation and operation of sugar milling in Tanzania. In that respect, a Memorandum of Understanding was signed in December 2019 between SITLH and a Tanzanian firm. A feasibility study will be carried out, following which SITLH will decide on the way forward on this venture.

Land at Belle Rive

SITLH has around 50A of land at Belle Rive which was leased to the MSIRI in the past for research purposes. Since 2016, Management has been negotiating with the MSIRI to recover its land to carry out other projects. MSIRI has agreed to release some 30A of land to SITLH and Management has already embarked to set up a residential morcellement project on the said portion of land.

PROPERTY DEVELOPMENT

SIT Property Development Ltd (SPDL), the property development arm of the SIT Group, generated a total revenue of Rs. 109 M in 2019 as compared to Rs. 229 M in 2018. The rental income received from The Core Building amounted to Rs. 46.7M in 2019.

The revenue from the sale of land decreased from Rs. 180 M in 2018 to Rs. 62.5 M. This was mainly due to the fact that the deeds of sale have not yet been signed for the two residential morcellement projects at Aurea Living Harmony, Cote D'Or. Same is expected to be finalised during the next financial year upon receipt of clearances from the relevant authorities and Morcellement Permit from the Morcellement Board.

For the residential morcellement projects for Sites S1 and S2 at Aurea Living Harmony over a total extent of 9.38 A of land, the Morcellement Permit is being awaited from the Morcellement Board. As regards to the residential morcellement project for Sites S3, S4 and S5 over a total extent of 10.63 A of land, all infrastructure works have been completed and clearances are being awaited from relevant authorities before obtaining the Morcellement Permit. The total revenue from the two residential morcellements amount to Rs. 426 M.

SPDL will soon embark on the development of a residential and a commercial morcellement at Cote D'Or. Applications for a Letter of Intent have been made to the Morcellement Board of the Ministry of Housing and Land. The consultant of the development projects has already submitted the application for the EIA Licence pertaining to the Commercial lots to the Ministry of Environment, Solid Waste Management and Climate Change.

SMART CITY PROJECT

During the financial year 2019, a Letter of Comfort was received from the Economic Development Board regarding the implementation of the Smart City Project at Le Bouchon. SITLH appointed an Independent Transaction Advisor to assist the company for the project. The project is on track and a Shareholder's Agreement is expected to be signed in early 2020.

ACKNOWLEDGMENT

I would like to thank all board members of the Company for their support and guidance throughout the year. I would also like to express my appreciation to Mr. Chittaman Jugroo for his contribution as Chief Executive Officer for the SIT Group for the past four years. A special thanks to our staff for their commitment that has enabled us to achieve our expectations.

Mahendra Kumar Ramroop
Officer in Charge

STATUTORY DISCLOSURES YEAR ENDED 30 JUNE 2019

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 2019.

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 on general; and
- investment holding.

2. DIRECTORS

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

	Date of appointment	Date of resignation
Mr. Gansam Boodram (Chairperson)	28 March 2019	-
Mr. Heymant Rao Anand Sonoo	24 April 2019	-
Mr. Krishna Kistnen	14 May 2019	-
Mr. Gilbert Bernadin Legrand	24 April 2019	-
Mr. Utam Junkeesaw	24 April 2019	-
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	24 April 2019	14 May 2019
Mrs. Chandanee Jhowry	24 April 2019	28 June 2019
Mr. Bhagwat Parsadsing Daumoo	03 February 2016	24 April 2019
Mr. Farhad Boodhun	03 February 2016	24 April 2019
Mr. Rajmohun Choonea	03 February 2016	24 April 2019
Mr. Thiery Desiré Laval Govinden	03 February 2016	24 April 2019
Mr. Feroze Peerboccus	03 February 2016	24 April 2019
Mr. Madhoo Soodhun Motah	03 February 2016	28 March 2019
Mr. Khemlall Ramyad	03 February 2016	28 March 2019
Miss Ashitah Devi Sanmukhiya	03 February 2016	28 March 2019
Mr. Kamlesh Seeam	03 February 2016	28 March 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:

	2019	2018
	Rs'000	Rs'000
Non-executive directors	934	986

5. DONATIONS

The Company did not make any donations during the year (2018: Nil).

6. AUDITORS' REMUNERATION

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

	2019	2018
	Rs'000	Rs'000
Audit services	225	255
Other services	15	15
	240	270

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

Director **Director**

Date: 28 October 2019

CORPORATE GOVERNANCE REPORT YEAR ENDED 30 JUNE 2019

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 2019, 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

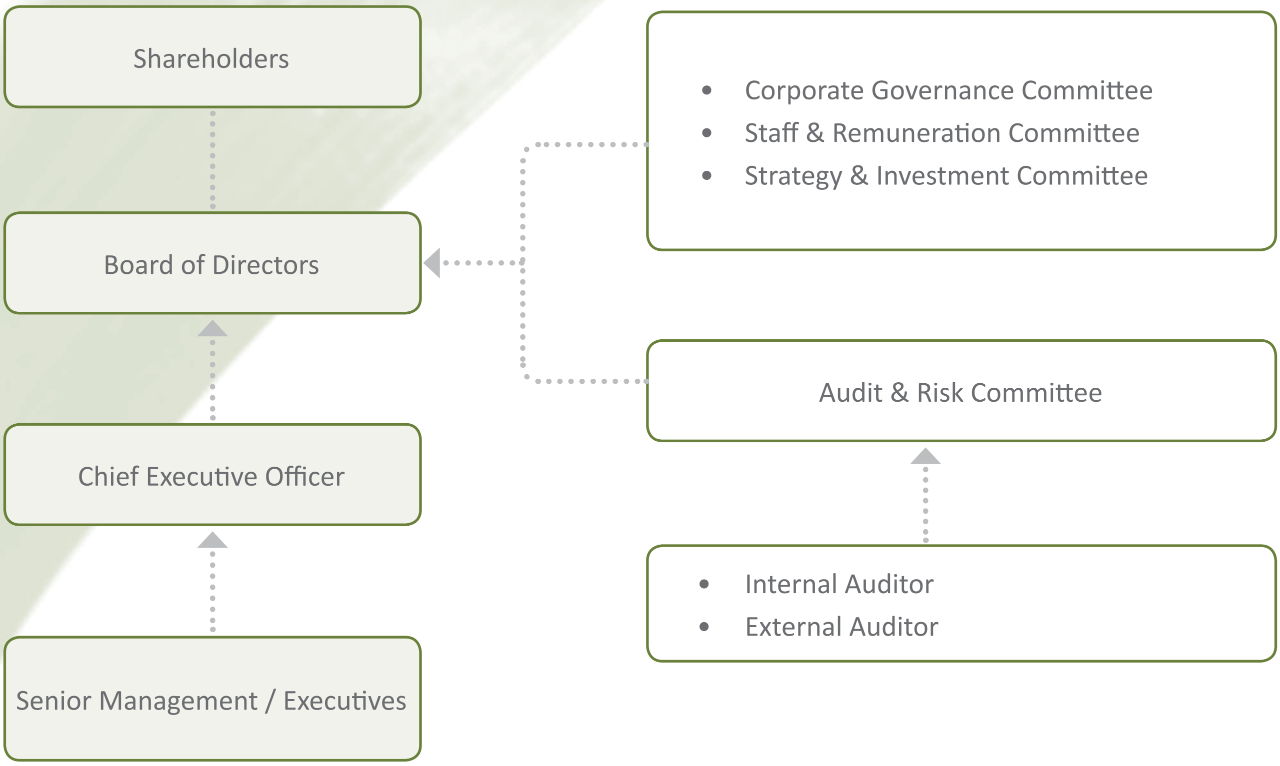
The Board, as a governing body, fully understand its role, responsibility and authority in setting the direction, the management and control of the Company. The Company does not currently have any written Board Charter, but will adopt one during the next financial year to be in line with the recommendations of the National Code of Corporate Governance 2016.

