
# ANNUAL REPORT 2023

# GROWING WITH MAURITIUS FOR

For half a century, Innodis has been an integral part of the daily lives of Mauritian families, crafting local brands and bringing international ones to their doorstep. As we celebrate this milestone, our heartfelt gratitude extends to all those who have welcomed us into their homes and to every dedicated team member who has contributed to our success story. Let us look forward to writing even more beautiful chapters together for many more decades to come!

Good Today. Better Tomorrow.

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# AT A GLANCE

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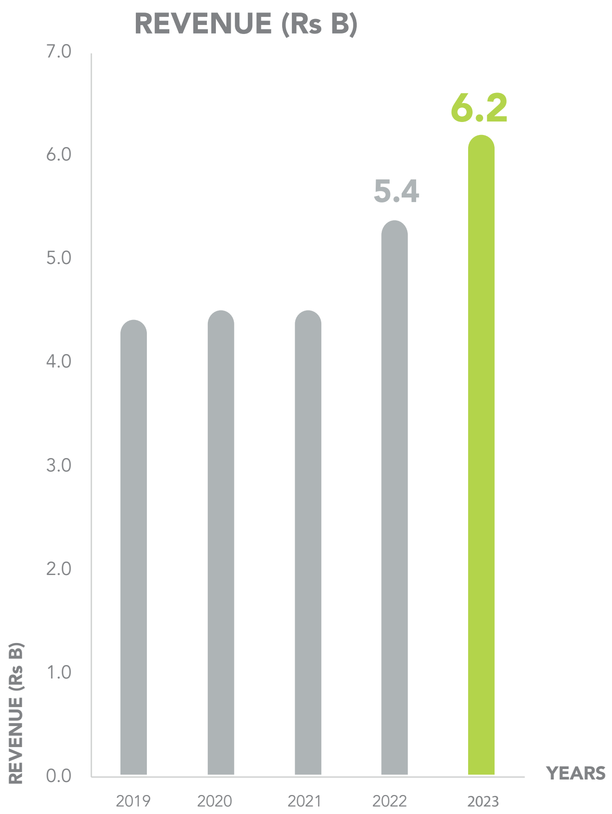
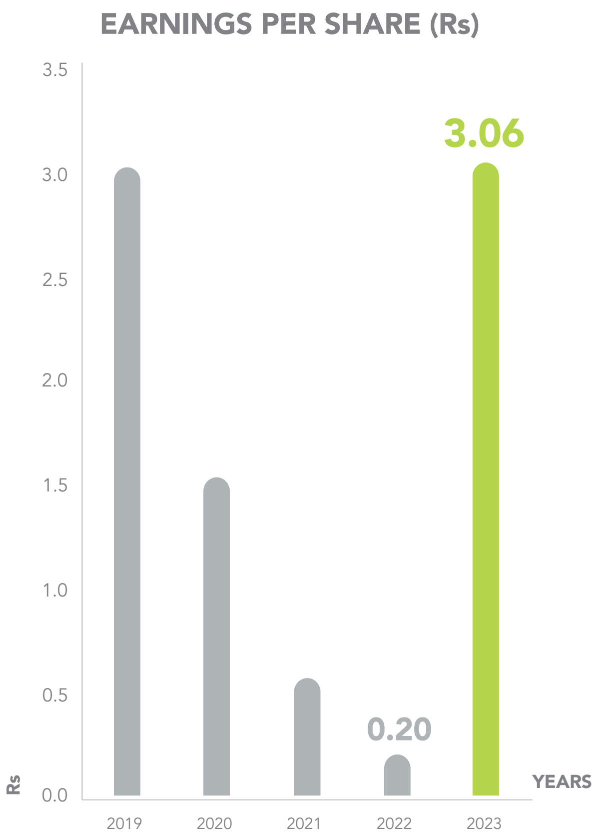
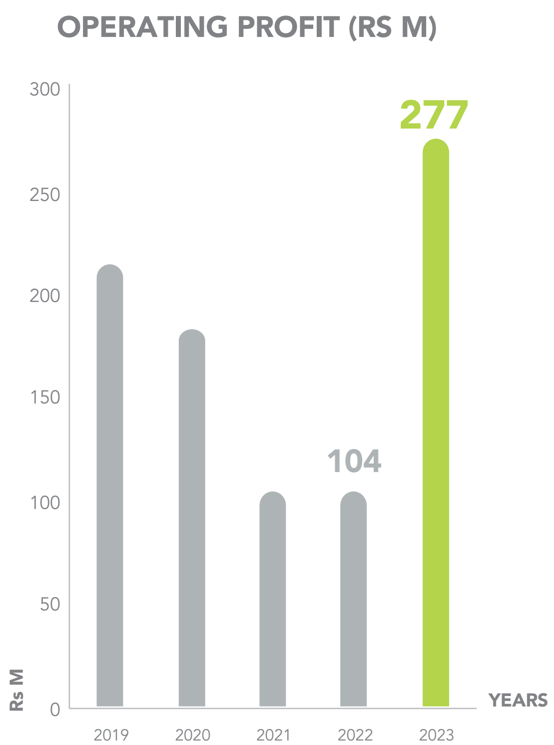
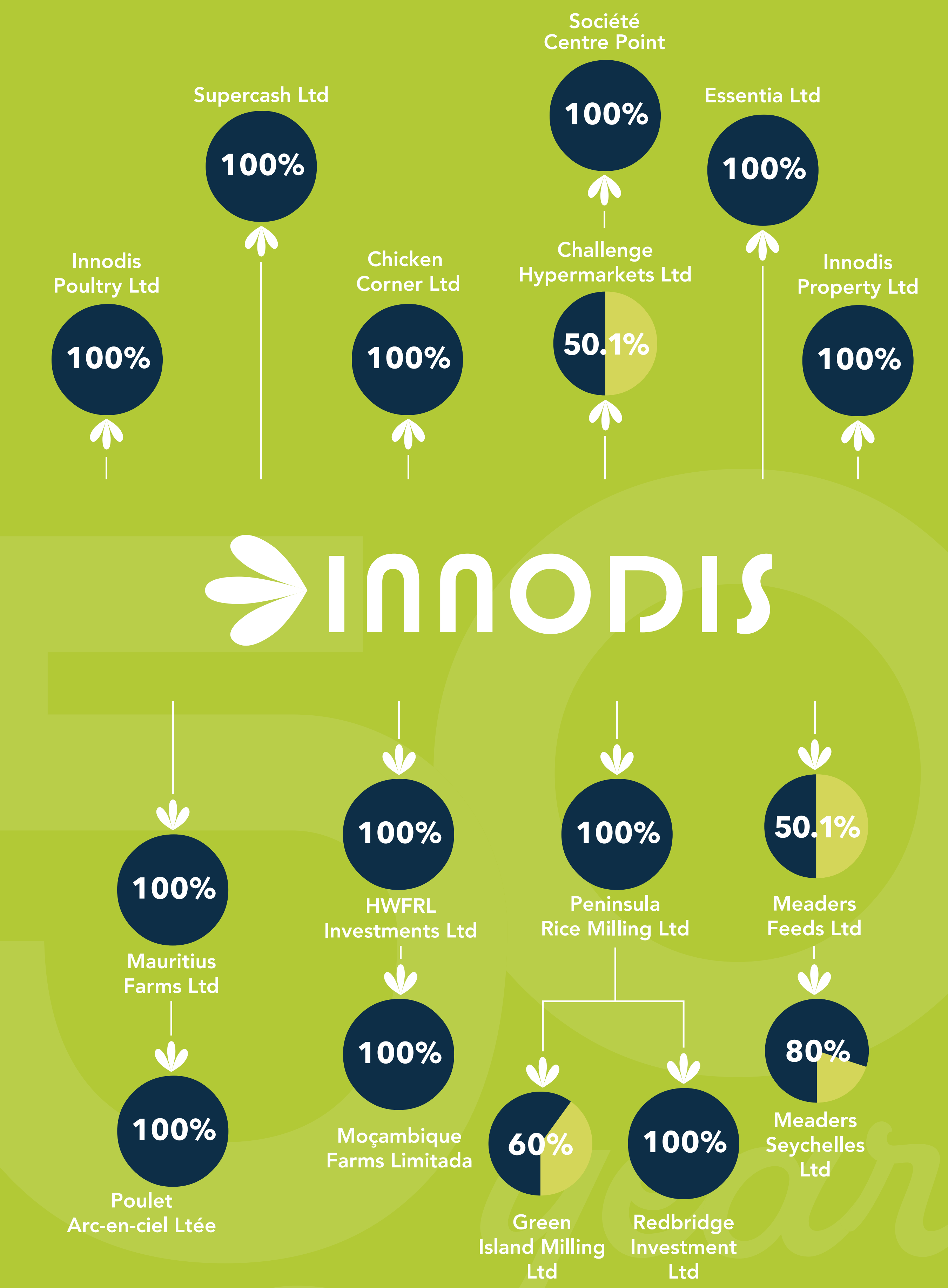



# GROUP *Structure*



# OVERVIEW OF *Activities*

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# LEADERSHIP

# CHAIRPERSON AND CEO'S *Report*

**VICTOR SEEYAVE**
CHAIRPERSON

**JEAN-PIERRE LIM KONG**
CHIEF EXECUTIVE OFFICER

> **"While the trading environment remains challenging, the positive momentum of the economy, coupled with the revamped income tax structure and government support extended to Mauritian families, have provided a much-needed stimulus to consumption. This, in turn, has become a catalyst for boosting sales within our Group, resulting in a much improved performance in a truly special year, as we celebrate our 50th anniversary."**

The intensification of the Russia-Ukraine conflict last year had far-reaching repercussions, extending its impact on energy and commodity prices across the globe and in Mauritius. In addition to this, a weakened rupee exacerbated the situation locally, reducing the purchasing power of Mauritian families and placing considerable strain on the profitability of many businesses, including ours. Moreover, the extension of price control on several new product categories has significantly constrained our ability to generate sufficient margins to cover our operating costs in some of our more traditional product lines.

On a brighter note, the local economy has made important strides towards recovery since the Covid era, with the tourism sector playing a pivotal role. The Government's GDP growth projection currently stands at 4.6% for 2023, and according to the IMF, the economic landscape is anticipated to gradually converge towards its pre-pandemic trend growth of 3% to 3.5% by the year 2025.

While the trading environment remains challenging, the positive momentum of the economy, coupled with the revamped income tax structure and government support extended to Mauritian families, have provided a much-needed stimulus to consumption. This, in turn, has become a catalyst for boosting sales within our Group, resulting in a much improved performance in a truly special year, as we celebrate our 50th anniversary.

The Group recorded a 14% growth in turnover, reaching Rs 6.2 billion in the Financial Year 22/23. Group profit from continuing operations grew from Rs 56 million to Rs 139 million. The Company's turnover surpassed the Rs 3.1 billion mark, marking a significant milestone in our 50th history. The improvement in the profit from continuing activities of the Company was even better, surging from Rs 18 million last year to Rs 68 million.

We do need to point out that these results include insurance proceeds of Rs 26 million received by the Group in the FY 22/23, which fully covered the material damage incurred during the fire outbreak at our Supercash Phoenix branch in June 2022.

Earnings per share (EPS) for the year recorded a substantial rise, reaching Rs 3.06, a significant jump from Rs 0.20 in FY22. If we exclude proceeds from insurance and losses from discontinued operations, the EPS would still be standing at a healthy Rs 2.35, compared to Rs 0.63 last year.

Furthermore, in May 2023, we successfully raised Rs 200 million by way of Fixed Rate Notes, the purpose of which was to refinance the repayment of Notes for a corresponding amount which had matured in March 2023. The capital raised was again oversubscribed, demonstrating the continued confidence of the financial markets in the Group.

## PERFORMANCE BY CLUSTER

### AGRO-INDUSTRY

At the beginning of the financial year under review, the local poultry industry faced a daunting landscape. High volatility in the commodity markets had driven feed prices to unprecedented levels during the previous two years, significantly increasing our cost of production. The situation was compounded by the outbreak of the Russia-Ukraine conflict, which cast a shadow of uncertainty over global raw material markets, particularly impacting grain exports from those regions. The disruption in the supply of breeding flocks due to the spread of HPIA in Europe, a surge in finance costs, the persistent depreciation of the Rupee, and rapid spikes in energy prices further added to our escalating costs.

However, amidst these adverse circumstances, we found solace in the enhanced synergies and economies of scale resulting from the reorganisation of our poultry operations housed under Innodis Poultry Ltd and Poulet Arc-en-Ciel Ltée initiated in the preceding year. These efforts bore fruit by reducing our base production costs. Through the concerted efforts from our production and sales teams, we also managed to partially offset increased input costs through an adjustment of the selling prices of our poultry products, leading to some margin improvements.

In a market clouded by fierce competition and consumer uncertainty, raising poultry prices carried risks. Nevertheless, sustained promotional activities and organic growth in the wholesale, retail, and food service industries have allowed us to achieve our sales targets. Despite the above-mentioned challenging market conditions, demand proved to be resilient, particularly compared to other meat protein substitutes.

Furthermore, our restructured sales team was successful in securing further market shares in more product categories in the FY 22/23. In addition, we have initiated an ongoing improvement program for our entire product range. We have already obtained some promising results, with greater market presence and visibility in segments where we historically had limited representation. Notably, our Prodigal™ branded whole chicken and cuts in trays have recorded encouraging growth.

To increase our resilience following these last two difficult years, we have made strategic investments in modernising and expanding production capacity and introducing new machinery and technology at our facilities. Unfortunately, the commissioning of our new cold storage warehouse at Beau Climat has experienced some delays. However, once it becomes operational, we expect to benefit from cost savings and efficiency improvements.

Moreover, in line with our commitment to reducing our environmental footprint, we have invested in increased renewable energy generation capacity through the installation of solar panels. We have also enhanced our waste management processes.

Looking ahead, our strategic priorities include expanding our market reach, broadening our product portfolio, and continuously improving efficiency and processes in all aspects of our operations. Furthermore, our commitment to extending our operations beyond Mauritius through export avenues remains unwavering and exemplifies our relentless pursuit of new horizons.

#### Moçambique Farms Limitada

The year under review presented several challenges for us in Mozambique. Power outages, flooding and other issues had a major impact on our operations. To exacerbate matters, the sustained high cost of raw materials and the continuous influx of unregulated poultry imports in the country placed even further strain on our poultry subsidiary.

Regrettably, the state of the Mozambican economy has been recently marred by persistent high unemployment rates and diminishing levels of disposable income. Economic growth has been thwarted by crumbling infrastructure investment and the depreciation of the local currency. This challenging economic backdrop has constrained our ability to fully recoup escalations in input costs, resulting in sustained pressure on our profit margins.

To safeguard the sustainability of the company's performance, we implemented several action plans, including improvements in the broiler vaccination program and ensuring that our sales and marketing strategy reaches across consumers spanning the entire economic spectrum. Moreover, we have remained steadfast in our commitment to producing frozen products while at the same time expanding our processing capacity for chilled chicken.

Our focus for the future will remain on managing product and customer mix to maximise margins. Emphasis on customer service, delivering quality products, and establishing efficient routes to market are integral to our pursuit of this objective.

### Meaders Feeds Ltd

Our strategic initiatives and customer-centric approach throughout the past year have yielded significant gains in market share. This success is reflected in the growth of both our turnover and profits from operational activities, and this, despite the persistent high prices of raw materials, which only began to show signs of easing around May 2023.

Moreover, our business was affected by a surge in finance costs, a result of increased working capital requirements and rising interest rates. On the other hand, freight costs have stabilised during the year, with some favourable downward trends observed in the latter half of the financial year.

Looking ahead, the company has embarked on an ambitious refurbishment program aimed at modernising its production processes and upgrading its technology. This endeavour reflects our dedication to staying at the forefront of industry innovation. Furthermore, we have bolstered our management team with new recruits, as we aim to harness fresh perspectives and expertise to better navigate the evolving landscape of our industry.

Nevertheless, we expect that we will continue to feel the effects of the ongoing Russia-Ukraine conflict, which may still impact cereal and soybean meal prices in the foreseeable future. Additionally, we anticipate that finance costs will remain significant should interest rates be kept high in an effort to curb inflation.

## MANUFACTURING (DAIRY)

The FY 22/23 has proven to be another year in which the resilience of our Dairy operations has been put to the test. Due to strong competition and the pressure on the purchasing power of consumers, we elected to absorb most of the increases in raw material prices, and this has been putting pressure on our profit margins. Additionally, rising energy prices, including those of diesel and electricity, further impacted our production costs.

Nonetheless, we are pleased to report that our unwavering commitment to innovation and our dedication to Research & Development have borne fruit. Our year-on-year production volumes have recorded consistent growth, averaging a 16% rise compared to the previous year. This increase has been achieved across both our ice cream and yogurt product lines.