1.3 Code of Ethics

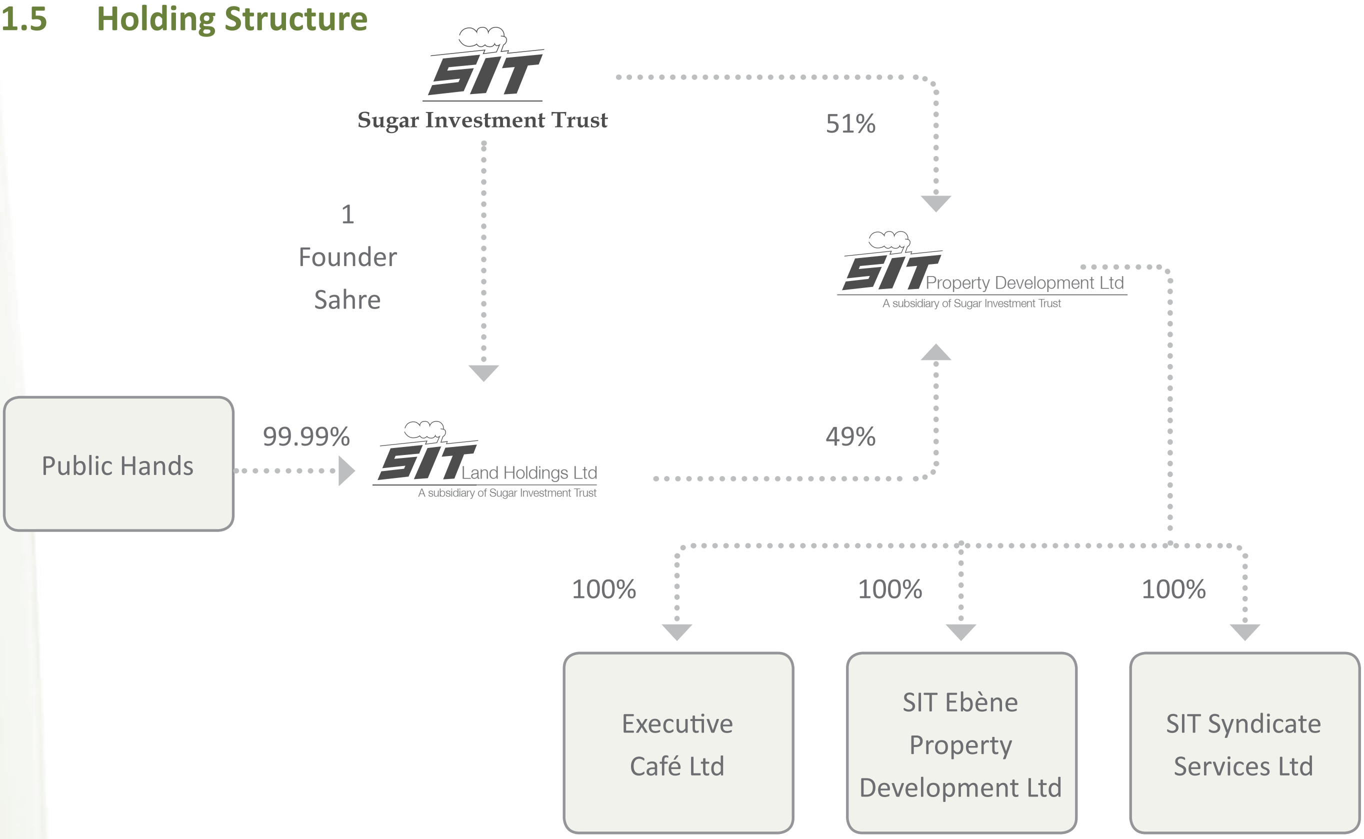
The Company is committed to the highest standards of integrity and ethical conduct in dealing with all its shareholders. Staff at all levels drew up the Company's code of ethics which reflects the Company's diversity and unique culture. Adequate grievances and disciplinary procedures are in place to enable enforcement of the Code of Ethics. During the next financial year, SITLH will develop a new written Code of Ethics which reflects all the recommended disclosures made in the New Code.

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.



1.5 Holding Structure



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 2019.

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 fulfil 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.

During the year under review, the Board composition was as follows:

No.	Name of Director	Date of Appointment	Date of Cessation	Category
1	Mr. Gansam Boodram (Chairperson)	28 March 2019	-	Non-Executive Director
2	Mr. Heymant Rao Anand Sonoo	24 April 2019	-	Non-Executive Director
3	Mr. Krishna Kistnen	14 May 2019	-	Non-Executive Director
4	Mr. Gilbert Bernadin Legrand	24 April 2019	-	Non-Executive Director
5	Mr. Uttam Junkeesaw	24 April 2019	-	Non-Executive Director
6	Mr. Gessavah Chengan	28 March 2019	-	Non-Executive Director
7	Mr. Deepaksing Ramjeet	28 March 2019	-	Non-Executive Director
8	Mr. Poonith Mungrooa	28 March 2019	-	Non-Executive Director
9	Mr. Daramdev Jhunput	28 June 2019	-	Non-Executive Director
10	Mr. Preetam Boodhun	24 April 2019	14 May 2019	Non-Executive Director
11	Mrs. Chandanee Jhowry	24 April 2019	28 June 2019	Non-Executive Director
12	Mr Bhagwat Parsadsing Daumoo	03 February 2016	24 April 2019	Non-Executive Director
13	Mr Farhad Boodhun	03 February 2016	24 April 2019	Non-Executive Director
14	Mr Rajmohun Choonea	03 February 2016	24 April 2019	Non-Executive Director
15	Mr Thierry Desiré Laval Govinden	03 February 2016	24 April 2019	Non-Executive Director
16	Mr Feroze Peerboccus	03 February 2016	24 April 2019	Non-Executive Director
17	Mr Madhoo Soodhun Motah	03 February 2016	28 March 2019	Non-Executive Director
18	Mr Khemlall Ramyad	03 February 2016	28 March 2019	Non-Executive Director
19	Miss Ashitah Devi Sanmukhiya	03 February 2016	28 March 2019	Non-Executive Director
20	Mr Kamless Seeam	03 February 2016	28 March 2019	Non-Executive Director

2.1 Board Structure (continued)

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

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;
- provide guidance and advice to the Board on matters of ethics and good governance.