During the year, we introduced new and unique fruit flavour combinations to our BeWell™ Kefir range. Furthermore, we revamped the packaging of our Dairyvale™ Lait Caillé 200 ml pouches and expanded our product range with two new flavours. Our focus on convenience and ease of use is evident in the development of these squeezable pouches and on-the-go healthy probiotic drinks.

Our Dairyvale™ Greek-style range also recorded further growth with our new range of flavours. Despite a competitive landscape with new entrants, including imports, these product launches, along with the expansion of our Ice Dream™ 1.8L products, contributed positively to our overall volume growth in our Dairy segment.

During the year, in line with our commitment to environmental conservation, we made the transition from plastic to carton packaging for our entire range of Treat™ and Ice Dream™ tubs. Regarding our Bewell™ Kefir and DairyVale™ Lait Caille 1L, we adopted PLA (poly lactic acid) containers – a material which is fully biodegradable and environmentally friendly. These combined initiatives led to an estimated 15% reduction in our carbon footprint during the year.

In the year ahead, we remain committed to using more recyclable materials and plan to supply ice cream and yoghurt to our hospitality and food service sector clients in reusable tubs. Moreover, a new yoghurt filling line will be commissioned at the beginning of the next calendar year. We expect an improvement in plant yield and efficiency gains with this new high-capacity machine. We will also be reviewing our equipment set-up at the factory to further enhance yield and reduce production costs.

## IMPORTS AND DISTRIBUTION

The financial year under review has been a landmark year for our Commercial division, with a top-line exceeding Rs 3 billion, equivalent to a 12% improvement over the previous year. In line with our strategy to promote our local brands, we maintained our focus on Prodigal™, Dairymaid™, Dairyvale™, and Twin Cows™, which now constitute over 30% of our sales portfolio. We are also pleased with the growth in exports of our locally manufactured products. In the future, we are hoping to export our international brands as well in the region.

We recorded improvements in both turnover and margin regarding sales to the Hospitality and Food Service sectors, compared to the pre-pandemic period. These thriving sectors not only play a crucial role in our current success but also represent significant growth opportunities for us. We will therefore maintain our focus on these client categories by bolstering our sales capabilities and enhancing product offerings, particularly in our high-end product segment.

In fact, it is more than ever incumbent upon us to diversify our portfolio, given that our margins have faced a lot of pressure in recent years as a result of the introduction of price control on various product categories, jeopardising our investments in several of these categories. Having a broader activity base and enhanced presence across various market segments is now essential to ensure the sustained viability of our overall distribution business, both in the immediate future and over the long term.

### Our Sustainability journey

As previously mentioned, we have revamped our packaging for certain products, especially in the dairy segment, to adopt more eco-friendly materials as well as to give our products a more attractive and trendier look-and-feel. On the poultry side, we have reduced our plastic usage and phased out polyethylene packaging in favour of biodegradable trays.

Our 'Reduce, Reuse, Recycle' (3R) initiatives in the Commercial division have been successful. We collected and diverted recyclable waste generated by our operations to registered recycling plants. These initiatives resulted in the recycling of 37,420 Kgs of waste materials from July 2022 to June 2023, equivalent to saving 483 trees and providing oxygen for 1,488 people. We also offered training on sustainability principles and practices to our workforce, encouraging them to adopt 3R habits not only at work, but also at home.

In the battle against food waste, we saved over 11,000 Kgs of products returned from the market. Most of these products would have otherwise ended up in the landfill, even though they were still perfectly safe for consumption. Through our partner Foodwise, we were able to channel these products to 53 charitable institutions, and as a result, more than 45,000 meals were prepared for needy families.

### Supercash

We are pleased to announce the successful reorganisation of our Supercash activities. In spite of the closure of our Phoenix outlet, Supercash performed admirably well during the year, with profits exceeding our initial targets. Our focus on Rodrigues, particularly with the increased number of visitors to the island, has led us to open a third outlet in Port Mathurin.

## STAFF ENGAGEMENT AND WELFARE

This year, we are not merely turning the page in our 50-year journey - we are reaffirming our commitment to growth, unity, and progress. While an important portion of our focus during the past year was dedicated to addressing the Group's financial performance, we are pleased to share that the HR department spared no effort to continue to ensure the well-being of our valued staff.

We believe in the power of having the right feedback. That is why we proudly introduced an Employee Engagement survey in collaboration with Business Mauritius. This initiative aims to gauge the impact of our ongoing efforts to enhance engagement and foster a strong sense of belonging within our Group. Additionally, we initiated a Remuneration survey in partnership with Capfor to benchmark the conditions of employment of our staff against those of industry peers, and we are committed to taking the necessary steps to address any areas where we may need improvement. In the same spirit, we have embarked on crafting comprehensive plans for each of our business units. These plans are designed to refine our organisational structure and ensure that we identify and nurture talent effectively.

This year, our celebration goes beyond the company - it extends to each and every member of our dedicated staff. That is why we view the upcoming staff-oriented activities and festivities scheduled for November 2023 as more than just opportunities to strengthen our bonds - they present an opportunity to celebrate the collective and individual contributions and successes of our People.

Furthermore, our HR department is working hand in hand with our IT department regarding the implementation of our new ERP system to ensure a seamless transition. The deployment of this new system necessitates adaptation, and we have proactively allocated resources for training at all levels. Through a 'Train the Trainer' approach and on-the-job training, we are ensuring that every member of our team is well-prepared for the journey ahead.

## OUTLOOK

As we look back on the past year and our incredible 50-year journey, one thing becomes evident - our resolute capacity to overcome a diverse array of challenges. However, we have not only triumphed over adversity on more than one occasion, but also transformed into a more united and closely-knit family, firmly grounded in our shared conviction that we can conquer any obstacle that crosses our path and turn challenges into opportunities.

As we now press forward on our journey, we are armed with an unshakable commitment to take every essential step required to secure the success of our Group for many more years to come. This includes investing in vital infrastructure and innovative tools, ensuring we have the right structure and processes for optimal efficiency, and, perhaps most importantly, nurturing and empowering our dedicated workforce.

Moreover, Sustainability has now become the cornerstone of our path forward. Our dedication to sustainable practices, ethical sourcing, and reducing our ecological footprint is not only beneficial to our business but also contributes to the well-being of our planet. During the past year, we have in fact translated our lofty ideals into concrete actions, as reported earlier in this report. Our initiatives have laid down a robust foundation for us to continue making significant strides on this journey, and to play an active role in driving positive change.

Dear shareholders, at the core of our success narrative, you stand as the bedrock, having placed your trust in us. Your steadfast support has been pivotal to our accomplishments, and we pledge to continue our unwavering pursuit of excellence in delivering value to you.

Lastly, we wish to express our profound gratitude to our esteemed Board of Directors and to our dedicated management team. Over the past years, their collaborative efforts have seamlessly coalesced to uplift the level of our operations, and together, they have given birth to innovative ideas and strategies. We deeply appreciate their invaluable contributions.

To each and every one of you, thank you for your trust, dedication, and continued support. Together, we are confident that we will accomplish remarkable feats and embrace a future filled with promise, as we look forward to another exciting 50 years ahead.

# DIRECTORS' Report

The Directors are pleased to present the annual report together with the audited financial statements of Innodis Ltd (the "Company") and its subsidiairies (collectively referred to as the "Group") for the year ended 30 June 2023. The annual report is published in full on the organisation's website at www.innodisgroup.com. The financial statements of the Group and the Company are set out on pages 53 to 141. The auditors' report on these consolidated and separate financial statements is on pages 48 and 51.

## REVIEW OF BUSINESS

The principal activities of the Group comprise production of poultry and dairy products, animal feeds manufacturing, distribution and marketing of food and grocery products.

Innodis Ltd is a leader in several of the markets in which it operates (e.g. cheese, juice, chicken franks), or at least a challenger to the market leader (e.g. poultry, yoghurt). Factors that influence the external environment include COVID-19 and the various economic consequences of the restrictions to trade and movement, such as the significant increase in freight cost, the level of competition in each market, the emergence of new players, the growing power of retail outlets, the evolving requirements of consumers, fluctuations in the world prices of petrol and commodities, among others. The Group tackles these challenges by having a diversified offering, by being more and more innovative and efficient, and by pro-actively addressing the needs and aspirations of consumers, in terms of quality, cost, health and environmental-friendliness.

An overview of the growth opportunities being contemplated by the Group - as well as any risks involved - is included in the Chairman's and CEO's report. Moreover, the Group has already embarked on a strategic integrated approach to create value, which takes into account energy savings and its environmental impact.

Segment information is disclosed in Note 6 to the consolidated and separate financial statements.

## RESULTS

For the year under review, the Group and the Company recorded a turnover of Rs 6.16 billion (2022: Rs 5.38 billion) and Rs 3.13 billion (2022: Rs 2.79 billion) respectively, whilst profit after tax attributable to shareholders for the Group and the Company amounted to Rs 112.3 million (2022: Rs 7.5 million) and profit Rs 67.7 million (2022: Rs 18.3 million) respectively.

## DIVIDENDS

Total dividends declared by the Group and the Company for the year ended 30 June 2023 were Rs 80.2m (2022: Rs 57.9m) and Rs. 67.9m (2022: Rs 42.2m) respectively.



# STATEMENT OF DIRECTORS' Responsibilities

The Directors acknowledge their responsibilities for:

(i) leading and controlling the organisation and meeting all legal and regulatory requirements;

(ii) adequate accounting records and the maintenance of effective internal control systems;

(iii) the preparation of consolidated and separate financial statements which present a fair, balanced and understandable assessment of the Company's financial, environmental, social and governance position, performance and outlook in its annual report and on its website as at the end of the financial year and the cash flows for that period, and which comply with International Financial Reporting Standards (IFRS), the Financial Reporting Act and the Mauritius Companies Act 2001;

(iv) the use of appropriate accounting policies supported by reasonable and prudent judgements and estimates;

(v) the Company's adherence to the Code of Corporate Governance;

(vi) 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, and for ensuring that the Company develops and executes a comprehensive and robust system of risk management; and

(vii) ensuring that an appropriate dialogue takes place among the Company, its shareholders and other key stakeholders.

The Directors further report that:

(i) the Company is a public interest entity as defined by law;

(ii) the Company is headed by an effective Board, and responsibilities and accountabilities within the Company (including at the level of Senior Management) are clearly identified;

(iii) appropriate Board committees, namely the Audit & Risk Committee and the Corporate Governance Committee (which is also tasked with duties regarding remuneration of Senior Management), have been set up to assist the Board in the effective performance of its duties;

(iv) adequate accounting records and an effective system of internal controls and risk management have been maintained;

(v) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;

(vi) International Financial Reporting Standards, the Financial Reporting Act 2004 and the Mauritius Companies Act 2001 have been adhered to. Any departure has been disclosed, explained and quantified in the consolidated and separate financial statements;

(vii) the Company has an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board and the management, and the Board has established formal and transparent arrangements, namely through its Audit Policy, to appoint and maintain an appropriate relationship with the Company's internal and external auditors;

(viii) there is a formal, rigorous and transparent process for the appointment, election, induction and re-election of directors. The search for Board candidates is conducted, and appointments are made, on the basis of merit, measured against objective criteria (to include skills, knowledge, experience, and independence and with due regard for the benefits of diversity on the Board, including gender);

(ix) they have assessed the Company as a going concern and have a reasonable expectation that the Company will continue to operate for the foreseeable future and meet its liabilities as they fall due; and

(x) they have approved the Audit and Risk Committee, Corporate Governance Committee and Board charters, the Company's Code of ethics, appropriate job descriptions of the key senior governance positions, an organisational chart, and a statement of accountabilities.

Approved by the Board of Directors on 27 September 2023 and signed on its behalf by:

Mr Victor Seeyave
Chairperson of the Board

Mr Jean-Pierre Lim Kong
Director

# CORPORATE GOVERNANCE REPORT

# CORPORATE GOVERNANCE *Report*

Innodis Ltd was incorporated on 25 April 1973 and is listed on the official market of the Stock Exchange of Mauritius Ltd (SEM) since 1996. The company falls under the definition of a public interest entity as defined by the Financial Reporting Act and is governed by the Listing Rules of SEM.

Innodis Ltd and its subsidiaries is further governed by its Constitution, its Board Charter, Companies Act 2001 and the National Code of Corporate Governance (2016).

The Board is aware of its responsibilities for applying and implementing within the Company the eight principles contained in the National Code of Corporate Governance (2016). The Board is committed to attaining and sustaining the highest standards of Corporate Governance with the aim of creating long-term value for the shareholders and stakeholders at large.

## CONSTITUTION OF THE COMPANY

The Constitution of the Company does not provide for any restrictions in relation to the ownership of shares.

Save and except where the terms of issue of any class of shares – as may be determined by the Board - specifically provides otherwise, all new shares are, before issue, offered to existing holders in proportion to their existing shareholdings.

The Constitution of the company can be viewed on its website.

## DISCLOSURES AND ENGAGEMENT WITH STAKEHOLDERS

The Board is committed to fair financial disclosure for its shareholders and all the stakeholders at large. The Company holds an annual meeting of shareholders, where relevant stakeholders are given the opportunity to be involved in a dialogue on the Company's position, performance and outlook at the annual meeting of shareholders.

## CODE OF ETHICS

The Group is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. It reflects its diversity and unique culture. Adequate grievances and disciplinary procedures are in place to enable enforcement of the Code of Ethics. The Code of Ethics can be viewed on the Company's website.

### Board size and composition

To determine its current size and composition, the Board has considered (a) the size, complexity and diversity of its operations, (b) the various qualifications and experience of its members, (c) the recommendations of the Code and (d) the Companies Act.

The Board has taken note of the recent changes to the Companies Act and the obligation to have at least 25% of women sitting on the board by 1st January 2024. Although it is satisfied that it is currently of a size and level of diversity that is commensurate with the sophistication and scale of Innodis Group, the Company is in the process of looking for the right candidate who will bring added value to the Board.

There is an appropriate combination of two executive directors, six non-executive directors and two independent directors. The directors come from diverse business 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, independent of management.

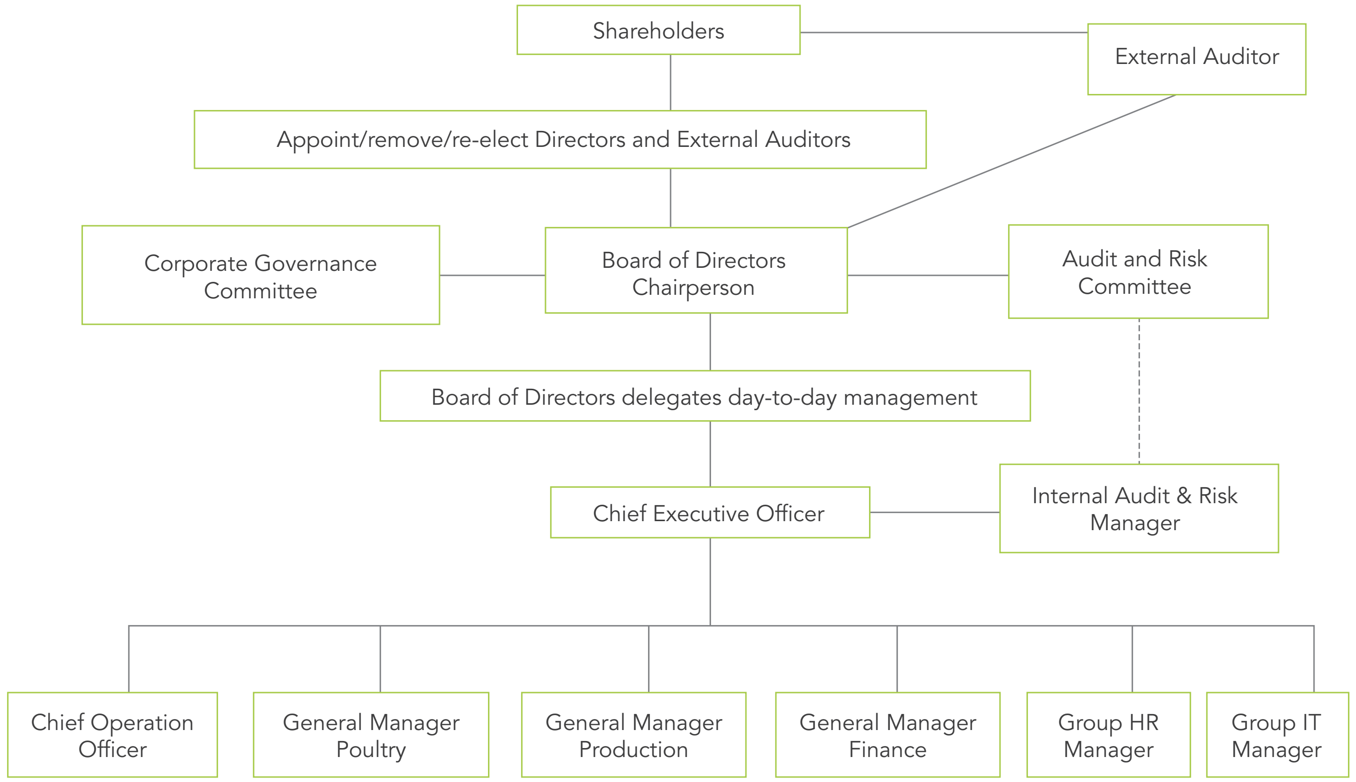
The list of the directors and their profiles are included on pages 25 to 27 of the Annual Report.