2.2 Role of the 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 SIT Land Holdings Ltd 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 principle 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;
- 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 principle 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. Gansam Boodram is a non-executive Chairperson 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. 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. Krishna Kistnen is a non-executive Director and is one of the five directors appointed by the holder of the Founder Share. He is self-employed and has ample experience as planter in the sugar industry.

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. Uttam Junkeesaw is a non-executive Director and is one of the five directors appointed by the holder of the Founder Share. He is a self-employed businessman and has ample experience in the tourism sector and other commercial activities. He is currently the Chairman of La Rosa Social Welfare Centre.

2.5 Profile of Directors (continued)

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.

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. 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.

2.6 Common Directors

As at 30 June 2019, the following directors held office on the Board of SITLH and other entities within the SIT Group:

NAME OF DIRECTOR	SIT LAND HOLDINGS LTD	SUGAR INVESTMENT TRUST	SIT PROPERTY DEVELOPMENT LTD
Mr Gansam Boodram (Chairperson)	X	-	X
Mr Uttam Junkeesaw	X	X	-
Mr Krishna Kistnen	X	X	X
Mr Heymant Rao Anand Sonoo	X	X	X
Mr Daramdev Jhunput	X	X	X
Mr Gilbert Bernadin Legrand	X	X	-
Mr Deepaksing Ramjeet	X	-	X
Mr Gessavah Chengan	X	-	X
Mr Poonith Mungrooa	X	-	X

2.7 Board Attendance

The Board attendance as at 30 June 2019 was as follows:

Directors	No. of Board Meetings attended
Mr Gansam Boodram (Chairperson)	2/2
Mr Uttam Junkeesaw	2/2
Mr Krishna Kistnen	1/1
Mr Heymant Rao Anand Sonoo	1/2
Mr Gilbert Bernadin Legrand	2/2
Mr Deepaksing Ramjeet	2/2
Mr Gessavah Chengan	2/2
Mr Poonith Mungrooa	1/2
Mr. Preetam Boodhun	1/1
Mrs. Chandanee Jhowry	2/2
Mr Bhagwat Parsadsing Daumoo	3/3
Mr Farhad Boodhun	2/3
Mr Rajmohun Choonea	2/3
Mr Thierry Desiré Laval Govinden	3/3
Mr Feroze Peerboccus	3/3
Mr Madhoo Soodhun Motah	3/3
Mr Khemlall Ramyad	3/3
Miss Ashitah Devi Sanmukhiya	3/3
Mr Kamless Seeam	3/3

2.8 Interest in Shares and Option Certificates

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

Name of Director	Number of Ordinary Shares		Number of Option Certificates	
	Direct	Indirect	Direct	Indirect
Mr Gansam Boodram (Chairperson)	15,000	Nil	Nil	Nil
Mr Uttam Junkeesaw	Nil	15,000	Nil	1
Mr Krishna Kistnen	15,000	Nil	Nil	Nil
Mr Heymant Rao Anand Sonoo	30,000	127,500	2	8
Mr Daramdev Jhunput	Nil	Nil	Nil	Nil
Mr Gilbert Bernadin Legrand	4,000	Nil	Nil	Nil
Mr Deepaksing Ramjeet	5,000	15,000	Nil	1
Mr Gessavah Chengan	60,000	Nil	Nil	Nil
Mr Poonith Mungrooa	15,000	Nil	1	Nil

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 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.

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.

2.10 Committees (continued)

The Committee Members and attendance for the year under review are as follows:

No	Members	Attendance
1	Mrs Divanandum Packiry P Chinien	2/2
2	Mr Sobeersen Sanmukhiya	1/2
3	Mr Heymant Rao Anand Sonoo	1/2
4	Mr Daramdev Jhunput	2/2
5	Mr Gilbert Bernadin Legrand	2/2

b) Audit & Risk Committee

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

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 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	Members	Attendance
1	Mr Gunesh Beegadhur (Chairperson as from 13th February 2019)	4/4
2	Mr Gilbert Bernadin Legrand	2/2
3	Mr Satian Rao Deojee	3/4
4	Mr. Omeshsing Banee	0/2
5	Mr Dhirshantsing Ramkelawon (until 13th February 2019)	2/2

2.10 Committees (continued)

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.

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	0/1
4	Mr. Gansam Boodram	1/1
5	Mr. Bhagwat Parsadsing Daumoo	1/1
6	Mr. Chittaman Jugroo	1/1
7	Mr. Yousouf Oodally	1/1

d) Staff & 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.

2.10 Committees (continued)

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;
- 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 2019 are as follows:

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

2.11 Senior Management

(a) Profile of Senior Management

Chittaman Jugroo – *Chief Executive Officer*

Mr Jugroo joined SIT in February 2016. He has more than 25 years of managerial experience and was in charge of the Commercial Division of the Central Water Authority. He was responsible for the Debt Management, Billing, Prosecutions, Anti-Fraud Unit and drafting of all legislations/regulations.

Mr Jugroo is a Fellow Member of the Association of Chartered Certified Accountants, UK. He also holds MSc Finance.

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.

Govinden Mareemootoo Veeramootoo – *Chief Operating Officer*

Mr Veeramootoo is a holder of a B.Eng (Hons), Post Graduate Diploma and an MSc in Civil Engineering studies. He has worked as Assistant Resident Engineer / Resident Engineer / Project Manager on various Civil Engineering Projects for the last 21 years.

Roudisteerun Mathaven – *Compliance Officer*

Mr Mathaven joined SIT in April 2016. He has more than 29 years of experience in auditing, investigation, legal drafting and handling court cases.

He holds a B.A (Hons) Legal Studies & Management and MSc Financial Management and Taxation.

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.

2.11 Senior Management (continued)

Krishan Ramjutton – *Deputy Head of Operations for the Waterpark*

Mr Ramjutton joined the SIT Group in January 2019. He is holder of a Diploma in Industrial Industries – Hospitality & Tourism, BA (Hons) Hotel Business Management and MSc – Tourism Management & Marketing. He has worked for the hospitality and tourism industry for the past 20 years and has gained profound knowledge in that sector.

Patrick Huët – *Field Operations Officer*

Mr Huët joined the SIT Group in May 2018 as Field Operating Officer. He is responsible for the implementation and management of the agricultural projects and activities of the SIT Group. He has over 40 years of working experience in the agricultural sector in Mauritius and prior to joining the SIT Group, Mr Huët has held several key positions at the Medine Group and Compagnie de Mapou.