## GOVERNANCE STRUCTURE

The Company operates within a defined governance framework, as explained in the chart below, through delegation of authorities and clear lines of responsibility.

### Governance and organisational structure and major accountabilities

Shareholders have the power to appoint, re-elect and/or remove Directors. The management of the Company is vested to the Board which has all the powers necessary for managing, directing and supervising the management of the business and affairs of the company. The Board has created 2 sub committees and each operate within approved terms of reference. At Board meeting reports from sub committees are on the agenda. The Chairperson of each subcommittee is invited to brief the Board on the matters discussed at the committees and make the necessary recommendations where applicable.



## THE BOARD

The Board meets on a quarterly basis and at such ad hoc times as may be required. Its main functions include the following:

- Reviewing and evaluating present and future opportunities, threats and risks in the external environment, and current and future strengths, weaknesses and risks relating to the Company;
- Determining strategic options, selecting those to be pursued, and resolving the means to implement and support them;
- Determining the business strategies and plans that underpin the corporate strategy;
- Ensuring that the Company's organisational structure and capabilities are appropriate for implementing the chosen strategies;
- Delegating such authority and power to management as may be deemed appropriate and monitoring and evaluating the implementation of policies, strategies and business plans;
- Ensuring that internal controls are effective;
- Overseeing information governance within the Group and ensuring that information assets are managed effectively;
- Communicating with senior management;
- Ensuring that communications both to and from shareholders and relevant stakeholders and all strategic partners are effective; and
- Understanding and considering the interests of shareholders and relevant stakeholders in policy and strategy implementation.

### Succession Planning

The Board assumes the responsibilities for succession planning and has developed a succession plan that is updated as and when required; it ensures that there is a strong team assisting the Chief Executive Officer at all times. The profiles of the Senior Managers are disclosed from pages 44 to 45.

### The structure of the Board and its Committees

The Board has a unitary (one-tier) structure. Directors on the Board are independently minded. There are 10 directors sitting on the board as follows:

| Name | Gender | Country of residence | Board appointment | Committee appointment |
|---|---|---|---|---|
| Victor Seeyave | M | Mauritius | Non-Executive Chairperson | Chairperson of the Corporate Governance Committee and Board of Directors |
| Jean-Pierre Lim Kong | M | Mauritius | Executive Director (Chief Executive Officer) | |
| Maurice de Marassé Enouf | M | Mauritius | Non-Executive Director | Member of the Corporate Governance Committee and Member of the Audit and Risk Committee |
| Imrith Ramtohul | M | Mauritius | Non-Executive Director | Member of the Corporate Governance Committee |
| Sheila Ujoodha | F | Mauritius | Independent Director | Chairperson of the Audit and Risk Committee |
| Richard Luk Tong | M | Mauritius | Non-Executive Director | Member of the Audit and Risk Committee |
| Pauline Seeyave | F | Mauritius | Non-Executive Director | |
| Jean How Hong | M | Mauritius | Non-Executive Director | |
| Vivekanand Ramtohul | M | Mauritius | Executive Director | |
| Roshan Ramoly | M | Mauritius | Independent Director | Member of the Audit and Risk Committee |

The Company Secretary is Box Office Ltd. The latter has as partners two qualified Chartered Secretaries, Mrs. Sophie Gellé and Mrs. Sylvia Maigrot. The main contact of the Company is Mrs. Sophie Gellé.

# DIRECTORS' *Profile*

## Profiles of Directors and details of external appointments

### VICTOR SEEYAVE
NON-EXECUTIVE CHAIRPERSON

**Chairperson of the Corporate Governance Committee**

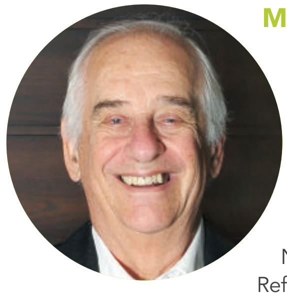
Victor is the holder of a BA in Economics (UK) and an MBA (USA). He is currently the Managing Director of Altima Group, which is engaged in property-related business, and previously held several management positions in the foods division of Innodis Group. He is also a director of Alter Domus (Mauritius) Ltd, a management company, which forms part of Alter Domus Group, a leading international provider of corporate and fund administration services. He does not hold any directorship in other listed companies.

### JEAN-PIERRE LIM KONG
EXECUTIVE DIRECTOR

Jean-Pierre is the Chief Executive Officer of Innodis Ltd since $1^{st}$ January 2017. He previously held the position of General Manager for Finance and Administration of the Company from 2000 to 2005. Jean-Pierre is a Fellow of the Institute of Chartered Accountants in England and Wales and holds a BSc (Hons) in Mathematics and Management Studies from King's College London. Prior to joining Innodis Ltd, he worked for KPMG's audit and consulting practices in London, the business advisory departments of KPMG and DCDM Consulting in Mauritius, and for the Cim Group in Mauritius, first as Managing Director of Cim Finance Ltd and subsequently as Group Chief Finance Executive. He is also an independent director of the Stock Exchange of Mauritius and a board member of the Association of Mauritian Manufacturers. Jean-Pierre has previously served on the board of the Mauritius Institute of Directors for three years. He does not hold any directorship in other listed companies.

### VIVEKANAND RAMTOHUL
EXECUTIVE DIRECTOR

Vivek is a Fellow of the Association of Chartered Certified Accountants (FCCA) with more than 25 years of experience in the agro-industry and the commercial sector, with exposure in the shipping and IT industries. He is the General Manager – Finance of Innodis Group and serves as director in some of the wholly owned subsidiaries of Innodis Ltd, including Ariva Ltée and Meaders Feeds Ltd. Vivek has previously chaired the Audit & Risk Committee of Meaders Feeds Ltd. He does not hold any directorship in other listed companies.



### MAURICE DE MARASSÉ ENOUF
NON-EXECUTIVE DIRECTOR

**Member of the Audit and Risk Committee and of the Corporate Governance Committee**

Maurice retired in 2001 after 29 years of service as Finance Manager of the WEAL group of Companies. He is a Non-Executive Director of Mauritius Oil Refineries Ltd. He is currently a member of the Audit and Risk Committee and a member of the Corporate Governance Committee of Innodis Ltd. He is also a member of the Audit and Risk Committee of the Mauritius Oil Refineries Ltd.

### RICHARD LUK TONG
NON-EXECUTIVE DIRECTOR

**Member of the Audit and Risk Committee**

Richard is the Head of Finance of Altima Group, with both past and present experience in the textile, shipping, consumer services, property development, business process outsourcing and global business industries. Richard also has strong IT skills, including the analysis and design of computerised systems and accounting software implementation. He is a Fellow member of the Association of Chartered Certified Accountants (FCCA). He does not hold any directorship in other listed companies.

### SHEILA UJOODHA
INDEPENDENT DIRECTOR

**Chairperson of the Audit and Risk Committee**

Sheila Ujoodha is the Chief Executive Officer of the Mauritius Institute of Directors, with 24 years of hands-on experience in internal audit, risk management, corporate governance and process improvement on both the local and international market. She was previously the Managing Director of SmarTree Consulting Ltd and Chief Risk & Audit Executive of Rogers and Cim Group. She holds a BSc (Hons) in Accounting. As a fellow member of the Association of Chartered Certified Accountants and the Mauritius Institute of Directors (MIoD), Sheila's membership extends to the Mauritius Institute of Professional Accountants.

She is presently the Chairperson of the Audit Committee Forum (ACF), the Directors Forum, the Women Directors Forum and the Company Secretary Circle. She also holds independent directorships in some listed companies.

### JEAN HOW HONG
NON-EXECUTIVE DIRECTOR

Jean was the Chief Executive Officer of Innodis Ltd from 2009 to 2016. He holds a Diploma in Sugar Technology (School of Agriculture, University of Mauritius). He had assumed the functions of Executive Director of Mauritius Farms Ltd, General Manager (Commercial Division) of Happy World Ltd and Chief Operating Officer of the Company from 2005 to 2008. He chaired the Corporate Governance Committee of Meaders Feeds Ltd until $30^{th}$ June 2018. He is also a director of the African Domestic Bond Fund & the MCB India Sovereign Bond ETF.

### IMRITH RAMTOHUL
NON-EXECUTIVE DIRECTOR

**Member of the Corporate Governance Committee**

Imrith is the Senior Investment Consultant at Aon Solutions Ltd (Mauritius), a position he has held since 2012. Prior to Aon Solutions, Imrith was the Head of Investment at Mauritius Union Group. He also previously worked at the Stock Exchange of Mauritius and at subsidiaries of South African banking groups Rand Merchant Bank and Nedbank. Imrith has 24 years of financial industry experience and has been cited in a number of media outlets. He was a member of the CFA Institute Global Investment Performance Standards (GIPS) Asset Owners Subcommittee between 2012 and 2017. Imrith graduated with honours from the University of Cape Town, with a Bachelor of Business Science (Honours) degree. He holds the Chartered Financial Analyst® designation, has earned the right to use the Certificate in Investment Performance Measurement (CIPM) designation and is also a Fellow of the Association of Chartered Certified Accountants UK (FCCA).

### PAULINE SEEYAVE
NON-EXECUTIVE DIRECTOR

Pauline is currently the Group Chief Financial Officer of New Mauritius Hotels Limited. She holds a M.A. (Cantab) Economics from St Catharine's College, University of Cambridge and is a member of the Institute of Chartered Accountants in England and Wales. Pauline has over 20 years of working experience in the UK and Mauritius. She has managed client portfolios in Audit and Business Assurance and has occupied senior executive roles in banking, across finance, risk management, credit, project finance and corporate banking. In the past, she has served on the boards of SBM Bank (Mauritius) Ltd and State Insurance Company of Mauritius Ltd. She is also a director of New Mauritius Hotels Limited and a member of its subsidiary companies.

### ROSHAN RAMOLY
INDEPENDENT DIRECTOR

**Member of the Audit and Risk Committee**

Roshan holds an MBA from Durham University Business School and has worked in the financial services and banking industry within the Cim Group and Barclays Bank Mauritius for more than 15 years at senior managerial levels. He is currently the Director of LinearArc Solutions, which is a corporate training institute that lends support to start-ups through its business incubator. Roshan's experience is mainly in the fields of strategy, stockbroking, customer experience, marketing and communications. He is also an independent director on several boards, including SBM Capital Markets Ltd.

Directors' attendance at Board meetings for the period from 1 July 2022 to 30 June 2023

| | Board meeting | | | | |
|---|---|---|---|---|---|
| | 28/09/2022 | 14/11/2022 | 13/02/2023 | 10/05/2023 | 30/05/2023 |
| Victor Seeyave | √ | √ | √ | √ | √ |
| Maurice de Marassé Enouf | √ | √ | √ | √ | √ |
| Imrith Ramtohul | √ | √ | √ | √ | √ |
| Jean-Pierre Lim Kong | √ | √ | √ | √ | √ |
| Sheila Ujoodha | √ | √ | √ | x | x |
| Pauline Seeyave | √ | √ | √ | √ | √ |
| Jean How Hong | x | x | √ | √ | √ |
| Richard Luk Tong | √ | √ | √ | √ | √ |
| Vivekanand Ramtohul | √ | √ | √ | √ | √ |
| Roshan Ramoly | √ | √ | √ | √ | √ |

### Board orientation and training for new Directors

New Directors receive an induction and orientation upon joining the Board. Management is also responsible for briefing new directors on the Group's business.

### Training of Directors

Training of Directors may comprise of externally conducted courses in matters of relevant interest to the Company.

### Chairperson

The Chairperson, Mr. Victor Seeyave, has no executive or management responsibilities and chairs meetings of the Board and of shareholders. The Board ensures that the Chairperson commits sufficient time to carry out his duties and responsibilities effectively.

The Chairperson's primary functions are to:

- preside over the meetings of directors and ensure the smooth functioning of the Board in the interests of good governance;
- provide overall leadership and encourage active participation of all directors; and
- ensure that all the relevant information and facts are placed before the Board to enable the directors to reach informed decisions and maintain sound relations with the Company's shareholders.

### Executive Directors / Chief Executive Officer (CEO)

There are two Executive Directors on the Board. The post of CEO is held by Mr. Jean-Pierre Lim Kong who is also a Director and reports to the Board of Directors.

The CEO is responsible for the day-to-day management of the Company and works in close collaboration with the management team, the Board and the Committees.

### Independent Directors

The company has two Independent Directors.

The Board considers that an independent director is a board member who normally:

a) has not been an employee of the Company or Group within the past three years;

b) has not, or has not had within the past three years, a material business relationship with the company either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the Company;

c) has not received or receive additional remuneration from the Company apart from a director's fee or as a member of the Company's pension scheme;

### Independent Directors (continued)

d) is not a nominated director representing a significant shareholder;

e) does not have close family ties with any of the Company's advisers, directors or senior employees;

f) does not have cross directorships nor significant links with other directors through involvement in other companies or bodies; and

g) has not served on the board for more than nine years from the date of their first election.

There are currently 2 women out of 10 members on the Board, namely Miss Pauline Seeyave and Mrs Sheila Ujoodha.

The Company complies with the Code of Corporate Governance, which stipulates that the Company shall have at least two independent directors, at least two executive directors, and at least one female director. Compliance with Section 133(1)(ba) of the Companies Act 2001, as amended, requiring at least 25% of women directors, is in progress as reported above.

## BOARD COMMITTEES

The Board has two standing committees to assist in the discharge of its duties: the Audit and Risk Committee and the Corporate Governance Committee. The committees meet regularly under the terms of reference set by the Board. The Chairperson of each committee has the responsibility to report to the Board regarding all decisions and matters arising at each Board meeting. The committees may from time to time seek independent professional and consultancy services, and any recommendations in connection therewith are subject to the approval of the Board. The charters of the Committees are, if necessary, subject to review every two years for the Corporate Governance Committee Charter and every 5 years for the Audit and Risk Committee charter.

### Corporate Governance Committee

The Corporate Governance Committee comprises of three non-executive directors as follows:

- Victor Seeyave (Committee Chairperson) – Non-Executive Director
- Imrith Ramtohul– Non-Executive Director
- Maurice de Marassé Enouf – Non-Executive Director

Given the nature, size and moderate complexity of the business, the functions that would have normally been entrusted to a remuneration committee and to a nomination committee are discharged by the Corporate Governance Committee, which submits its recommendations to the Board for approval.

The Corporate Governance Committee charter can be viewed on the Company's website. The Committee members met thrice during the financial year. The main terms of reference of the Corporate Governance Committee are to:

*In terms of Corporate Governance:*

- make the necessary recommendations to the Board so that the corporate governance culture of the Company is consistent with the eight principles contained within the New Code of Corporate Governance (the Code);
- review and make adequate recommendations to the Board for the approval of the corporate governance report to be published in the Company's annual report;
- ensure that the website includes the key governance documents;
- periodically review and evaluate the effectiveness of the Company's Code of Business Conduct and Ethics; and
- review all related party transactions and situations involving board members and refer where appropriate to the Board.

*In terms of Nomination:*

- ensure that the board has a right balance of skills, expertise, knowledge and independence and make recommendations to the Board with regards to any changes;
- make recommendations regarding the composition of the Board and the balance between executive and non-executive directors;
- take the lead for the self-appraisal exercise for directors;
- consider succession planning for directors and other senior executives in the course of its work; and
- review the Directors' fees policy.

### Corporate Governance Committee (continued)

The attendance at Corporate Governance Meetings from 01 July 2022 to 30 June 2023 was as follows:

| | Corporate Governance Committee Meetings | |
|---|---|---|
| | 28/09/2022 | 13/02/2023 |
| Victor Seeyave (Committee Chairperson) | √ | √ |
| Maurice de Marassé Enouf | √ | √ |
| Imrith Ramtohul | √ | √ |

Common directorships are disclosed on pages 26 to 27 under the Directors' profiles.

### Audit and Risk Committee (ARC)

The Audit and Risk Committee consists of two independent directors, including its chairperson, and two Non-Executive Directors, as follows:

- Sheila Ujoodha (Committee Chairperson) – Independent Director
- Roshan Ramoly – Independent Director
- Maurice de Marassé Enouf – Non-Executive Director
- Richard Luk Tong – Non-Executive Director

The Audit and Risk Committee Charter can be viewed on the company's website. The Audit and Risk Committee met 4 times during the financial year and the members of the Committee have examined and tabled their views on the financial reports prior to the publication of the audited consolidated and separate financial statements, as well as reports from the Internal and External Auditors.

The main terms of reference of the Audit and Risk Committee are to:

- examine and review the quality and integrity of the interim financial statements, annual financial statements as well as preliminary announcements relating to the company's financial performance and the annual report prior to their release;
- review and report to the Board on significant financial reporting issues and judgements which the financial statements contain, having regard to matters communicated to the Committee by the Internal and/or External Auditor;
- meet with Management, the internal auditor and the external auditors to review the financial statements, the critical accounting policies and practices, and the results of their audit;
- ensure that significant adjustments, unadjusted differences, disagreements with Management and management letters are discussed with the external auditors and where applicable, reported to the Board;
- evaluate the overall effectiveness of the internal control and risk Management frameworks;
- review regularly the risk register and ensure that the Company is adequately insured;
- ensure that the Company has an appropriate internal and external audit function and make recommendations to the Board in relation to the appointment, termination and remuneration of internal and external auditors;
- review the proposed internal and external audit plans;
- review the Company's process compliance with legal and regulatory requirements affecting financial reporting and, if applicable, its code of business conduct;
- review and monitor Management's responsiveness to internal auditor's findings and recommendations; and
- oversee the Company's compliance with legal and regulatory provisions, its Constitution, Code of Ethics, by-laws and any other rules or policy established by the Board.

For the year under review, there were no significant issues in relation to the financial statements.

### Audit and Risk Committee (ARC) (continued)

The attendance at Audit and Risk Committee Meetings from 01 July 2022 to 30 June 2023 was as follows:

| | Audit and Risk Committee Meetings | | | |
|---|---|---|---|---|
| | 23/09/2022 | 04/11/2022 | 03/02/2023 | 06/05/2023 |
| Maurice de Marassé Enouf | √ | √ | √ | √ |
| Sheila Ujoodha | √ | √ | √ | X |
| Richard Luk Tong | √ | √ | √ | √ |
| Roshan Ramoly | √ | √ | √ | √ |

### Internal Audit Function

The Internal Audit & Risk Manager reports directly to the members of the Audit and Risk Committee to maintain its independence and objectivity, and administratively to the Chief Executive Officer. The Audit and Risk Committee approves the yearly plan of the Internal Audit & Risk Manager, which comprises the following main responsibilities:

- Determining the adequacy and effectiveness of the systems of internal accounting and financial reporting of the Company & Group;
- Reviewing management controls designed to safeguard Company & Group resources and verify the existence of such resources;
- Determining whether adequate controls are incorporated into information technology systems and the overall IT administrative functions;
- Appraising the use of resources with regard to cost, efficiency and effectiveness;
- Reviewing compliance with Company & Group policies, plans and procedures to ensure achievement of business objectives;
- Investigating suspected fraudulent activities within the organisation and notifying the Audit and Risk Committee and Management of the results;
- Coordinating with and having oversight of other control and monitoring functions (risk management, quality assurance, security and safety);
- Issuing periodic reports to the Audit and Risk Committee on the results of audit activities and management plans to address audit observations; and
- Following-up of implementations of action plans to address significant weaknesses identified.

The Internal Audit team has unrestricted access to the records, management and employees of the Group. The Internal Audit & Risk Manager has the responsibility of ensuring that internal controls are implemented at Group level.

The Internal Audit function is regularly monitored and reviewed by the Audit and Risk Committee to ensure that internal control systems are effective.

The structure of the Internal Audit function and qualifications of the Internal Audit & Risk Manager is listed on the Company's website.

During the FY2023, the Internal Audit & Risk Manager was mandated by the Audit & Risk Committee to carry out special assignments on:

- Procurement & Production at Dairy plant - to assess whether purchasing processes are adequate to ensure the availability of quality raw materials at the right time and at the right price, and evaluate the efficiency and effectiveness of production operations;
- Poultry Farming and processing – to review the adequacy of the controls in place in terms of biosecurity, quality control & reporting, and evaluate the efficiency and effectiveness of production operations;
- Procurement at Meaders Feeds Ltd - to ensure that appropriate policies and procedures are in place so that the right products are purchased at the right time, in the right quantities and at the right price, and to minimise potential disruptions in the supply chain; and
- Data Protection - to review the scope and effectiveness of the setups driving the implementation of the Data Protection Act 2017.

## DIRECTOR APPOINTMENT PROCEDURES AND RE-ELECTION OF DIRECTORS

The Board, committees and individual directors have their performance evaluated and are held accountable to appropriate stakeholders.

The directors are normally appointed by shareholders by an ordinary resolution at the Annual Meeting. In accordance with the Constitution of the Company, the Board may also appoint any person to be a director, either to fill a casual vacancy, or as an addition to the existing directors. Moreover, the Board may appoint any of the Managers of the Company as an executive director and may limit the powers of the latter.

All directors, whether appointed by a resolution of shareholders or by the directors, hold office only until the next Annual Meeting, at which time they shall retire, or shall be eligible for re-election. The Board assumes the responsibilities for succession planning and for the induction of new directors. All new directors have attended and participated in an induction and orientation process. The Board has the duty to review the professional development and ongoing education of directors.

## BOARD, DUTIES, AND INTERESTS AND PERFORMANCE

The directors are aware of their legal duties and observe and foster high ethical standards and a strong ethical culture in the Company. Each director allocates sufficient time to discharge his or her duties effectively. Any conflicts-of-interest and related-party transactions that arise are dealt with in accordance with the Code of ethics. The Board is responsible for the governance of the Company's information strategy, information technology and information security. The Board, committees and individual directors are supplied with information in a timely manner and in an appropriate form and quality to allow them to perform their duties effectively.

## BOARD EVALUATION

Board evaluation is carried out by way of a directors' self-appraisal every two years. The last exercise was carried out during the financial year 2022-2023 and also included an evaluation of the two sub-committees. No independent board evaluator was appointed. The next appraisal will be held during the 2024-2025 financial year.

For the evaluation, the Directors are normally invited to fill in a questionnaire, in which the questions are categorised under the following themes:

- company's relationship and communication with shareholders;
- the structure of the board;
- board efficiency;
- Chairperson of the Board;
- board leadership and management relations;
- directors' powers and duties;
- ethics;
- committees;
- risks;
- corporate governance; and
- individual assessment.

A report is thereafter drafted by the Company Secretary and reviewed by the Corporate Governance Committee, which then makes recommendations to the Board.

## DIVIDEND POLICY

The Board has not established a formal dividend policy. However, the Board endeavours to authorise distributions in the light of the company's profitability, cash flow requirements and planned capital expenditure.

## RISK GOVERNANCE AND INTERNAL CONTROL

The Board is responsible for risk governance and ensures that the Company and its subsidiaries develop and execute a comprehensive and robust system of risk management and maintains a sound internal control system.

### Risk Management Function

The Directors recognise that the Board has the overall responsibility for the risk management and internal control mechanisms of the Company. The Board has, through its Audit and Risk Committee, (a) monitored and evaluated the Company's strategic, financial, operational and compliance risks, and (b) developed and implemented appropriate frameworks and effective processes for the sound management of risks.

Management assists the Board in implementing, operating and monitoring the internal control systems which manage the risks of calamities and failure to achieve business objectives, and provide reasonable but not absolute safeguards against material misstatements or losses. The systems of internal controls put in place by management include:

- the maintenance of proper accounting records;
- the implementation of the policies and strategies approved by the Board;
- the regular assessment of specific risk managements such as – market risks, credit risks, liquidity risks, operation risks, commercial risks, technological risks, compliance risks and human resource risks; and
- the overseeing and reviewing on an ongoing basis of the risks associated with occupational health and safety, as well as environmental issues.

Management has a well-designed structure for the identification and management of risks through stringent controls. This provides the directors a certain level of assurance that risk management processes are in place and effective.

The Group's Business Risk register, which was reviewed and revamped in FY21, promotes risk awareness, management of risks, and alleviation of risks with employees working from home, and cyber-attacks.

Whistle-blowing procedures are outlined in the Code of Ethics of the Company. Reports are made to the Group HR Manager or CEO and the whistle-blowers may request their identities to be kept confidential.

Reporting can also be effected solely to the Chairperson of the Audit and Risk Committee regarding sensitive matters that may involve Management.

## DIRECTORS' SERVICE CONTRACTS

Jean-Pierre Lim Kong, Chief Executive Officer, has a service contract with Innodis Ltd.

## COMPANY SECRETARY

The secretary of the Company is Box Office Ltd. The latter offers corporate services, secretarial services, and business facilitation services, with a portfolio of more than 200 business entities consisting of listed companies on the Stock Exchange of Mauritius Ltd, public interest entities, public, private and small private companies, partnerships and associations in all fields of activity. The partners of the company are Sylvia Maigrot, ACG (CS), and Sophie Gellé, ACG (CS). More information may be obtained on the latter on its website at www.box-office.mu.

The Company Secretary has access to the Board members and Directors may separately and independently contact the Company Secretary who attends and prepares minutes for all Board meetings.

The Company Secretary's role is defined, and includes the responsibility for:

- providing the Board with guidance as to how their duties and responsibilities should be properly discharged in the best interests of the Company and in accordance with the Companies Act 2001, the Constitution of the Company and the Code of Corporate Governance;
- drafting the agenda of Board and Board committee meetings in consultation with the Chairperson and the CEO;
- circulating agendas and any supporting papers to Directors in good time;
- convening, attending and drafting of minutes of Board and Committee Meetings and Shareholders' Meetings;
- checking that the required quorums of meetings are present; and
- assisting the Chairperson in organising Board evaluations and training programs;

The appointment and dismissal of the Company Secretary are matters requiring the Board's approval.

## SHARE OPTION PLAN

The Group and the Company have no share option plans.

## LEADERSHIP

Directors and members of Management exercise the utmost good faith, honesty and integrity in all their dealings with or on behalf of the Company. They are well versed with the day-to-day transactions of the Company and are sufficiently experienced and qualified to fulfil their roles and functions.

The Board regularly monitors and evaluates compliance with the Code of ethics.

## INTERESTS REGISTER

The Company Secretary maintains an interest register, which is available for consultation to shareholders upon written request to the Company Secretary. The interest register is amended as and when declaration are made by the directors. During the financial year, the following entries were made in the Directors' interests register:

- Mr. Victor Seeyave declared his interests as Director of Swan Reinsurance PCC and Swan Special Risks Company Limited, two subsidiaries of Swan Group, with which the Company engaged discussions to act as transaction advisors.

## INFORMATION TECHNOLOGY AND INFORMATION SECURITY GOVERNANCE

The information technology and information security policy of the Group is available for consultation on the Company's website.

The Board oversees information governance through its Audit & Risk Committee, which itself supervises the Internal Audit function, which has no restrictions to its right of access to information.

The Board, following recommendations and explanations provided by Management in that respect, approves all significant expenditures on information technology.

## REMUNERATION

### Statement of remuneration philosophy

- The Board is transparent, fair and consistent in determining the remuneration policy for directors and senior executives. The remuneration of senior executives is generally aligned with the salary packages in the industry. The Group believes that adequate remuneration is essential to attracting and retaining talent and to motivating our key executives to perform at their best.

  The Board's Corporate Governance Committee has reviewed the remuneration of key executives, including the Chief Executive Officer. The level of remuneration is based on a formal assessment of performance in accordance with agreed target parameters and is in line with market trends.

- The non-executive directors have not received remuneration in the form of share options or bonuses associated with organisational performance.

A statement showing the remuneration of executive and non-executive directors is shown below.

| | FY2023<br>Rs'000 |
|---|---|
| **Executive Directors** | |
| Jean-Pierre Lim Kong | 12,897 |
| Vivekanand Ramtohul | 4,047 |
| **Non-Executive Directors** | |
| Victor Seeyave | 623 |
| Jean How Hong | 238 |
| Pauline Seeyave | 268 |
| Richard Luk Tong | 460 |
| Maurice de Marassé Enouf | 600 |
| Imrith Ramtohul | 408 |
| **Independent Director** | |
| Sheila Ujoodha | 568 |
| Roshan Ramoly | 460 |



## PROCUREMENT FUNCTION

One of the key risk areas of the Group is the procurement function. As such, Management has set up a separate procurement committee. The aims of the Procurement Committee are to prioritise and manage risks across the entire supply chain. The Procurement Committee currently reports to the Chief Executive Officer and its main terms of reference are to:

- identify and manage procurement risks according to their chances of occurrence and severity;
- provide guidelines on procurement;
- make recommendations for the selection of suppliers to ensure best value for money is received, and the adequacy of stocks, taking into consideration cash flow requirements; and
- set the highest possible ethical standards and best practices for procurement through defined policies and monitoring.

## SHAREHOLDERS' AGREEMENT

There is no shareholders' agreement which affects the governance of the Company by the Board.

## SUSTAINABILITY REPORTING

### Health, Safety, Social and Environmental policies

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

The Group carries out regular risk assessments to ensure that all production units are operated in such a manner as to minimise damage to the environment and the neighbourhoods. Regular training sessions, both in-house and outsourced, are also provided to our staff to ensure that health and safety cultures prevail within the Group and that everyone is well informed about health and safety policies in place.

Health and Safety committees, consisting of representatives of both Management and employees, are held every two months. The objectives of this committee are to promote cooperation between the employer and the employees and to discuss projects and plans to promote the health and safety culture at Innodis. Moreover, Innodis Poultry Ltd is ISO 45001 certified in relation to workplace risks.

The Group operates its day-to-day activities in a way that is aligned as far as possible with green, environmentally friendly and energy-saving principles, paying special attention to the regular maintenance and optimal use of its fleet of vehicles to minimise carbon emissions. The used engine oil of our vehicles as well as the plastic, paper and carton waste products at our commercial division are routinely recycled. In line with the local regulations regarding the restriction of single use plastics, the Group has introduced eco-friendly packaging solutions, namely for its dairy products.

#### • Re-use, reduce, recycle initiatives

During the past financial year, the commercial division of the Group has embarked on a Re-use, reduce, recycle initiative to reduce the amount of products that end up in the landfill.

To this end, we have implemented a procedure for collecting recyclable waste mainly generated in our warehouse, offices, and packaging department. Plastics and paper waste, among others, which would have otherwise ended up in the landfill, are now directed towards specialized recycling organizations, namely Mission Verte, WeCycle, B.E.M Recycling and DKD Plastic pipes. These recovered materials are transformed into polyethylene pipes, egg trays, and more, giving them a second life and contributing to the circular economy.

Since July 2022, we have collected over 35,000 kgs of paper, plastic, and electronic waste. This is equivalent to saving 450 trees and providing oxygen for 1,350 people. In a world where plastic is causing increasing harm to the environment, we have also recovered 5,700 kgs of plastic, which is equivalent to over 173,000 PET bottles.

We have also encouraged all of our staff to embrace the 3Rs initiatives both at work and at home. They can also bring recyclable materials from their homes. Bins are available at various locations for this purpose. Innodis then ensures that these materials are forwarded to recycling companies.

#### • ISO 14001 certification

Innodis Poultry Ltd and our Dairy division are ISO 14001 certified, which helps us identify areas where we can further improve on waste handling and recycling, make best use of our natural resources, create opportunities for environmental benefits, care even more for our animals, water, energy utilisation, and protect the air and the soil.

### • ISO 14001 certification (continued)

The Group is fully committed to Corporate Social Responsibility and collaborates with the Innodis Foundation and NGOs involved in activities that it considers to be high on its priority list of interventions namely the:

- assistance to the alleviation of poverty;
- promotion of education and training to vulnerable groups;
- assisting in developing a healthy nutrition programme for the needy; and
- supporting projects for the protection of the environment.

### • Partnership with Foodwise

In the past, products which had some damaged packaging, or which were nearing their expiry date, often had to be disposed of, although they were still perfectly edible and safe for consumption. This was really unfortunate, and it was important for us to rethink our whole process to address this issue. This has led us to our partnership with Foodwise. Today, our collaboration with Foodwise has enabled us to be more organized to reduce food waste.

We have established strict procedures for a few years now, which we have recently reinforced. These procedures include conducting more systematic and meticulous sorting of product returns from our customers. This ensures that all products that are still fit for consumption can be redirected to NGOs through Foodwise. The same applies to products with approaching expiry dates.

Foodwise has proven to be a valuable partner in the fight against waste, as we share the same values and objectives.

### • Donations

The Group did not make any political donations during the year under review.

## RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

### Annual Meeting

The notice of the Annual Meeting will be available on the Company's website. The list of shareholders' meetings, questions and answers and votes are not published on the website as shareholders can have access to the minutes of the said meetings in accordance with section 226 of the Mauritius Companies Act 2001. The minutes of the 2023 Annual Meeting will be available to shareholders upon request to the Company Secretary, as from two months after the Annual Meeting date.