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 frim 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.

(c) Senior Management Interests

Senior management holding shares in the Company as at 30 June 2018 is shown below:

Name	Number of Ordinary Shares		Number of Option Certificate	
	Direct	Indirect	Direct	Indirect
Mr Chittaman Jugroo	75,000	Nil	5	Nil
Mr Mahen Kumar Ramroop	Nil	Nil	Nil	Nil
Mr Govinden Mareemootoo Veeramootoo	Nil	Nil	Nil	Nil
Mr Roudisteerun Mathaven	15,000	Nil	1	Nil
Mr Krishan Ramjutton	Nil	Nil	Nil	Nil
Mr Dayanand (Rakesh) Koobrawa	15,000	Nil	1	Nil
Mr Patrick Huët	Nil	Nil	Nil	Nil
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.

3. ELECTION AND RE-ELECTION (CONTINUED)

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.

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:

Directors	Remunerations and other Benefits (Rs)
Mr Gansam Boodram-Chairperson	27,632
Mr Uttam Junkeesaw	18,867
Mr Krishna Kistnen	13,645
Mr Heymant Rao Anand Sonoo	18,867
Mr Gilbert Bernadin Legrand	19,367
Mrs Chandanee Jhowry	25,767
Mr Deepaksing Ramjeet	26,032
Mr Gessavah Chengan	26,032
Mr Poonith Mungrooa	26,032
Mr Bhagwat Parsadsing Daumoo (Chairperson)	145,000
Mr Feroze Peerboccus	73,000
Mr Thierry Desiré Laval Govinden	73,000
Mr Rajmohun Choonea	73,000
Mr Farhad Boodhun	73,000
Mr Madhoo Soodhun Motah	73,500
Mr Kamless Seeam	73,500
Miss Ashitah Devi Sanmukhiya	73,500
Mr Khemlall Ramyad	74,000

4. DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE (CONTINUED)

The Board ensures that an effective IT policies 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.

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 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 & Secretarial Services Ltd, which acts as

Identification of key risk managements (continued)

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.

6.1 Charitable donations

The Company did not make any donation during the year under review (2018: Rs nil).

6.2 Political donations

The Company, in line with its policy, did not make any political donation during the year under review (2018: 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.

6.3 Carbon reduction reporting (continued)

- 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.

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;

7. AUDIT (CONTINUED)

- 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 with established objectives and whether the operations/programs are being carried out as planned;
- Investigate reported occurrences of fraud, embezzlement, theft, waste etc.
- Ad hoc assignments from the Chief Executive Officer.

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

Following the unfortunate demise of the Internal Auditor during the financial year, the said post is currently vacant and a new Internal Auditor will be recruited to oversee the Internal Audit Department. After the recruitment of a new Internal Auditor, the structure, organization and qualifications members of the internal audit department will be listed on the company's website.

The Internal Auditor regularly reported to the Audit & Risk Committee and it was usually at least four times during a year.

The Audit & Risk 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 and the last tender was launched January 2018 and Mazars was appointed an External Auditor at the Annual General Meeting held in March 2018.

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 2018, 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	Dividend Yield
Times		%
2018	0.00	4
2017	0.00	4
2016	4.83	3
2015	0.00	0
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 27 of the Financial Statements.

8.4 Important Events

Reporting

Publication of Unaudited Abridged Interim Financial Statements for Quarter ending September 30, 2019	15 November 2019
Publication of Unaudited Abridged Interim Financial Statements for Half year ending December 31, 2019	15 February 2020
Publication of Unaudited Abridged Interim Financial Statements for nine months ending March 31, 2020	15 May 2020
Publication of Abridged Audited Financial Statements for year ending June 30, 2020	30 September 2020

8.5 Employee Share-Option Plan

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

9. MATERIAL CLAUSES OF THE CONSTITUTION

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 M&A 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: 28 October 2019

STATEMENT OF COMPLIANCE

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

Name of Public Interest Entity	:	SIT Land Holdings Ltd
Reporting Period	:	01 July 2018 to 30 June 2019

We, the Directors of SIT Land Holdings Ltd (SITLH) confirm that throughout the year ended 30 June 2019 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 presently has not adopted any written Board Charter, but will develop one during the next financial year 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 did not attend and participate in an induction and orientation process. However, with the constitution of a new Board during the year, an induction and orientation programme will be carried out for the new directors during the next financial year.

- *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 as from the next financial year.

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 during the course of the next financial year.

Director **Director**

Date: 28 October 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2019

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.

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: 28 October 2019

SECRETARY'S CERTIFICATE FOR THE YEAR ENDED 30 JUNE 2019

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 period.

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

Date: 28 October 2019

INDEPENDENT AUDITORS' 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 42 to 88 which comprise the statements of financial position as at 30 June 2019 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 42 to 88 give a true and fair view of the financial position of the Company as at 30 June 2019, 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.

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
Land	
(Refer to Note 2.5 for accounting policies and Note 5 relating to land. • Land is the Company's most significant asset comprising of 33% of the total assets as at 30 June 2019. The land is held for agricultural purpose and is stated at cost. • 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.	Our procedures in relation to land included the following: • We testing the design and implementation of the internal controls over the recording and classification of land; • We testing the design and implementation of the internal controls over the recording and classification of land; • 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.

<table>
<tr><th>Matter</th><th>Audit response</th></tr>
<tr><td>
Impairment assessment of amount due from associate company
(Refer to the Note 2.3 for the accounting policies and Note 12 relating to trade and other receivables
• As at 30 June 2019, the amount due from associate Company amounted to Rs. 208,418,000, representing 59% of the current assets and 25% of the total assets of the Company.
• IAS 39 Financial Instruments – Recognition and Measurement requires an assessment, at the end of each reporting period, as to whether there is any objective evidence that a financial asset or group of financial assets is impaired.
• As at 30 June 2019, impairment indicators were identified:
(a) The associate was in a net current liability position;
(b) The associate had not managed to source funding to finance its main projects; and
(c) The associate was facing challenges with collecting receivables relating to final payments from clients for reserved plots of land.
• 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.
• 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.
</td><td>
Our procedures in relation to impairment on receivables from associate included the following:
• 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;
• We challenged the assumption used by the directors' recoverability assessment by:
(a) Applying or knowledge and understanding of the associate and the industry in which it operates;
(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;
(c) Assessing the credit history of the associate based on the historical trends of repayments; and
(d) Discussing with management on the viability of key development projects and confirming that the directors have approved each development plan of the associate.
(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
• 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.
</td></tr>
</table>

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.

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.

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 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.