### Substantial Shareholders

The shareholders holding more than 5% of the ordinary shares of the Company at 30 June 2023 were:

- Foods Div Ltd – 33.73%
- Altima Ltd – 13.07%
- National Pension Fund – 8.12%

### Summary of shareholders by category

| | |
|---|---|
| Investment & Trust | 1.871% |
| Individuals | 14.781% |
| Pension & Provident Funds | 9.17% |
| Insurance & Assurance | 11.493% |
| Other Corporate Bodies | 62.685% |

### Shareholding Profile

| SIZE OF SHAREHOLDING | No of shareholders | No of shares owned | % |
|---|---|---|---|
| 1 – 500 | 3,138 | 393,634 | 1.072 |
| 501 – 1,000 | 467 | 364,310 | 0.992 |
| 1,001 – 5,000 | 586 | 1,308,718 | 3.563 |
| 5,001 – 10,000 | 125 | 876,593 | 2.387 |
| 10,001 – 50,000 | 112 | 2,329,948 | 6.343 |
| 50,001 – 100,000 | 21 | 1,478,753 | 4.026 |
| 100,001 – 250,000 | 18 | 2,851,979 | 7.765 |
| 250,001 -1,000,000 | 6 | 2,005,547 | 5.46 |
| Over 1,000,000 | 10 | 25,120,784 | 68.393 |

Directors and senior officers' interests and dealing in shares and their shareholding in the company. The Directors use their best endeavours to follow the principles of the model Code on Securities Transactions by Directors (as detailed in Appendix 6 of the Stock Exchange listing rules).

The Directors' and Senior Officers' direct and indirect interests in shares of the Company as at 30 June 2023 were as follows:

| | 2023<br>Direct holding Number | 2023<br>Indirect holding % | 2022<br>Direct holding Number | 2022<br>Indirect holding % |
|---|---|---|---|---|
| **Directors** | | | | |
| Pauline Seeyave | 5,734 | - | 5,734 | - |
| Maurice de Marassé Enouf | 533 | - | 533 | - |
| Jean How Hong | 39,218 | 0.0065 | 39,218 | 0.0065 |
| Victor Seeyave | - | 30.45 | - | 30.45 |
| Imrith Ramtohul | 24,242 | 0.0041 | 24,242 | 0.0041 |
| Jean Pierre Lim Kong | 5,001 | - | 5,001 | - |
| Richard Luk Tong | 262 | - | 262 | - |
| Vivekanand Ramtohul | - | - | - | - |
| Sheila Ujoodha | - | - | - | - |
| Roshan Ramoly | - | - | - | - |
| **Senior Officers:** | | | | |
| Sonny Wong | - | - | - | - |
| Rahim Bholah | 2,000 | - | 2,000 | - |
| Rajneetee Beeharry | - | - | - | - |
| Olivier Fanchette | - | - | - | - |
| Zaheer Deen Kaudeer | - | - | - | - |
| Gerard Nien Fong | - | - | - | - |
| Amrith Dass Nunkoo | 310 | - | 310 | - |
| Deven Ramasawmy | - | - | - | - |
| Christina Sam See Moi | - | - | - | - |
| Dimple Seechurn | - | - | - | - |
| V.N.Reynolds Moothoo | - | - | - | - |
| Box Office Ltd | - | - | - | - |

## CONTRACT OF SIGNIFICANCE

The Company has a Technical and Advisory services agreement with Altima Ltd, whereby the latter provides advice, guidance and assistance to the Group in the following areas: strategy, accounting and finance, legal, corporate communications, and marketing. There is no other contract of significance between the Company or any of its subsidiaries and a third party, in which a director is materially interested directly or indirectly, for the year under review.

## DIRECTORS' INSURANCE

The Directors benefit from an indemnity insurance to cover for liabilities, which may be incurred while performing their duties to the extent permitted by law.

## COMMUNICATION

Innodis strongly believes in an open, honest and meaningful interaction with all those involved with the Group, and one of the key objectives of the Board is to adequately cater for the information requirements of all our shareholders and stakeholders.

The Board ensures that its shareholders and stakeholders (namely, its clients, consumers, employees, investors, suppliers, communities, financial institutions, local authorities and regulators) are kept informed on an ongoing basis regarding matters affecting the Group.

The Group's website (www.innodisgroup.com) is used to provide relevant information, and communication is effected through the Annual Report, social media platforms, the internal newsletter (which is mainly intended for employees), circulars issued in compliance with the Listing Rules of the Stock Exchange of Mauritius, press announcements, the publication of Group and Company unaudited quarterly and audited abridged financial statements, dividend declarations. Management otherwise interacts with various stakeholders regularly through face-to-face meetings, by phone or email during the ordinary course of business.

We further have the opportunity to interface with some of our key stakeholders through the Mauritius Chamber of Commerce and Industry, Made in Moris, Business Mauritius and local communities either directly or through local authorities, on a regular or ad-hoc basis.

Finally, Investors meetings may be carried out on an annual basis. Institutional investors and investment managers are invited to attend these meetings, during which the audited results of the Group as well as the overall Group strategy and key projects are presented. Attendees are also invited to partake in a dialogue about the organisational position, performance and the outlook of the Group.

The Annual Meeting of shareholders is held every year in December. All Board members are requested to attend annual meetings. The Annual Meeting is an opportunity for shareholders to meet the Directors and have an open discussion about the Group's activities and results. The notice of the annual meeting and other shareholder meetings and related papers are sent to shareholders at least 21 days before the meeting in accordance with the Companies Act.

The expectations and interests of key stakeholders are continuously being assessed by the Board and responded to through continuous dialogue on various platforms as mentioned above. In the case of our suppliers and clients, these are then recorded in commercial agreements, where a win-win approach is favoured, with a view to building long term relationships.

The following documents can be viewed on the website:

- The Constitution of the Company
- The Quarterly results
- The Annual reports
- The Notices of annual meeting
- The Board Charter
- The Audit and Risk and Corporate Governance Committee Charters
- The Code of ethics
- The IT Policy
- The Audit Policy
- The Governance and organisational structure

## SHARE PRICE INFORMATION

For the year under review, Innodis share price has decreased by 14.3% from Rs 42.00 at 30 June 2022 to Rs 36.00 at 30 June 2023.

| | 2023 | 2022 |
|---|---|---|
| Share price (Rs) | 36.00 | 42.00 |
| Earnings per share (Rs) | 3.06 | 0.20 |
| Net Asset Value per share (Rs) | 57.52 | 56.02 |
| Dividend per share (Rs) | 1.85 | 1.15 |
| Dividend yield (%) | 5.14 | 2.74 |

### Timetable of important events for shareholders:

| | |
|---|---|
| September | Payment of final dividends of previous Financial Year** |
| September | Approval of audited consolidated and separate financial statements |
| November | Publication of first quarter results |
| December | Declaration of interim dividends*<br>Annual meeting of shareholders |
| February | Publication of second quarter results |
| February/March | Payment of interim dividends declared in December** |
| May | Publication of third quarter results |
| June | Declaration of final dividends* |

*Subject to the approval by the Board of Directors
** Subject to a resolution to that effect by the Board of Directors

## RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 29.

## ACKNOWLEDGEMENT

The Board would like to thank all employees for their continued dedication and loyalty.

**Mr. Victor Seeyave**
Chairperson

**Mr. Imrith Ramtohul**
Member of the Corporate Governance Committee

# STATEMENT OF *Compliance*

## (As per Section 75 (3) of the Financial Reporting Act)

We, the Directors of Innodis Ltd, confirm, to the best of our knowledge that the Company has complied with the New Corporate Governance Code for Mauritius (2016), has applied all of the principles set out in the Code and has explained how these principles have been applied.

Mr Victor Seeyave

Chairperson of the Board

Mr Jean-Pierre Lim Kong

Director

# SECRETARY'S *Certificate*

## UNDER SECTION 166(D) OF THE MAURITIUS COMPANIES ACT 2001

In accordance with Section 166 (d) of the Mauritius Companies Act 2001, we hereby certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the Company under the Mauritius Companies Act 2001.

Box Office Ltd

Company Secretary

Date: 27 September 2023

# STATUTORY *Disclosures*

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

## EXTERNAL AUDITORS

Auditors' Remuneration

| | | 2023 | 2022 |
|---|---|---|---|
| | | **Rs'000** | Rs'000 |
| **Company:** | | | |
| EY : | Audit Fees | **3,740** | 2,726 |
| **Group:** | | | |
| EY : | Audit Fees | **6,250** | 4,978 |
| EY : | Tax Services | **70** | 58 |

## SUBSIDIARIES OF INNODIS LTD AND THEIR DIRECTORSHIPS

Peninsula Rice Milling Ltd

- Jean How Hong (Chairperson)
- Victor Seeyave
- Jean-Pierre Lim Kong
- Sonny Wong Lun Sang

Challenge Hypermarkets Ltd

- Jean How Hong (Chairperson)
- Victor Seeyave
- Jean-Pierre Lim Kong
- Maurice de Marassé Enouf

HWFRL Investments Ltd

- Jean How Hong (Chairperson)
- Victor Seeyave

Essentia Ltd

- Jean How Hong (Chairperson)
- Jean-Pierre Lim Kong
- Vivekanand Ramtohul

Redbridge Investments Ltd

- Jean How Hong (Chairperson)
- Victor Seeyave
- Jean-Pierre Lim Kong
- Vivekanand Ramtohul

Moçambique Farms, Limitada

- Jean How Hong (Chairperson)
- Jean-Pierre Lim Kong
- N. Vincent Reynolds Moothoo

Mauritius Farms Limited

- Jean How Hong (Chairperson)
- Jean-Pierre Lim Kong

Micali Ltd

- Jean How Hong (Chairperson)
- Victor Seeyave
- Vivekanand Ramtohul

## SUBSIDIARIES OF INNODIS LTD AND THEIR DIRECTORSHIPS (CONTINUED)

Poulet Arc-en-ciel Ltée

- Victor Seeyave
- Vivekanand Ramtohul
- Jean-Pierre Lim Kong
- Rahim Bholah
- Maurice de Marassé Enouf
- Jocelyn Gerard Olivier Fanchette

Meaders Feeds Limited

- Clairette Ah-Hen (Chairperson)
- Jean-Pierre Lim Kong
- Jocelyn Gerard Olivier Fanchette
- Vivekanand Ramtohul
- Emmanuel Wiehe
- David Montocchio
- N. Vincent Reynolds Moothoo – resigned on 30 June 2023
- Gaetan Bestel
- Iqbal Mohungoo (Appointed on 01 July 2023)

Chicken Corner Ltd

- Jean-Pierre Lim Kong (Chairperson)
- Vivekanand Ramtohul
- Jocelyn Gerard Olivier Fanchette

Supercash Ltd

- Jean How Hong (Chairperson)
- Victor Seeyave
- Sonny Wong Lun Sang
- Jean-Pierre Lim Kong
- Vivekanand Ramtohul

Innodis Poultry Ltd

- Victor Seeyave (Chairperson)
- Vivekanand Ramtohul
- Jean-Pierre Lim Kong
- Richard Luk Tong
- Jocelyn Gerard Olivier Fanchette

Green Island Milling Limited

- Jean How Hong (Chairperson)
- Rahim Bholah
- Graeme Lance Robertson
- Rachmat Imanuel Suhirman

Innodis Property Ltd

- Victor Seeyave (Chairperson)
- Vivekanand Ramtohul
- Jean-Pierre Lim Kong

Promotion et Diversification Publicitaire Limitée

- Victor Seeyave (Chairperson)

## SENIOR MANAGEMENT TEAM

The Senior Management team, other than the CEO, Jean-Pierre Lim Kong and Vivekanand Ramtohul (General Manager Finance), are as follows:

• Sonny Wong Lun Sang

*Chief Operating Officer*

Sonny has more than twenty-three years of experience in the food sector as Production & Quality Manager, Sales & Marketing Manager and is currently the Chief Operating Officer of Innodis Ltd. He holds an MBA from 'IAE – Institut en Administration des Entreprises' of Poitiers, a Master-DESS in project management from the University of Bordeaux and a Master-DEPA in entrepreneurship from the IFE of Réduit.

• Rahim Bholah

*General Manager - Production*

Rahim Bholah joined Innodis Ltd in 1993 as Production Manager at the poultry production plant and has today some 32 years of hands-on experience in the manufacturing sector, within textiles, poultry and dairy industries. He holds a Bachelor (Hons) degree in Production Engineering and Production Management from the University of Nottingham (UK). He also possesses a Postgraduate Diploma in Management.

• Rajneetee Beeharry

*Group Human Resources Manager*

Rajneetee has over 20 years of working experience within different areas that span over Human Resources, Hospitality, Quality Assurance, Training and Food & Beverage within the Financial and Hospitality sectors. She holds a BSc in Human Resources from the University of Mauritius and an MBA Degree from the Management College of South Africa.

• Olivier Fanchette

*General Manager – Innodis Poultry Ltd and Export Innodis Poultry Ltd*

Olivier is the holder of a BSc (Hons.) Agribusiness and Finance and a BSc (Hons.) Animal Production from the University of KwaZulu-Natal Pietermaritzburg South Africa. He started his career in Mauritius in 2006 before joining Innodis Group in 2007 as Technical Manager. He moved to Madagascar in 2011 where, as General Manager, he successfully set up, launched and operated the Agribusiness companies Agrifarm, Agrival and Mabel. Back in Mauritius after more than 5 years he joined Innodis Poultry Ltd as Production Manager in 2016.

• Zaheerud Deen Kaudeer

*Senior Manager*

Zaheer joined Innodis Ltd in 2001 and has been working successively as Brand Manager, Key Account Manager and Sales and Marketing Manager in the commercial division. He is presently the Manager of Supercash Limited and oversees the poultry sales of the Group. He holds a BSc (Hons.) in Management with specialisation in Marketing and a Masters in Business Administration, both from the University of Mauritius.

• Gerard Nien Fong

*Senior Manager - Commercial*

Gerard holds a BSc in Economics and Diploma in Marketing from Bordeaux University, France and started his career in the Real Estate sector with the Jade Group. In 2002, he joined Innodis Ltd as Manager at Supercash. Gerard was subsequently employed by Cim Finance Ltd in 2007 where he occupied the post of Manager of the Customer Accounts Department for 8 years. In 2015, he returned to Innodis Ltd as Purchasing and Sales Manager.

## SENIOR MANAGEMENT TEAM (CONTINUED)

• Amrith Nunkoo

*Logistics Manager*

He holds an MA Engineering from the University of Cambridge, UK. He is presently in charge of the Group's dry warehouse and cold room activities. He is also in charge of the management of the fleet of vehicles and refrigeration systems.

• Deven Ramasawmy

*Internal Audit & Risk Manager*

He is a Fellow of the Association of Chartered Certified Accountants, UK. He joined the Group in 2013 as Internal Audit Executive and is now the Group's Internal Audit & Risk Manager. Previously he has worked for Shibani Finance and Poivre Corporate Services as Internal Audit Manager.

• Christina Sam See Moi

*Senior Manager – Commercial*

Christina joined the Company in the year 2000 after graduating from university and started her career in the marketing department. She was promoted to Senior Manager in the commercial department in 2015, where she heads the consumer goods division. She holds a BSc (Hons.) Management from the London School of Economics and Political Science.

• Dimple Seechurn

*Marketing Manager*

Dimple joined the Company in 2015 as Marketing Manager. She has some 21 years of experience in marketing in different sectors, namely advertising, FMCG and financial services. Prior to joining Innodis, Dimple was the Marketing Manager of Lottotech, where she contributed to the successful implementation of the Mauritius National Lottery. She holds a BSc (Hons.) in Management with Specialisation in Marketing and a MBA degree from the University of Mauritius.

• Richard Yan Shi Cheung

*Information Technology Manager*

Richard joined Innodis in December 2021 and has a vast experience within ICT related activities including ERP Implementations - Oracle, SAP Business One, Sage X3, Sage Pastel Evo, IT Architecture & Integration, Global IT Delivery & Project Management, Process Improvement, Systems and Software development, Enterprise IT Systems, IT Strategy & Execution. He holds a BSC in Computer Science from University of London.

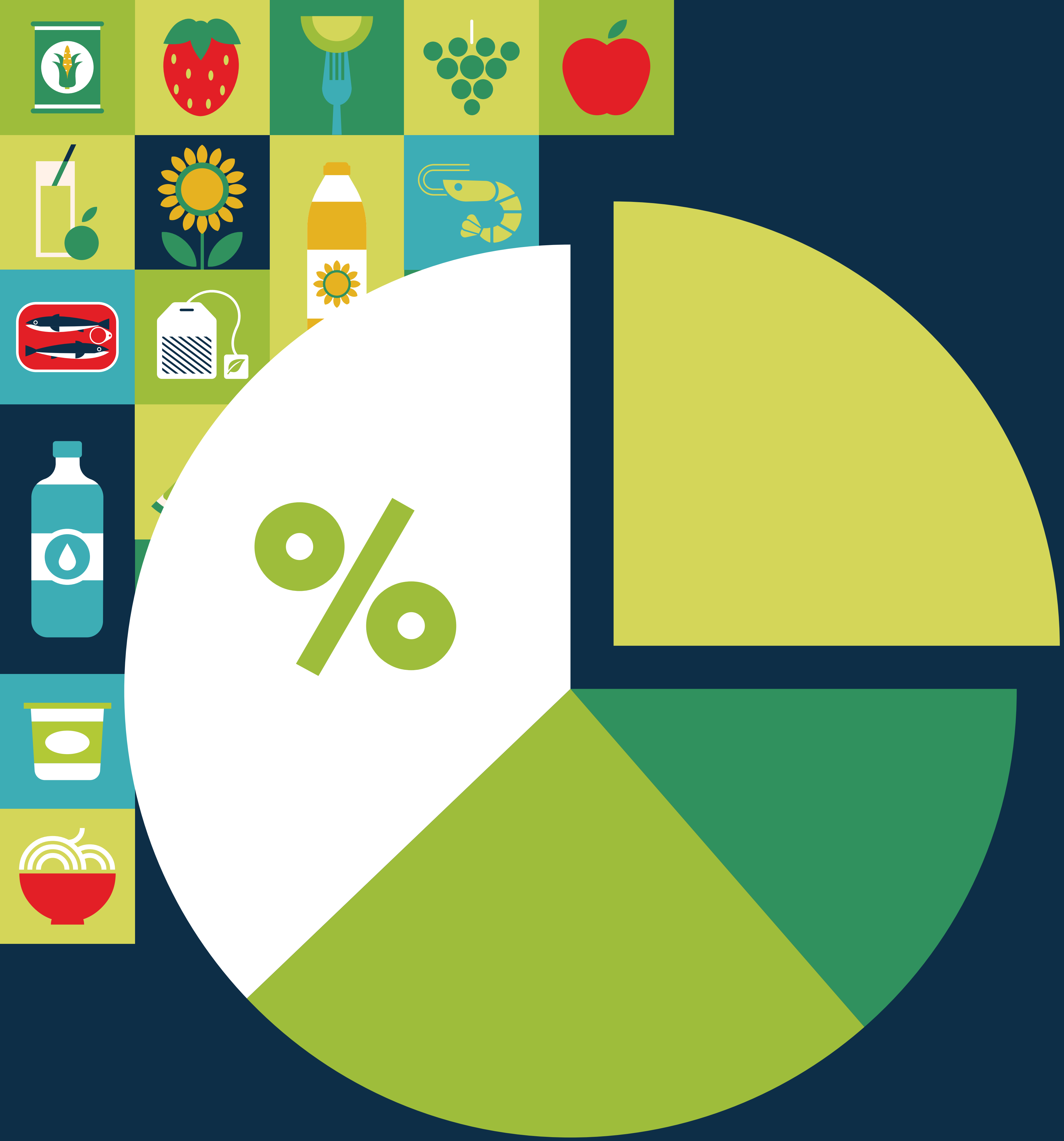
• Iqbal Mohungoo

*Managing Director Meaders Feeds Ltd*

Mr Iqbal Mohungoo holds a BSc (Hons) Agriculture, a Diploma in Agriculture Science & Technology, an MSc E-Business from the University of Mauritius and a Master in "Administration des Entreprises" from Université de Poitiers, France and a postgraduate Certificate & Diploma in Corporate Governance from Open University of Mauritius. Mr Iqbal Mohungoo has been with the Company for the past 15 years and is also a Director of Meaders (Seychelles) Ltd.

## MANAGEMENT AGREEMENT

There is no management agreement between Innodis Ltd or any of its subsidiaries with third parties, except in the case of our subsidiaries, Poulet Arc-en-Ciel Ltée, Innodis Poultry Ltd and Supercash Ltd which have management agreements with Innodis Ltd.



# FINANCIAL STATEMENTS

# INDEPENDENT Auditor's Report

## TO THE MEMBERS OF INNODIS LIMITED

## REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### Opinion

We have audited the consolidated and separate financial statements of Innodis Limited (the "Company") and its subsidiaries (the "Group") set out on pages 53 to 141 which comprise the consolidated and separate statements of financial position as at 30 June 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Group and Company as at 30 June 2023, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and the Financial Reporting Act 2004.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") and other independence requirements applicable to performing audits of financial statements of the Group and Company and in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing the audits of the Group and Company and in Mauritius. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

## REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

The Key Audit Matters applies to the audit of the consolidated financial statements. No KAM has been identified on separate financial statements.

| Key Audit Matter | How the matter was addressed in the audit |
|---|---|
| **Valuation of biological assets**<br><br>In line with IAS 41, the Group evaluates biological assets (hatchable eggs, live broilers and breeders) at fair value less cost to sell. As of 30 June 2023, the biological assets amounted to Rs 222.7m (FY22: Rs. 139m) as disclosed in Note 18 (b). This represented 3% of the Group's total assets.<br><br>Management used significant judgement about the following unobservable inputs to arrive at the fair value of the respective biological asset:<br><br>– Hatchability rate - the fair value of hatchable eggs is determined based on the value at which a day-old chick can be sold, less hatchery cost and adjusted for hatchability rate.<br><br>– Mortality rate and weight - the fair value of live broilers is determined based on the selling price of live broilers, adjusted for mortality and weight.<br><br>– Number of eggs expected to be laid and future cost to be incurred - the fair value of breeders is based on the expected cash flows to be generated, itself based on the number of eggs expected to be laid by the breeder and adjusted for future cost to be incurred.<br><br>We focused on this area as a key audit matter because the assessment of the fair value using valuation techniques involves significant judgements. | We obtained an understanding of management's processes and controls for determining the fair valuation of biological assets. This included discussing with management about their valuation governance structure and protocols around their oversight of the valuation process.<br><br>We assessed and tested the design of some selected key controls over management's process for valuing biological assets.<br><br>We obtained and read the monthly management operational reports to ensure consistency of assumptions used in the model with the actual monthly data being reported for management purposes. We also compared the assumptions to those used to prepare the budget for the relevant period.<br><br>Our substantive procedures in assessing the reasonableness of fair value included the following:<br><br>– We evaluated the valuation model against the requirements in IAS 41, IFRS 13 and industry practice and checked the mathematical accuracy of the valuation model.<br><br>– We compared the selling price of live broilers and day-old chicks to the actual sales made to third party.<br><br>– We evaluated the reasonableness of the key unobservable inputs including hatchability, mortality rates, weight against historical production data and to after year-end production data.<br><br>– We assessed the cash flow projections, by challenging and performing audit procedures on management's assumptions such as evaluating the reasonableness of the expected number of eggs and the future cost by comparing to actual production and cost incurred.<br><br>– We reviewed the reasonableness of Group's disclosures regarding fair value of biological assets, in accordance with IAS 41 and IFRS 13, including key assumptions and judgements. |

## TO THE MEMBERS OF INNODIS LIMITED

## REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

### Other Information

The directors are responsible for the other information. The other information comprises the annual report other than the consolidated or the separate financial statements and our auditor's report thereon.

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

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

### Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001 and the Financial Reporting Act 2004, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 intends to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



## REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

### Use of our report

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditor and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

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 under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance ("the Code") disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Group has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

**ERNST & YOUNG**

Ebène, Mauritius

**ANDRE LAI WAN LOONG, F.C.A.**

Licensed by FRC

Date: 27 September 2023

# FINANCIAL Statements

## Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

| | | Consolidated | | Separate | |
|---|---|---|---|---|---|
| | | **2023** | 2022 | **2023** | 2022 |
| | Notes | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Continuing operations | | | | | |
| Revenue | 7 | **6,159,640** | 5,381,088 | **3,132,729** | 2,793,976 |
| Expected credit loss movement | 5(i) | **(14,413)** | 1,259 | **(2,225)** | 4,244 |
| Profit from operating activities | 8 | **277,119** | 104,067 | **140,716** | 55,289 |
| Finance income | 10 | **28,431** | 29,005 | **8,709** | 8,128 |
| Finance costs | 10 | **(134,211)** | (73,908) | **(65,024)** | (41,709) |
| Profit before tax from continuing activities | | **171,339** | 59,164 | **84,401** | 21,708 |
| Income tax expense | 11 | **(32,433)** | (2,988) | **(16,711)** | (3,386) |
| Profit for the year from continuing operations | | **138,906** | 56,176 | **67,690** | 18,322 |
| Loss from discontinued operations | 34 | **-** | (25,904) | **-** | - |
| Profit for the year | | **138,906** | 30,272 | **67,690** | 18,322 |
| Other comprehensive income | | | | | |
| Items that will not be reclassified to profit or loss | | | | | |
| Actuarial (loss)/gain on retirement benefit obligations | 25 | **(7,402)** | (67,085) | **7,456** | (62,617) |
| Deferred tax on retirement benefit obligations | 26 | **1,239** | 11,386 | **(1,267)** | 10,645 |
| Fair value loss on equity instruments designated at fair value through other comprehensive income | 17 | **(2,736)** | (1,280) | **(2,736)** | (1,280) |
| Revaluation gain on land & building | | **-** | 268,471 | **2,204** | 23,757 |
| Deferred tax surplus on revaluation reserve | | **-** | (31,631) | **-** | (1,102) |
| | | **(8,899)** | 179,861 | **5,657** | (30,597) |
| Items that are or may be reclassified to profit or loss | | | | | |
| Foreign currency translation arising on foreign operations | | **4,886** | (15,526) | **-** | - |
| Other comprehensive (loss)/income for the year | | **(4,013)** | 164,335 | **5,657** | (30,597) |
| Total comprehensive income/(loss) for the year | | **134,893** | 194,607 | **73,347** | (12,275) |

The notes on pages 63 to 141 form part of these consolidated and separate financial statements.

# Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income (continued)

For the year ended 30 June 2023

| | | Consolidated | | Separate | |
|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 |
| | Notes | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Profit attributable to: | | | | | |
| Owners of the Company | | 112,298 | 7,469 | | |
| Non-controlling interest | | 26,608 | 22,803 | | |
| Profit for the year | | 138,906 | 30,272 | | |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | | 108,610 | 155,048 | | |
| Non-controlling interest | | 26,283 | 39,559 | | |
| Total comprehensive income for the year | | 134,893 | 194,607 | | |
| Earnings per share | | | | | |
| Basic and diluted earnings per share (Rs) | 12 | 3.06 | 0.20 | | |
| Basic and diluted earnings per share (Rs) for continuing operations | | 3.06 | 0.63 | | |

The notes on pages 63 to 141 form part of these consolidated and separate financial statements.



# Consolidated and Separate Statements of Financial Position

As at 30 June 2023

| | | Consolidated | | Separate | |
|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 |
| | Notes | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 13 | 2,158,963 | 2,095,185 | 303,929 | 296,424 |
| Right-of-use assets | 13(a) | 234,762 | 253,824 | 60,586 | 68,154 |
| Intangible assets and goodwill | 15 | 19,082 | 18,798 | - | - |
| Bearer biological assets | 18(b) | 28,293 | 3,512 | - | - |
| Investment properties | 14 | - | - | 466,618 | 480,749 |
| Investments in subsidiaries | 16(a) | - | - | 374,436 | 374,436 |
| Other investments | 17 | 24,426 | 23,808 | 24,426 | 23,808 |
| Deferred tax assets | 26 | 3,655 | 4,582 | - | - |
| Total non-current assets | | 2,469,181 | 2,399,709 | 1,229,995 | 1,243,571 |
| Current assets | | | | | |
| Inventories | 18(a) | 1,593,276 | 1,357,262 | 847,191 | 625,848 |
| Bearer biological assets | 18(b) | 72,710 | 42,627 | - | - |
| Consumable biological assets | 18(b) | 121,647 | 92,872 | - | - |
| Trade and other receivables | 19 | 982,057 | 1,011,677 | 754,791 | 842,225 |
| Income tax receivable | | - | 2,579 | - | 2,452 |
| Cash and cash equivalents | 20 | 335,870 | 265,719 | 255,478 | 136,015 |
| Total current assets | | 3,105,560 | 2,772,736 | 1,857,460 | 1,606,540 |
| Total assets | | 5,574,741 | 5,172,445 | 3,087,455 | 2,850,111 |
| EQUITY AND LIABILITIES | | | | | |
| Shareholders' equity | | | | | |
| Share capital | 22 | 367,303 | 367,303 | 367,303 | 367,303 |
| Share premium | 22 | 5,308 | 5,308 | 5,308 | 5,308 |
| Revaluation reserve | 22 | 627,568 | 636,291 | 325,394 | 324,393 |
| Foreign currency translation reserve | | (31,923) | (36,247) | - | - |
| Fair value reserve of financial assets at FVOCI | | (4,016) | (1,280) | (4,016) | (1,280) |
| Retained earnings | | 843,702 | 795,908 | 560,595 | 553,464 |
| Total equity attributable to owners of the Company | | 1,807,942 | 1,767,283 | 1,254,584 | 1,249,188 |
| Non-controlling interests | 16(b) | 304,436 | 290,403 | - | - |
| Total shareholders' equity | | 2,112,378 | 2,057,686 | 1,254,584 | 1,249,188 |

The notes on pages 63 to 141 form part of these consolidated and separate financial statements.

# Consolidated and Separate Statements of Financial Position (continued)

As at 30 June 2023

| | | Consolidated | | Separate | |
|---|---|---|---|---|---|
| | Notes | 2023 Rs'000 | 2022 Rs'000 | 2023 Rs'000 | 2022 Rs'000 |
| Non-current liabilities | | | | | |
| Borrowings | 23 | **764,396** | 767,184 | **625,586** | 686,038 |
| Lease liabilities | 24 | **189,773** | 200,640 | **28,992** | 32,816 |
| Retirement benefit obligations | 25 | **134,760** | 114,967 | **41,689** | 44,112 |
| Deferred tax liabilities | 26 | **121,258** | 110,248 | **21,459** | 11,176 |
| Total non-current liabilities | | **1,210,187** | 1,193,039 | **717,726** | 774,142 |
| Current liabilities | | | | | |
| Bank overdrafts | 20 | **521,163** | 348,151 | **433,200** | 245,615 |
| Borrowings | 23 | **1,007,301** | 850,635 | **272,441** | 194,718 |
| Lease liabilities | 24 | **38,318** | 44,493 | **11,339** | 17,917 |
| Trade and other payables | 27 | **671,333** | 672,230 | **393,755** | 368,327 |
| Financial liability at fair value through profit or loss | 21 | **486** | 218 | **-** | 204 |
| Income tax payable | | **13,575** | 5,993 | **4,410** | - |
| Total current liabilities | | **2,252,176** | 1,921,720 | **1,115,145** | 826,781 |
| Total liabilities | | **3,462,363** | 3,114,759 | **1,832,871** | 1,600,923 |
| Total equity and liabilities | | **5,574,741** | 5,172,445 | **3,087,455** | 2,850,111 |

Approved by the Board on 27th September 2023 and signed on its behalf by:

Mr Victor Seeyave

Chairman of the Board

Mr Jean-Pierre Lim Kong

Director

The notes on pages 63 to 141 form part of these consolidated and separate financial statements.



# Consolidated and Separate Statement of Changes in Equity

For the year ended 30 June 2023

| | Attributable to equity holders of the parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| CONSOLIDATED | Share Capital | Share premium | Revaluation reserve | Foreign currency translation reserve | Fair value reserve of financial assets at FVOCI | Retained earnings | Total | Non-controlling interest | Total Shareholders' Equity |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| At 1 July 2022 | 367,303 | 5,308 | 636,291 | (36,247) | (1,280) | 795,908 | 1,767,283 | 290,403 | 2,057,686 |
| Total comprehensive income for the year | | | | | | | | | |
| Profit for the year | - | - | - | - | - | 112,298 | 112,298 | 26,608 | 138,906 |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation difference – foreign operations | - | - | - | 4,324 | - | - | 4,324 | 562 | 4,886 |
| Deferred tax on retirement benefit obligations (Note 26) | - | - | - | - | - | 1,068 | 1,068 | 171 | 1,239 |
| Actuarial loss on retirement benefit obligations (Note 25) | - | - | - | - | - | (6,344) | (6,344) | (1,058) | (7,402) |
| Revaluation reserve released (Note 22) | - | - | (8,723) | - | - | 8,723 | - | - | - |
| Fair value loss on equity instrument designated at FVOCI (Note 17) | - | - | - | - | (2,736) | - | (2,736) | - | (2,736) |
| Total other comprehensive income | - | - | (8,723) | 4,324 | (2,736) | 3,447 | (3,688) | (325) | (4,013) |
| Total comprehensive income for the year | - | - | (8,723) | 4,324 | (2,736) | 115,745 | 108,610 | 26,283 | 134,893 |
| Transaction with owners, recorded directly in equity | | | | | | | | | |
| Dividends (Note 28) | - | - | - | - | - | (67,951) | (67,951) | (12,250) | (80,201) |
| Balance as at 30 June 2023 | **367,303** | **5,308** | **627,568** | **(31,923)** | **(4,016)** | **843,702** | **1,807,942** | **304,436** | **2,112,378** |

The notes on pages 63 to 141 form part of these consolidated and separate financial statements.