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: 28 October 2019

Udaysingh Taukoordass, FCA
Licensed by FRC

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	2019	2018
ASSETS		**Rs'000**	**Rs'000**
Non-current assets			
Land	5	264,538	264,538
Investment property	6	70,053	70,053
Plant and equipment	7	7,918	9,488
Intangible assets	8	-	-
Investment in associate	9	125,653	163,677
Deferred expenditure	10	360	164
Total non-current assets		468,522	507,920
Current assets			
Inventories	11	4,240	2,776
Trade and other receivables	12	224,253	226,140
Consumable biological assets	13	15,190	13,565
Cash and cash equivalents	24(b)	6,015	6,420
Assets held for sale	14	101,274	102,483
Total current assets		350,972	351,384
Total assets		819,494	859,304
EQUITY AND LIABILITIES			
Equity			
Stated capital	15	325,025	325,025
Retained earnings		132,170	202,849
Total equity		457,195	527,874
Liabilities			
Non-current liability			
Retirement benefit obligations	16	26,884	25,589
Total non-current liability		26,884	25,589
Current liabilities			
Trade and other payables	17	333,450	305,417
Contract liability	2.15	1,965	424
Total current liabilities		335,415	305,841
Total liabilities		362,299	331,430
Total equity and liabilities		819,494	859,304

Approved by Board of directors on 28 October 2019 and signed on its behalf by

Directors **Directors**

The notes on pages 46 to 88 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019	2018
		Rs'000	Rs'000
Revenue	18	53,631	54,743
Cost of sales	19	(60,469)	(85,818)
Gross loss		(6,838)	(31,075)
Other income	20	3,052	5,265
Administrative expenses	21	(7,843)	(7,399)
Operating loss		(11,629)	(33,209)
Finance income		17,780	18,744
Finance costs		(25,331)	(22,995)
Net finance costs	22	(7,551)	(4,251)
Share of profit of associate, net of taxation	9	(38,024)	7,643
Loss before taxation		(57,204)	(29,817)
Taxation	23(c)	-	-
Loss for the year		(57,204)	(29,817)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit liability	16	(474)	(49)
Other comprehensive income for the year		(474)	(49)
Total loss and other comprehensive income for the year		(57,678)	(29,866)
Earnings per share (Rs)		(0.18)	(0.09)

The notes on pages 46 to 88 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Stated capital	Retained earnings	Total
	Rs'000	Rs'000	Rs'000
Balance at 01 July 2017	325,025	245,716	570,741
Total comprehensive income			
Loss for the year	-	(29,817)	(29,817)
Other comprehensive income	-	(49)	(49)
	-	(29,866)	(29,866)
Transactions with owners of the Company			
Contributions and distributions			
Dividends (Note 25)	-	(13,001)	(13,001)
	-	(13,001)	(13,001)
Balance at 30 June 2018	325,025	202,849	527,874
Balance at 01 July 2018	325,025	202,849	527,874
First time adoption of IFRS 9 and IFRS 15	-	-	-
Total comprehensive income			
Loss for the year	-	(57,204)	(57,204)
Other comprehensive income	-	(474)	(474)
	-	(57,678)	(57,678)
Transactions with owners of the Company			
Contributions and distributions			
Dividends (Note 25)	-	(13,001)	(13,001)
	-	(13,001)	(13,001)
Balance at 30 June 2019	325,025	132,170	457,195

The notes on pages 46 to 88 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		Rs'000	Rs'000
Cash Flows from operating activities			
Cash generated from operations	24(a)	19,878	8,931
Interest received	22	17,780	18,744
Interest paid	22	(25,331)	(22,995)
Net cash generated from operating activities		12,327	4,680
Cash flows from investing activities			
Acquisition of plant and equipment	7	(1,636)	(740)
Proceeds from sale of land	18	1,905	3,254
Net cash generated from investing activities		269	2,514
Cash flows from financing activities			
Dividend paid to shareholders	25	(13,001)	(13,001)
Net cash used in financing activities		(13,001)	(13,001)
Net decrease in cash and cash equivalents		(405)	(5,807)
Cash and cash equivalents at 01 July,		6,420	12,227
Cash and cash equivalents at 30 June,	24(b)	6,015	6,420

The notes on pages 46 to 88 are an integral part of these financial statements.

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 preparation

The financial statements of SIT Land Holdings Ltd comply with the Mauritius Companies Act 2001 and the 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures

Amendments to published Standards effective in the reporting period

The Company has initially applied IFRS 15 and IFRS 9 from 01 July 2018. A number of other new standards are also effective from 01 July 2018 but they do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

IFRS 15 Revenue from contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains controls of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying these standards recognised at the date of initial application (i.e 01 January 2018). Accordingly, the information presented for 2018 has not been restated, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

IFRS 15 did not have a significant impact on the accounting policies with respect to the revenue generating activities of the Company.

For additional information about the Company's accounting policies relating to revenue recognition, refer to 2.15.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The requirements of IFRS 9 represent a significant change from IAS 39. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures (continued)

The Company has initially adopted IFRS 9 from 01 July 2018. As permitted by the transitional provisions of IFRS 9, the Company has elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the fate of transition were recognised in opening retained earnings and other reserves of the current period.

Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 01 July 2018 or later periods, but which the Company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

- IFRS 16 Leases
- Amended to IFRS 2 Classification and measurement of share-based payment transactions
- IFRS 17 Insurance contracts
- IFRS 23 Uncertainty over Income Tax Treatments
- Annual improvements to IFRSs 2015 – 2017 cycle
- Plan amendments, curtailment or settlement (Amendments to IAS 19)

Where relevant, the Company is still evaluating the effect of these standards, amendments to published standards and interpretations issued but not yet effective, on the presentation of its financial statements.

2.3 Financial Instruments

(a) Recognition of financial assets and liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial Instruments (continued)

(b) Initial measurement of financial assets and liabilities

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transactions costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(c) Classification and measurement of financial assets and liabilities

IFRS 9 contains three principals for classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 01 July 2018:

		IAS 39		IFRS 9
Financial Instruments	Classification	Carrying amount	Classification	Carrying amount
		Rs'000		Rs'000
Trade and other receivables	Loans and receivables	10,472	Financial assets at amortised costs	10,472
Amount due from associate	Loans and receivables	215,668	Financial assets at amortised costs	215,668
Cash and cash equivalents	Loans and receivables	6,420	Financial assets at amortised costs	6,420
Trade and other payables	Other financial liabilities	19,353	Financial liabilities at amortised costs	19,353
Amount due to holding company	Other financial liabilities	286,064	Financial liabilities at amortised costs	286,064
Contract liability	Other financial liabilities	425	Financial liabilities at amortised costs	425

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial Instruments (continued)

(d) Subsequent measurement of financial instruments

Financial assets

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPTL:

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

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basis leading risks and costs (e.g liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows that it would not meet this condition.