# Consolidated and Separate Statement of Changes in Equity (continued)

For the year ended 30 June 2023

| CONSOLIDATED | Attributable to equity holders of the parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Share Capital | Share premium | Re-valuation reserve | Foreign currency translation reserve | Fair value reserve of financial assets at FVOCI | Retained earnings | Total | Non-controlling interest | Total Share-holders' Equity |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| At 1 July 2021 | 367,303 | 5,308 | 427,482 | (21,181) | - | 875,563 | 1,654,475 | 266,524 | 1,920,999 |
| Total comprehensive income for the year | | | | | | | | | |
| Profit for the year | - | - | - | - | - | 7,469 | 7,469 | 22,803 | 30,272 |
| Other comprehensive income | | | | | | | | | |
| Foreign currency translation difference – foreign operations | - | - | - | (15,066) | - | - | (15,066) | (460) | (15,526) |
| Deferred tax on retirement benefit obligations (Note 26) | - | - | - | - | - | 11,386 | 11,386 | - | 11,386 |
| Actuarial loss on retirement benefit obligations (Note 25) | | | | | | (66,617) | (66,617) | (468) | (67,085) |
| Revaluation reserve released (Note 22) | - | - | (10,347) | - | - | 10,347 | - | - | - |
| Fair value loss on equity instrument designated at FVOCI (Note 17) | - | - | - | - | (1,280) | - | (1,280) | - | (1,280) |
| Deferred tax surplus on revaluation reserve | - | - | (31,631) | - | - | - | (31,631) | - | (31,631) |
| Revaluation gain on land and building | - | - | 250,787 | - | - | - | 250,787 | 17,684 | 268,471 |
| Total other comprehensive income | - | - | 208,809 | (15,066) | (1,280) | (44,884) | 147,579 | 16,756 | 164,335 |
| Total comprehensive income for the year | - | - | 208,809 | (15,066) | (1,280) | (37,415) | 155,048 | 39,559 | 194,607 |
| Transaction with owners, recorded directly in equity | | | | | | | | | |
| Dividends (Note 28) | - | - | - | - | - | (42,240) | (42,240) | (15,680) | (57,920) |
| **Balance as at 30 June 2022** | **367,303** | **5,308** | **636,291** | **(36,247)** | **(1,280)** | **795,908** | **1,767,283** | **290,403** | **2,057,686** |

The notes on pages 63 to 141 form part of these consolidated and separate financial statements.



# Consolidated and Separate Statement of Changes in Equity (continued)

For the year ended 30 June 2023

| SEPARATE | Share Capital | Share premium | Revaluation reserve | Fair value reserve of financial assets at FVOCI | Retained earnings | Total |
|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| At 1 July 2022 | 367,303 | 5,308 | 324,393 | (1,280) | 553,464 | 1,249,188 |
| Total comprehensive income for the year | | | | | | |
| Profit for the year | - | - | - | - | 67,690 | 67,690 |
| Other comprehensive income | | | | | | |
| Deferred tax on retirement benefit obligations (Note 26) | - | - | - | - | (1,267) | (1,267) |
| Actuarial loss on retirement benefit obligations (Note 25) | - | - | - | - | 7,456 | 7,456 |
| Revaluation reserve released (Note 22) | - | - | (1,203) | - | 1,203 | - |
| Net loss on equity instrument designated at FVOCI (Note 17) | - | - | - | (2,736) | - | (2,736) |
| Revaluation gain on building | - | - | 2,204 | - | - | 2,204 |
| Total other comprehensive income | - | - | 1,001 | (2,736) | 7,392 | 5,657 |
| Total comprehensive income for the year | - | - | 1,001 | (2,736) | 75,082 | 73,347 |
| Transaction with owners, recorded directly in equity | | | | | | |
| Dividends | - | - | - | - | (67,951) | (67,951) |
| **Balance as at 30 June 2023** | **367,303** | **5,308** | **325,394** | **(4,016)** | **560,595** | **1,254,584** |

The notes on pages 63 to 141 form part of these consolidated and separate financial statements.

# Consolidated and Separate Statement of Changes in Equity (continued)

For the year ended 30 June 2023

| SEPARATE | Share Capital | Share premium | Revaluation reserve | Fair value reserve of financial assets at FVOCI | Retained earnings | Total |
|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| At 1 July 2021 | 367,303 | 5,308 | 307,044 | - | 624,048 | 1,303,703 |
| **Total comprehensive income for the year** | | | | | | |
| Profit for the year | - | - | - | - | 18,322 | 18,322 |
| **Other comprehensive income** | | | | | | |
| Deferred tax on retirement benefit obligations (Note 26) | - - | | - | - | 10,645 | 10,645 |
| Actuarial loss on retirement benefit obligations (Note 25) | - | - | - | - | (62,617) | (62,617) |
| Revaluation reserve released (Note 22) | - | - | (5,306) | - | 5,306 | - |
| Net loss on equity instrument designated at FVOCI (Note 17) | - | - | - | (1,280) | - | (1,280) |
| Deferred tax surplus on revaluation reserve | - | - | (1,102) | - | - | (1,102) |
| Revaluation gain on land and buildings | - | - | 23,757 | - | - | 23,757 |
| **Total other comprehensive income** | - | - | 17,349 | (1,280) | (46,666) | (30,597) |
| **Total comprehensive income for the year** | - | - | 17,349 | (1,280) | (28,344) | (12,275) |
| **Transaction with owners, recorded directly in equity** | | | | | | |
| Dividends | - | - | - | - | (42,240) | (42,240) |
| Balance as at 30 June 2022 | **367,303** | **5,308** | **324,393** | **(1,280)** | **553,464** | **1,249,188** |

The notes on pages 63 to 141 form part of these consolidated and separate financial statements.



# Consolidated and Separate Statements of Cash Flows

For the year ended 30 June 2023

| | | Consolidated | | Separate | |
|---|---|---|---|---|---|
| | | **2023** | 2022 | **2023** | 2022 |
| | Notes | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Operating activities | | | | | |
| Profit for the year | | **138,906** | 30,272 | **67,690** | 18,322 |
| *Adjustments for:* | | | | | |
| Depreciation of Property, plant and equipment | 13 | **128,690** | 112,027 | **39,670** | 37,028 |
| Change in fair value of biological assets | 18(b) | **(35,256)** | 8,456 | **-** | - |
| Depreciation on right of use | 13(a) | **49,075** | 58,574 | **17,286** | 27,683 |
| Amortisation of intangible assets | 15 | **1,081** | 1,059 | **-** | - |
| Depreciation of investment property | 14 | **-** | - | **7,630** | 7,942 |
| Impairment of investment property | | **-** | - | **-** | 573 |
| Fair value loss / (gain) on derivative contract | | **268** | 3,402 | **(204)** | 204 |
| Profit on disposal of property, plant and equipment | 8 | **(1,154)** | (4,388) | **(1,300)** | (3,970) |
| Written off of property, plant and equipment due to fire | | **873** | 2,504 | **-** | - |
| Interest income | 10 | **(28,431)** | (29,005) | **(8,709)** | (8,128) |
| Interest expense | | **133,943** | 70,506 | **65,228** | 41,505 |
| Dividend income | 8 | **-** | - | **(47,750)** | (16,320) |
| Income tax expense | | **32,433** | 2,988 | **16,711** | 3,386 |
| Expected credit allowances | 5(i) | **14,413** | (1,259) | **2,225** | (4,244) |
| Loss arising on discontinued operations | | **-** | 25,904 | **-** | - |
| Movement in retirement benefit obligations | | **12,391** | (7,688) | **5,033** | (8,370) |
| | | **447,232** | 273,352 | **163,510** | 95,611 |
| **Movement in working capital** | | | | | |
| Changes in inventories | | **(284,397)** | (270,215) | **(221,343)** | (32,749) |
| Changes in trade and other receivables | | **15,207** | (157,378) | **92,859** | (92,444) |
| Changes in trade and other payables | | **(4,667)** | 188,504 | **18,114** | 110,101 |
| | | **173,375** | 34,263 | **53,140** | 80,519 |
| Income tax paid | | **(9,720)** | 2,222 | **(833)** | 4,677 |
| Interest received | | **28,431** | 29,005 | **8,709** | 8,128 |
| Interest paid | | **(121,076)** | (70,506) | **(63,200)** | (41,505) |
| Net cash generated/(utilised) from operating activities | | **71,010** | (5,016) | **(2,184)** | 51,819 |

The notes on pages 63 to 141 form part of these consolidated and separate financial statements.

# Consolidated and Separate Statements of Cash Flows (continued)

For the year ended 30 June 2023

| | Notes | Consolidated 2023 Rs'000 | Consolidated 2022 Rs'000 | Separate 2023 Rs'000 | Separate 2022 Rs'000 |
|---|---|---|---|---|---|
| **Investing activities** | | | | | |
| Acquisition of investment | | (3,354) | - | (3,354) | (100) |
| Proceeds from disposal of plant and equipment | | 2,057 | 4,476 | 1,819 | 4,008 |
| Dividend received | | - | - | 40,100 | 9,310 |
| Acquisition of intangible assets | | (1,365) | - | - | - |
| Acquisition of property, plant and equipment | 13 | (187,217) | (161,959) | (32,846) | (21,706) |
| Addition of Investment property | | - | - | (3,196) | - |
| Payment on acquisition of right-of-use assets at commencement date | | (4,106) | (1,048) | (4,106) | (641) |
| **Net cash used in investing activities** | | (193,985) | (158,531) | (1,583) | (9,129) |
| **Financing activities** | | | | | |
| Payment of principal portion of lease liabilities | | (46,018) | (55,859) | (18,961) | (30,995) |
| Repayment of bond | | (200,000) | - | (200,000) | - |
| Proceeds from issue of bonds | | 200,000 | 797,120 | 200,000 | 797,120 |
| Loans received | | 2,174,808 | 1,543,855 | 45,845 | 335,000 |
| Loans repayment | | (2,033,797) | (1,718,381) | (30,602) | (745,608) |
| Dividends paid to equity holders of the parent | | (76,431) | (52,875) | (60,637) | (42,095) |
| **Net cash from/(used in) financing activities** | | 18,562 | 513,860 | (64,355) | 313,422 |
| **Net (decrease)/increase in cash and cash equivalents** | | (104,413) | 350,313 | (68,122) | 356,112 |
| Effects of exchange rate fluctuations on cash and cash equivalents | | 1,552 | 2,080 | - | - |
| Cash and cash equivalents at beginning of year | | (82,432) | (434,825) | (109,600) | (465,712) |
| **Cash and cash equivalents at end of year** | | (185,293) | (82,432) | (177,722) | (109,600) |
| *Cash and cash equivalents consist of:* | | | | | |
| Cash and bank balances | | 335,870 | 265,719 | 255,478 | 136,015 |
| Bank overdrafts | | (521,163) | (348,151) | (433,200) | (245,615) |
| | | (185,293) | (82,432) | (177,722) | (109,600) |

The notes on pages 63 to 141 form part of these consolidated and separate financial statements.



# Notes to the Consolidated and Separate Financial Statements

For the year ended 30 June 2023

## 1 REPORTING ENTITY

Innodis Ltd (the "Company") is a public company domiciled in Mauritius. The address of the registered office is at Innodis Building, Caudan, Port Louis. The main activities of the Group and the Company are production of poultry and dairy products, poultry farming, animal feed manufacturing, distribution and marketing of food and grocery products.

The financial statements include the consolidated financial statements of the parent company and its subsidiary companies (together referred as the "Group") and the separate financial statements of the parent company (the "Company").

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and in compliance with requirements of the Companies Act 2001 and the Financial Reporting Act 2004. They are authorised for issue by the Company's Board of Directors on the 27th Sep 2023.

### (b) Basis of preparation

**(i) The consolidated and separate financial statements have been prepared under the historical cost basis except for the following material items:**

- Consumable biological assets (breeders, broilers and hatchable eggs) are measured at fair value less costs to sell;
- The liability for retirement benefit obligations is recognised as the present value of defined obligations less the net total of the plan assets, plus unrecognised actuarial gains, less unrecognised past service cost and unrecognised actuarial losses;
- Land and buildings are measured at revalued amounts; and
- Financial instruments at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value.

**(ii) GOING CONCERN**

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Group and the Company has a net current asset of Rs. 853 million (FY 2022: Rs. 850 million) and Rs. 742 million (FY 2022: Rs. 780 million). Moreover, the Group and Company has positive net asset of Rs. 1,808 million (FY 2022: Rs. 1,767) and Rs. 1,255 million (FY 2022: Rs. 1,249 million). Directors have assessed the Group's ability to continue as a going concern and are satisfied that the Group has adequate resources to continue in business for the near future. They are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern. The Group and the Company believe that its liquidity position is adequate to ensure any future commitments and obligations that may arise are settled. As such, the financial statements as presented have been prepared on a going concern basis.

### (c) Functional and presentation currency

These consolidated and separate financial statements are presented in thousands of Mauritian Rupees (Rs'000), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated. All group entities have Mauritian Rupees as their functional currency except for the following subsidiaries:

| *Subsidiaries* | *Functional currency* |
|---|---|
| Moçambique Farms Limitada | Mozambican Metical (MZN) |
| Meaders (Seychelles) Ltd | Seychellois Rupee (SCR) |

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 2. BASIS OF PREPARATION (CONTINUED)

### (d) Use of estimates and judgements

In preparing these consolidated and separate financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

### (i) Judgements

In the process of applying the accounting policies, management has made the following judgement which have the most significant effect on the amounts recognised in the financial statements:

*Revenue from contract with customers*

The Group enters into contracts with its contract growers for the supply of broilers. Under these contracts, the Group sells day-old chicks and feeds to those contract growers and repurchase the live broilers at killing age. The Group determined that control has not been transferred to the customer upon sale of those day-old chicks and feeds. Therefore, the Group determined that it is a principal in these contracts.

The Group has concluded that revenue for sale of finished goods is to be recognized at a point in time, i.e. upon sale to their customers.

### (ii) Assumptions and estimation uncertainties

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 Group and Company make 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:

*Impairment of non-financial assets*

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value-in-use calculation is based on a DCF model.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group has not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 16.

*Provision for expected credit losses of trade receivables*

The Group and Company applies a simplified approach in calculating ECLs. Therefore, the Group and Company do not track changes in credit risks, but instead recognises a loss allowance based on life time ECLs at each reporting date. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group and Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as Gross Domestic Product 'GDP' of the country when the Group operates. Refer to note 5(i).



# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 2. BASIS OF PREPARATION (CONTINUED)

### (d) Use of estimates and judgements

### (ii) Assumptions and estimation uncertainties (continued)

*Fair value of biological assets*

Biological assets are recorded at fair values less costs to sell. Biological assets consist of hatchable eggs, live broiler chicks and breeders. The Group's Committee determines the policies and procedures for fair value measurement of biological assets. The Committee is made up of the general manager of poultry cluster and the managers of the different department concerned such as finance and production. The Committee decides which valuation techniques and inputs to use. At each reporting date, the Committee analyses the movements in the value of assets and verifies the major inputs applied in the latest valuation by agreeing the information used in the computation to relevant documents. The Committee also compares the change in the fair value of each asset with relevant external sources to determine whether the change is reasonable. Fair value of the Group's biological assets was determined by using valuation techniques including discounted cash flow model as described in Note 18(b). The inputs to these models are taken from observable markets where possible, but as there were no observable market prices near the reporting date for biological assets of the same physical conditions a degree of judgement is required in establishing fair values. Assumptions include mortality rates, hatchability rates, yield rate, expected hatchery eggs, discount rates and expected cost incurred.

*Leases - Estimating the incremental borrowing rate*

The Group and Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group and Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates such as the subsidiary's stand-alone credit rating. Refer to Note 24.

*Retirement Benefits Obligations*

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/income for pensions include the discount rate. Any changes in these assumptions will impact on the carrying amount of pension obligations. The Group and Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based on current market conditions. Refer to Note 25.

*Revaluation of property, plant and equipment*

The Group carries its land and buildings at revalued amounts, with changes in fair value being recognised in OCI. These were valued by reference to transactions involving properties of a similar nature, location and condition.

### (e) Changes in accounting standards

Several amendments to IFRS and interpretations issued by the IASB are effective for annual periods beginning on or after 01 January 2022. None were applicable for the Group. The Group has not early adopted any other standards, interpretations, amendments that have been issued but are not yet effective.