Impairment of financial assets

IFRS 9’s impairment requirements incorporate forward-looking information to recognised expected credit losses – the “expected credit loss (“ECL”) model. This replaces IAS 39’s “incurred loss model”. Instruments within the scope of the new requirement included loans and other debt-type financial assets measured at amortised cost and FVOCI and trade receivables and contract assets recognised under IFRS 15.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial Instruments (continued)

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 forecast that affect the expected collectability of the future cash flows of the instrument.

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

Trade and other receivables

The Company applies the simplified approach of recognising lifetime expected credit losses for trade receivables and contract assets that do not contain a significant financing component in accordance with IFRS 15.

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 estimating Expected Credit Losses, the Company carries out individual assessment of its trade receivables. The Company then specifically provides for clients (invoices) which exhibit increase in credit risk, or for which the economic environment indicates that the receivables might default on portion of the amount outstanding.

Because the receivables are assessed individually, historically the Company has had minimal write-offs, from both a historical perspective and using forward-looking information, the Company has elected not to apply any practical expedients in determining the expected credit losses. Expectation is already factored into the impairment assessments.

The Company as assessed the impact of applying the impairment provision of IFRS 9 Expected Credit Loss at 01 July 2018 as opposed to applying IAS 39 incurred loss model and has estimated that no adjustments is required at 01 July 2018 to retained earnings.

Financial Liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial Instruments (continued)

(e) Derecognition of financial assets and financial liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or, in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liability assumed) is recognised in profit or loss.

(f) Accounting policies for financial instruments applicable before 01 July 2018

The Company has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the company's previous accounting policy.

Classification

The Company classifies financial assets into loans and receivables. Loans and receivables comprise of trade and other receivables and cash and cash equivalents.

The Company classifies financial liabilities into the other financial liabilities category. Other financial liabilities comprise borrowings and trade and other payables.

Recognition

The Company initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial Instruments (continued)

Measurement

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

The amortised cost of loans and receivables is the amount at which the financial asset is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction in impairment.

Offsetting

Financial asset and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and are reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial Instruments (continued)

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

The Company uses the weighted average method to determine recognised gains and losses on derecognition.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss and borrowings as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus, in case of loans and borrowings, directly attributable transaction costs. The Company's financial liabilities include trade and other payables.

Subsequent measurement

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortisation cost is calculated by taking into account any discount or premium an acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the sae lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Investment property

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.

2.5 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.

2.6 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 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.

2.8 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.

2.9 Deferred expenditure

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.

2.10 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.

2.11 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Cash and cash equivalents

Cash comprises of 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.

2.13 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.

(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 Employment Rights Act 2008 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 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.

2.15 Contract liability

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

	2019	2018
	Rs'000	Rs'000
Balance as at 01 July,	424	-
Deposits received during the year	3,446	424
Released during the year	(1,905)	-
Balance as at 30 June	1,965	424

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

No information is provided about the remaining performance obligations as at 30 June 2019 that have an original expected duration of one year or less, as allowed by IFRS 15.

2.16 Revenue

The effect of initially applying IFRS 15 on the Company's revenue from contracts with customers is described in Note 2.2. Due to the transition method chosen in applying IFRS 15, comparative information has not been restated to reflect the new requirements.

(a) Revenue stream

The Company generates revenue from sugar and its by-products and sale of agricultural land.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Revenue (continued)

(b) Disaggregation of revenue

In the following table, revenue is disaggregated by nature and timing of revenue recognition for the year ended 30 June 2019 and 30 June 2018:

	2019	2018
	Rs'000	Rs'000
Proceeds from sugar and the related by-products		
Sugar	24,809	37,175
Molasses	5,241	3,956
Distillers	-	1,907
Bagasses	459	540
Compensation received	21,217	7,911
	51,726	51,489

	2019	2018
Proceeds from sale of agricultural land	Rs'000	Rs'000
Ile D'Ambre	1,905	1,508
Domaine Deux Bras	-	1,746
	1,905	3,254
Timing of revenue recognition:		
- Products transferred at a point in time	51,726	51,489
- Land transferred at a point in time	1,905	3,254
	53,631	54,743

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 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 good	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IAS 18 (applicable before 01 July 2018)	Revenue recognition under IFRS 15 (applicable as from 01 July 2018)
Sugar and its related by-products	• Revenue from sugar and related products are recognised at that point in time when controls of the goods are transferred to the milling company.	• Revenue is 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.	• 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.
Sales of land	• 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.	• Revenue is recognised upon signing of the sales agreement by the buyer.	• Revenue was recognised upon signing of the sales agreement by the buyer.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 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.

2.18 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.

2.19 Expenses

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

2.20 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Taxation (continued)

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.

(i) 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 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.

2.22 Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

(ii) Leased assets

Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

2.22 Leases

(iii) Lease payments

Payments made under operating leases are recognised in profit or loss 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.

a) 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.

b) 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 discarded cash flow technique.

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

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.

4 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

4.1 Financial risk management (continued)

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.

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 meets 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.

The carrying amount of financial assets excluding repayments of **Rs 185,934** (2018: Rs 194,755) represents the maximum credit exposure.

	2019	2018
	Rs'000	Rs'000
Cash and cash equivalents	6,015	6,420
Trade and other receivables	224,067	225,944
	230,082	232,364

4 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

4.1 Financial risk management (continued)

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 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5years
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 30 June 2019					
Trade and other payables	**333,450**	**333,450**	-	-	-
At 30 June 2018					
Trade and other payables	305,417	305,417	-	-	-

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.

4 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

4.2 Accounting classifications and fair values (continued)

	Carrying amounts	
	2019	2018
	Rs'000	Rs'000
Financial assets carried not measured at fair value		
Trade and other receivables (excluding prepayments)	224,067	225,944
Cash and cash equivalents	6,015	6,420
Total	230,082	232,364
Financial liabilities measured at fair value		
Trade and other payables	333,450	305,417
Total	333,450	305,417

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.

4 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

4.3 Capital risk management

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

	2019	2018
	Rs'000	Rs'000
Total debt	362,299	331,430
Less: cash and cash equivalents	(6,015)	(6,420)
Net debt	356,284	325,010
Total equity	457,195	527,874
Debt to capital ratio	0.78	0.62

5. LAND

	2019	2018
	Rs'000	Rs'000
At 01 July & 30 June	264,538	264,538
Number of arpents	2,106.53 A	2,106.53 A

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

6. INVESTMENT PROPERTY

	2019	2018
	Rs'000	Rs'000
At 01 July & 30 June	70,053	70,053
Number of arpents	274.14 A	274.14 A

The table below depicts the summary of the investment property at 30 June 2019.

Description	Location	Extent	Value per arpent	Total	Rental income recognised during the year
			Rs'000	Rs'000	Rs'000
Land lease for food cultivation	Britannia	200	126	25,116	944
	Belle Rive	49.14	126	6,171	62
	Ile D'Ambre	25	1551	38,766	-

During the year ended 30 June 2019, the rental income was not recognised for Ile D'Ambre. The contract was terminated in 2018.

7 PLANT AND EQUIPMENT

	Bearer Plants Canes	Computer Equipment	Motor vehicles	Plant and machinery	Furniture and fittings	Tools and equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST							
At 30 June 2017	77,632	167	6,887	-	381	6,089	91,156
Additions	740	-	-	-	-	-	740
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
ACCUMULATED DEPRECIATION							
At 30 June 2017	65,755	164	5,796	-	381	5,648	77,744
Charge for the year	3,438	3	923	-	-	300	4,664
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
CARRYING AMOUNT							
At 30 June 2019	6,816	169	282	651	-	-	7,918
At 30 June 2018	9,179	-	168	-	-	141	9,488

8 INTANGIBLE ASSETS

	2019	2018
	Rs'000	Rs'000
COST		
At 01 July and 30 June,	1,585	1,585
ACCUMULATED AMORTISATION		
At 01 July,	1,585	1,585
Charge for the year	-	-
At 30 June,	1,585	1,585
CARRYING AMOUNT		
At 30 June,	-	-

9 INVESTMENT IN ASSOCIATE

	2019	2018
	Rs'000	Rs'000
At 01 July,	163,677	156,034
Share of result of associate	(38,024)	7,643
At 30 June,	125,653	163,677

(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

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

	2019	2018
	Rs'000	Rs'000
Current assets	1,214,546	1,221,692
Non-current assets	742,159	758,532
Current liabilities	1,699,766	1,644,556
Non-current liabilities	-	1,129
Revenue	109,211	229,468
(Loss) / profit for the year	(77,600)	15,598
Total comprehensive (loss) / income for the year	(77,600)	15,598

10 DEFERRED EXPENDITURE

	2019	2018
	Rs'000	Rs'000
At 1 July	164	-
Addition	200	164
Released during the year	(4)	-
At 30 June	360	164

11 INVENTORIES

	2019	2018
	Rs'000	Rs'000
Fertilizers and chemicals	4,240	2,776

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

12 TRADE AND OTHER RECEIVABLES

	2019	2018
	Rs'000	Rs'000
Trade receivables	15,230	9,766
Other receivables	605	706
Amount due from the associate company (Note 27)	208,418	215,668
	224,253	226,140

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.

12 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	2019	2018
	Rs'000	Rs'000
At 01 July,	13,565	20,976
Net gain / (loss) arising from changes in fair value	1,625	(7,411)
At 30 June,	15,190	13,565
Analysed as:		
Standing sugar cane crop	12,111	8,360
Nursery plants	3,079	5,205
	15,190	13,565

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.

13 CONSUMABLE BIOLOGICAL ASSETS (CONTINUED)

	Standing Sugar cane crop	Nursery plants	Total
	Rs'000	Rs'000	Rs'000
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
At 01 July 2017	14,775	6,201	20,976
Increase/(decrease) in fair value			
Due to harvest / sales	(14,775)	(588)	(15,363)
Due to biological transformation	8,360	(408)	7,952
At 30 June 2018	8,360	5,205	13,565

	2019	2018
Number of hectares of sugar cane plantations at year end	708	735
Tonnage of sugar cane harvested during the year	36,676	45,041

(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.

13 CONSUMABLE BIOLOGICAL ASSETS (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	*Cost technique and discounted cash flows:* 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.	• Estimated costs of cultivation and preparation – **1.5%** increase over actual costs incurred (2018: 3% increase over actual costs incurred) • Estimated future sugar prices per tonne **Rs 8,700** (2018: Rs 11,317) • Estimated production of sugar **3,000 tonnes** (2018: 3,276 tonnes) • Risk adjusted discount rate 6.5% (2018: **6.5%** per annum)	The estimated fair value would increase/ (decrease) if: • The estimated costs of cultivation and preparation were higher/(lower); • The estimated sugar prices per tonne were higher/ (lower); or • The estimated production of sugar was higher/ (lower); • The risk-adjusted discount rates were lower/ (higher).
Nursery plants	*Market comparison technique:* The fair value is based on the market price of nursery plants of similar age, quality and market values.	Not applicable	Not applicable

13 CONSUMABLE BIOLOGICAL ASSETS (CONTINUED)

(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.

14 ASSETS HELD FOR SALE

	2019	2018
	Rs'000	Rs'000
At 01 July	102,483	103,500
Disposed during the year	(1,209)	(1,017)
	101,274	102,483

Assets held for sale represent unsold plots of land as at 30 June 2019 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:

	2019	2018
	Arpent	Arpent
Ile D'Ambre	63.98	64.76
Deux Bras	2.35	2.35
Union Park	14.07	14.07
	80.40	81.18

15 STATED CAPITAL

	2019	2018
	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

15 STATED CAPITAL (CONTINUED)

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.

16 RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations comprise of gratuity on retirement payable under the Employment Rights Act 2008 and have been based on the report submitted by AON Hewitt Ltd, dated 11 September 2019.

	SIPFI Members		Artisans/Labourer		Total	
Movement in the gratuity on retirement is as follows:	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
At 01 July	28	(177)	25,561	23,492	25,589	23,315
Amount recognised in profit or loss	21	5	2,104	2,279	2,125	2,284
Amount recognised in other comprehensive income	190	259	284	(210)	474	49
Less: Employer contributions	(59)	(59)	(1,245)	-	(1,304)	(59)
At 30 June	180	28	26,704	25,561	26,884	25,589

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

	SIPFI Members		Artisans/Labourer		Total	
Movement in the gratuity on retirement is as follows:	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Current service cost	22	19	782	752	804	771
Settlement loss	-	-	-	-	-	-
Net interest on net defined benefits (asset)/liability	(1)	(14)	1,322	1,527	1,321	1,513
	21	5	2,104	2,279	2,125	2,284

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	2019	2018	2019	2018	2019	2018
on retirement is as follows:	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Return on plan assets above interest income	84	(27)	-	-	84	(27)
Liability experience loss	14	27	76	(668)	90	(641)
Liability loss due to change in financial assumptions	92	259	208	458	300	717
	190	259	284	(210)	474	49

(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	2019	2018	2019	2018	2019	2018
on retirement is as follows:	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July	1,849	1,533	25,561	23,492	27,410	25,025
Current service cost	22	19	782	752	804	771
Interest expense	95	96	1,322	1,527	1,417	1,623
Employee contributions	20	17	-	-	20	17
Settlement loss	-	-	-	-	-	-
Benefits paid	(101)	(102)	(1,245)	-	(1,346)	(102)
Liability loss due to change in financial assumptions	92	259	208	458	300	717
Liability experience (gain)/ loss	14	27	76	(668)	90	(641)
Transfer in	-	-	-	-	-	-
At 30 June	1,991	1,849	26,704	25,561	28,695	27,410

16 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

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

	SIPF1 Members		Total	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July	1,821	1,710	1,821	1,710
Interest income	96	110	96	110
Employer contributions	59	59	59	59
Employee contributions	20	17	20	17
Benefits paid	(101)	(102)	(101)	(102)
Return on plan assets excluding interest income	84	27	84	27
Transfers in	-	-	-	-
At 30 June	1,979	1,821	1,979	1,821

The principal actuarial assumptions at end of year were as follows:

	SIPF1 Members		Total	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Discount rate	4.3%	5.3%	4.3%	5.3%
Future salary increases	-	-	2.2%	3.1%
Future pension increases	-	-	-	0.5%
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		Total	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Increase due to 1% decrease in discount rate	209	190	1,221	1,324
Decrease due to 1% decrease in discount rate	176	161	1,125	1,215

16 RETIREMENT BENEFIT OBLIGATIONS (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.

	2019	2018
Expected employer contribution for the next year (Rs'000)	59	59
Weighted average duration of the defined benefit obligation	10 years	9 years

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

	2019	2018
Expected employer contribution for the next year (Rs'000)	8,270	5,043
Weighted average duration of the defined benefit obligation	4 years	5 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

	2019	2018
	Rs'000	Rs'000
Trade payables	70	3,030
Other payables	20,542	16,323
Amount due to holding company (Note 27)	312,838	286,064
	333,450	305,417

18 REVENUE

	2019	2018
	Rs'000	Rs'000
Proceeds from sugar and other related by-products of sugar	51,726	51,489
Proceeds from sale of agricultural land	1,905	3,254
	53,631	54,743

19 COST OF SALES

	2019	2018
	Rs'000	Rs'000
Employee costs (Note (a))	28,613	41,803
Changes in fair value of consumable biological assets (Note 13)	(1,625)	7,411
Cultivation costs and SIFB premium	11,440	10,500
Subcontractor costs	17,723	20,762
Depreciation of bearer plant canes (Note 7)	2,771	3,438
Nursery expenses	62	260
Cost of land sold	1,209	1,017
Land transfer tax	-	115
Staff protective equipment	214	489
Other costs	62	23
	60,469	85,818

(a). Employee costs	2019	2018
	Rs'000	Rs'000
Wages, salaries and social security costs	27,792	39,578
Movement in retirement benefit obligations	821	2,225
	28,613	41,803
Average number of employees	89	90

20 OTHER INCOME

	2019	2018
	Rs'000	Rs'000
Rental income from land	1,158	2,854
Excess over four miles refund	1,067	1,471
Income from sale of plant	709	588
Sundry income	118	352
	3,052	5,265

21 ADMINISTRATIVE EXPENSES

	2019	2018
	Rs'000	Rs'000
Management fees	1,000	1,000
Depreciation of plant and equipment, excluding bearer plant canes (Note 7)	435	1,224
Annual report expenses	604	249
Motor vehicles expenses	859	1,314
General expenses	1,369	875
Directors' fees	934	986
Audit fees	225	285
Press and advertising costs	199	259
Computer costs	133	175
Overseas travelling	-	167
Postage	769	122
Bank charges	103	114
Licences	386	233
Professional fees	154	10
AGM expenses	277	62
Other expenses	396	324
	7,843	7,399

22 NET FINANCE COSTS

	2019	2018
	Rs'000	Rs'000
Interest income:		
- Bank accounts	39	124
- Current account held with associate (Note 27)	17,741	18,620
Finance income	17,780	18,744
Interest expense:		
- Bank overdraft	-	(1)
- Current account held with holding company (Note 27)	(25,331)	(22,994)
Finance costs	(25,331)	(22,995)
Net finance costs	(7,551)	(4,251)

23 TAXATION

Income tax is calculated at a rate of 15% (2018: 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 80,441,000** (2018: Rs 63,268,000).

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.

23 TAXATION (CONTINUED)

(a) Statement of financial position

	2019	2018
	Rs'000	Rs'000
At 1 July	-	-
Tax charge for the year	-	-
At 30 June	-	-

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

	2019	2018
	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: -

	2019	2018
	Rs'000	Rs'000
Loss before taxation	(57,204)	(29,817)
Tax calculated at a rate of 15% (2018: 15%)	(8,581)	(4,473)
Share of loss / (profit) of associate	5,704	(1,146)
Excess of depreciation over capital allowance	325	16
Expenses not deductible for tax purposes	(24)	1,554
Tax losses carried forward	2,576	4,049
Tax charge for the year	-	-

23 TAXATION (CONTINUED)

(d) Deferred tax assets not recognised

	Accelerated tax depreciation	Tax losses	Retirement benefit obligations	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At 30 June 2017	171	5,949	3,457	9,577
Movement during the year	127	3,541	381	4,049
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

(e) Accumulated tax losses

Tax losses available:

Year end	To be carried forward	Expiry Dates	To carry forward indefinitely	Total
	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
	77,382		3,059	80,441

24 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	Notes	2019	2018
		Rs'000	Rs'000
Loss before tax		(57,204)	(29,817)
Adjustments for:			
Depreciation on plant and equipment	7	3,206	4,664
Expenditure incurred during the year		(196)	(165)
Profit on sale of land		(696)	(2,236)
Interest income	22	(17,780)	(18,744)
Interest expense	22	25,331	22,995
Share of result of associate	9	38,024	(7,643)
Movement in retirement benefit obligations	16	821	2,225
Net changes in fair value of consumable biological assets	13	(1,625)	7,411
		(10,119)	(21,310)
Changes in working capital:			
- Inventories		(1,464)	(1,510)
- Trade and other receivables		1,887	5,685
- Trade and other payables		28,033	26,066
- Contract liability		1,541	-
Cash generated from operations		19,878	8,931

(b) Cash and cash equivalents

	2019	2018
	Rs'000	Rs'000
Cash at bank	6,010	6,415
Cash in hand	5	5
	6,015	6,420

25 DIVIDENDS

	2019	2018
	Rs'000	Rs'000
Dividend of Rs 0.04 per share (2018: Rs 0.04)	13,001	13,001

26 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.

27 RELATED PARTY TRANSACTIONS

	Management fees payable	Interest income/ (expense)	Amount owed by/(to) related parties
	Rs'000	Rs'000	Rs'000
2019			
Sugar Investment Trust	1,000	(25,331)	(312,838)
SIT Property Development Ltd	-	17,741	208,418
2018			
Sugar Investment Trust	1,000	(22,994)	(286,064)
SIT Property Development Ltd	-	18,620	215,668

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 2019, the Company has not recorded any impairment of receivables relating to amount owed by related party (2018: 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.

Compensation of key management personnel

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

	2019	2018
	Rs'000	Rs'000
Directors' remuneration	934	986

28 SUBSEQUENT EVENTS

There have been no material post reporting events which would require any disclosure or adjustments in respect to the financial statements as 30 June 2019.

SIT Land Holdings Ltd

A subsidiary of Sugar Investment Trust

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POSTAGE PREPAID

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