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 2. BASIS OF PREPARATION (CONTINUED)

(f) New and revised standards and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt these new and amended standards and interpretations when they become effective, if applicable.

| | Effective for accounting period beginning on or after |
|---|---|
| IFRS 17 Insurance Contracts | 1 January 2023 |
| Classification of Liabilities as Current or Non-current and non-current liabilities with covenants - Amendments to IAS 1 | 1 January 2024 |
| Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 | 1 January 2023 |
| Deferred tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 | 1 January 2023 |
| Definition of Accounting Estimates - Amendments to IAS 8 | 1 January 2023 |
| Lease liability in a sales and leaseback - Amendments to IFRS 16 | 1 January 2024 |
| Disclosure: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7 | 1 January 2024 |
| Amendments to IAS 21 - Lack of exchangeability | 1 January 2025 |

These amendments are not expected to have a significant impact on the financial statements of the Group and Company.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated and separate financial statements.

(a) Basis of consolidation

### (i) Business combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.



# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

### (ii) Subsidiaries

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The accounting policies of subsidiaries are in line with Group accounting. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

In the Company's separate financial statements, investments in subsidiaries are measured at cost. The carrying amount is reduced if there is any indication of impairment in value.

A list of the principal subsidiaries is shown in Note 16(a).

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

### (iii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

### (iv) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary with any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as a financial asset depending on level of influence retained.

### (v) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but no control or joint control, over the financial and operating policies.

Interests in equity-accounted investees are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, these consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

In the separate financial statements, the interests in equity-accounted investees are carried at cost less any impairment losses.

### (vi) Transactions eliminated on consolidation

Intra-group balances and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing these consolidated and separate financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investments to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency

### (i) Foreign currency transactions

Transactions in foreign currencies are translated at their respective functional currencies of Group companies at exchange rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the functional currency at the exchange rate at reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated at the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

### (ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Mauritian Rupee at exchange rates at the reporting date. The income and expenses of foreign operations are translated into Mauritian Rupee at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such item form part of a net investment in the foreign operation. Accordingly, such differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve.

(c) Financial instruments

### (i) Financial asset

#### Initial recognition and measurement

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and cash equivalents, trade and other receivables and other investments.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.



# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

### (i) Financial asset (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

*Financial assets at amortised cost (debt instruments)*

This category is the most relevant to the Group. The Group includes in this category cash and cash equivalents and trade receivables. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows,

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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

*Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

### (i) Financial asset (continued)

*Financial assets at fair value through proﬁt or loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes forward contracts.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired;

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.



# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

### (i) Financial asset (continued)

#### Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all trade receivables with third parties. ECLs are based on the difference between the contractual cash flows due and all the cash flows that the Group expects to receive.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors, and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off after one year when there is no reasonable expectation of recovering the contractual cash flows.

### (ii) Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts. Those are classified at amortised cost.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

*Financial liabilities at amortised cost*

After initial recognition, financial liabilities 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. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

#### Derecognition

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 same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

### (ii) Financial liabilities (continued)

Offsetting

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

(d) Ordinary shares

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

(e) Property, plant and equipment

### (i) Recognition and measurement

Items of property, plant and equipment ("PPE") are measured at cost, less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Following initial recognition at cost, freehold land and buildings are revalued on every 5 years. Any revaluation surplus is credited to revaluation reserve as part of other comprehensive income, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same recognised in the asset revaluation reserve. An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

At the end of each reporting period, an entity is required to assess whether there is any indication that an asset may be impaired, that is, its carrying amount may be higher than its recoverable amount. If there is an indication that an asset may be impaired, then the asset's recoverable amount must be calculated.

### (ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.



# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment (continued)

### (ii) Depreciation (continued)

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

| Asset Category | | Rate of Depreciation |
|---|---|---|
| a. | Freehold land | Nil |
| b. | Buildings | 2% - 5% p.a |
| c. | Plant and machinery | 4% - 33% p.a |
| d. | Furniture and equipment | 10% - 33% p.a |
| e. | Motor vehicles | 6% - 15% p.a |
| f. | Work in progress | Nil |

Freehold land and work-in-progress are not depreciated.

Work-in-progress relates to:

- extension of premises and will be transferred to buildings once work is completed.
- acquisition of plant and machinery which will be transferred once available for use.

The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes accounted for as a change in estimates.

### (iii) Disposal

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within "other income" in profit and loss. At the time of disposal of the assets, any revaluation surpluses are transferred to retained earnings from revaluation reserve.

### (iv) Subsequent costs

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and to the Company. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets and goodwill

Other intangible assets

### (i) Recognition and measurement

Other intangible assets that are acquired by the Group and the Company have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses. These represent brands & licences, software and distribution rights.

### (ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

### (iii) Derecognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

### (iv) Amortisation

Intangible assets are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

A summary of the policies applied to the Group's and the Company's intangible assets is as follows for the current and comparative periods:

| | Computer software and distribution rights | Brand and licences |
|---|---|---|
| Useful lives | 3 years | 5 - 20 years |
| Amortisation method used | Amortised on a straight line basis over its estimated useful life | Amortised on a straight line basis over its estimated useful life |
| Internally generated or acquired | Acquired | Acquired |

Amortisation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.





(f) Intangible assets and goodwill (continued)

Goodwill

### (i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

### (ii) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired. The recoverable amounts are determined based on value-in-use calculations using cash flow projections.

(g) Biological assets

'Biological assets' are living animals that are capable of biological transformation. Biological transformation comprises the processes of growth, degeneration, production and procreation that cause qualitative or quantitative changes in a biological asset.

The Group recognises a biological asset or agricultural produce when the Group controls the asset as a result of past events, it is probable that future economic benefits associated with the asset will flow to the Group, and the fair value or cost of the asset can be measured reliably.

Biological assets are stated at fair value less estimated costs to sell at both initial recognition and as of the reporting date, with any results recognised in profit or loss. Costs to sell include all costs that would be necessary to sell the assets, including costs necessary to get the assets to market.

There are two types of biological assets:

- Bearer biological assets consist of breeding stock of chickens which are kept for laying hatchable eggs, including parent-rearing and laying stock. The fair value of breeders is determined by reference to the cash flows that will be obtained from sales of hatchery eggs, with an allowance for costs to be incurred and risks to be faced during the remaining productive period.
- Consumable biological assets consist of hatchable eggs and live broiler chicks that are raised specifically for meat production. Consumable biological assets are measured at fair value less estimated costs to sell at year end, with gains and losses arising from changes in the fair values recorded in profit or loss for the period in which they arise. The determination of fair value is based on active market values, where appropriate, or management's assessment of the fair value based on available data and benchmark statistics. These have been further elaborated in Note 4(a).

All the expenses incurred in establishing and maintaining the biological assets are recognised in profit or loss. All costs incurred in acquiring biological assets are capitalised.

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Investment property

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction cost. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and impairment.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

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

The depreciation rate for investment property is 2%.

### (i) Leased assets

The Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

#### (i) Right of use

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use assets are measured at cost which include the amount of leases recognised, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term as follows:

- Buildings 10 years
- Motor vehicles 5 years

The Company also assesses the right-of-use asset for impairment when such indicators exist.



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# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Leased assets (continued)

#### (ii) Lease liabilities

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

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

Variable lease payment that does not depend on an index or at rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

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

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

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

#### The Company as Lessor

Leases in which the Company does not transfer substantially the risk and reward incidental to ownership of an asset are classified as operating lease.

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

### (j) Inventories

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

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials and consumables: purchase cost on an average cost basis and standard costs in relevant companies.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Spare parts are initially classified as inventory. When a replacement is made to an existing asset, these are then expensed or capitalised as plant and machinery depending on their value. Only spare parts above Rs 5,000 are capitalised upon repairs.

The amount of any write down inventories to net realisable value is recognised as an expense in the period the write down occurs.

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Impairment of non-financial asset

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generated unit ('CGU') fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

### (l) Employee benefits obligations

The Group and the Company operate various pension schemes. The schemes are generally funded through payments to trustees-administered funds, determined by annual actuarial calculations. The Group and the Company have both defined contribution plan and defined benefit plan.

*Defined Contribution plans*

The Group and the Company maintains a defined contribution plan for its employees. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.



Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Employee benefits obligations (continued)

*Defined benefit plans*

The Group has both funded and unfunded obligations. For the funded obligations, the Group participates in the Innodis Ltd (Executives) Pension Fund and Innodis Ltd (Employees) Pension Fund, registered under the Private Pension Fund Act, the assets of which are held independently. The pension plans are funded from payments from the employees and the Group, taking into account the recommendations of an independent actuary, namely Swan Life Ltd.

The unfunded liability relates to employees who are entitled to retirement gratuities payable under the Workers' Right Act 2019. The Group and the Company is required under the Workers' Rights Act 2019 (the "WRA") to make a statutory gratuity payment to employees retiring after continuous employment with the Group and the Company for a period of 12 months or more. The employee needs to have reached retirement age as prescribed by the WRA to be eligible for the gratuity payment.

The Group and the Company calculates its net obligations in respect of defined benefit pension plans arising from the WRA for employees by estimating the amount of future benefit that its employees have earned in return for their service in the current and prior periods, that benefits is discounted to determine the present value. The discount rate is the yield at the end of the reporting period. The net present value of gratuity on retirement payable under the WRA is calculated by qualified actuaries (Actuarial Insights) using the projected unit credit method on a yearly basis.

The Group and the Company is eligible to deduct employer's share of contributions from the above defined benefit contribution maintained by the Group and the Company to the extent as prescribed by the WRA, which may or may not leave a residual liability to be provided for in the financial statements. The obligations arising under this item are not funded.

In accordance with the Workers' Rights Act, the amounts deductible are:

- half the lump sum payable from the defined contribution scheme, based on employer's contribution;
- five times the amount of any annual pension payable at the retirement age due from the defined contribution, based on employer's contribution;
- any other gratuity granted at the retirement age; and
- ten times the amount of any other annual pension granted at the retirement age.

*State pension plan*

Contributions to the National Pension Fund are expensed in profit or loss.

*Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group 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.

*Other benefits*

Employee entitlement to annual leave and other benefits are recognised as and when they accrue to the employees.

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Revenue

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

#### Sale of goods

Revenue from sale of good is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery.

In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, none cash consideration, and consideration payable to the customer.

#### Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with volume rebates. The rights to volume rebates give rise to variable consideration.

The Group provides volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. A debit note is received from the customers.

To estimate the variable consideration for the expected future rebates, the Group applies the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

#### Commercial income

The Company received income from suppliers as marketing incentives and these are recognised in other income. Under IFRS 15, these incomes should be recognised as a deduction in cost of sales as there are no distinct services being provided by the Company.

#### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

#### Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to the accounting policies of financial assets in Notes 3(c) Financial instruments – initial recognition and subsequent measurement.



# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Revenue (continued)

#### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

#### Management fee income

Revenue from rendering of services consists of management fees which is recognised in accordance with the substance of the relevant agreement. Revenue from management income is recognised over time.

#### Investment property rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

### (n) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's and the Company's right to receive payment is established, which in case of quoted securities is the ex-dividend date.

### (o) Finance income and finance costs

Finance income comprises interest income and foreign exchange gains. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expenses on loans and borrowings, overdrafts and finance leases. Borrowing costs not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

### (p) Income tax expense

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

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

#### (i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received 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 also includes any tax arising from dividends, Government grants and subsidies.

Current tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and if it relates to the same taxation authority.

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Income tax expense (continued)

### (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;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group and the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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 for individual subsidiaries in the Group.

Deferred tax assets are reviewed at 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 the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax assets and deferred tax liabilities are offset only if the following criteria are met:

(a) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) 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.

#### Corporate Social Responsibility (CSR)

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 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 and laws used to compute the amount are those charged or substantively enacted by the reporting date.



# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (q) Current versus non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when;

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

The Company classifies all other liabilities as non-current.

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

### (r) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 4. DETERMINATION OF FAIR VALUES

A number of the Group's and Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value is the the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### (a) Fair value hierarchy

The Group and the Company classify financial instruments measured at fair values using the following fair value hierarchy that reflect the significance of the inputs used in making the measurements:

- Level 1: Quoted (unadjusted) prices in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Measurement of fair values and valuation techniques used for property, plant and equipment and biological assets have been detailed in Note 13 and 18(b) respectively.

### (b) Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remained unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results. Sensitivity analysis does not take into consideration that the Group's and Company's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's and the Company's view of possible near-term market changes that cannot be predicted with any certainty.

## 5. FINANCIAL RISK MANAGEMENT

### Financial risk factors

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables and cash and cash equivalents that are derived directly from its operations.

The Group and the Company have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk




# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023


## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group's Audit and Risk Committee oversees how management monitors compliance with the Group's and 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 Group and the Company. The Group's Audit and Risk Committee is assisted in its role by the Internal Audit. Internal Audit Manager who undertakes both regular and adhoc reviews of risk management controls and procedures and the results of which are reported to the Audit and Risk Committee.

This note presents information about the Group's and the Company's exposure to each of the above risks, the Group's and the Company's objectives, policies and processes for measuring and managing risk, and the Group's and the Company's management of capital. Quantitative disclosures have also been included.

### *(i) Credit risk*

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract as and when they fall due thus leading to a financial loss. Credit risk is managed on a Group basis and arises principally from the Group's and the Company's operating activities (primarily trade receivables).

*Loans and advances to subsidiaries and other related parties*

The Company manages its credit risk with regards to loans to subsidiaries and other related parties by actively monitoring the operations and financial performance of its subsidiaries and other related parties.

The maximum exposure to credit risk is represented by the carrying amount of the loans to subsidiaries in the separate financial statements.

*Trade and other receivables*

Trade receivables comprise a large, widespread customer base. These risks are controlled by the application of credit limits, credit controlling procedures and credit insurance.

The Group and the Company do not require collateral in respect of trade and other receivables.

The Group and the Company establish an allowance for impairment that represents their estimate of expected losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a known loss component based on historical data for similar financial assets.

The Group and the Company have no significant concentrations of credit risk. The Group's and the Company's policies ensure that the vetting criteria including internal ratings take into consideration economic realities. These ratings do not preclude the monitoring of outstanding debts continuously and relevant diminution in value recognised as and when they become apparent. The maximum exposure to credit risk is represented by the carrying amount of the trade and other receivables in the consolidated and separate statements of financial position.

Amounts due from other receivables and related parties have been tested for impairment using a general approach whereby the probability of default has been assessed as low and no impairment is required.

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

*(i)* ***Credit risk (continued)***

At 30 June 2023, the credit risk exposure on the Group's trade receivables was as follows:

| CONSOLIDATED | Total | < 30 days | 31 – 60 days | 61 – 90 days | >90 days |
|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| 2023 | | | | | |
| Expected credit loss rate | | **0.5%-16.4%** | **3.5%-32.2%** | **3.7%-64.0%** | **12.3%-100%** |
| Estimated total gross carrying amount at default | **930,414** | **534,887** | **231,632** | **47,525** | **116,369** |
| Expected credit loss | **(95,321)** | **(5,385)** | **(1,572)** | **(1,498)** | **(86,866)** |
| | **835,093** | **529,502** | **230,060** | **46,027** | **29,503** |
| 2022 | | | | | |
| Expected credit loss rate | | 0.1%-5.1% | 0.1%-5.6% | 0.4%-10.6% | 1%-100% |
| Estimated total gross carrying amount at default | 913,115 | 496,164 | 236,773 | 60,208 | 119,970 |
| Expected credit loss | (81,124) | (2,780) | (1,696) | (1,144) | (75,504) |
| | 831,991 | 493,384 | 235,077 | 59,064 | 44,466 |

| SEPARATE | Total | < 30 days | 31 – 60 days | 61 – 90 days | >90 days |
|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| 2023 | | | | | |
| Expected credit loss rate | | **0.5%-16.0%** | **3.5%-25.3%** | **3.7%-30.0%** | **12.3%-100%** |
| Estimated total gross carrying amount at default | **594,117** | **330,006** | **210,543** | **30,253** | **23,315** |
| Expected credit loss | **(12,480)** | **(1,648)** | **(1,268)** | **(980)** | **(8,583)** |
| | **581,637** | **328,357** | **209,275** | **29,273** | **14,732** |
| 2022 | | | | | |
| Expected credit loss rate | | 0.1%-1.7% | 0.1%-1.6% | 0.5%-2.0% | 1.3%-100% |
| Estimated total gross carrying amount at default | 544,547 | 303,385 | 186,163 | 29,438 | 25,561 |
| Expected credit loss | (10,885) | (443) | (363) | (169) | (9,910) |
| | 533,662 | 302,942 | 185,800 | 29,269 | 15,651 |



Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

The movement in allowance for impairment in respect of trade receivables during the year was as follows:

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Balance at 1 July | **81,124** | 84,779 | **10,885** | 17,525 |
| (Reversal)/Charge for the year | **14,413** | (1,259) | **2,225** | (4,244) |
| Effect of exchange rate | **-** | - | **-** | - |
| Utilised | **(216)** | (2,396) | **(630)** | (2,396) |
| Balance at 30 June | **95,321** | 81,124 | **12,480** | 10,885 |

Cash and cash equivalents

Cash and cash equivalents are held in several reputable financial institutions. Accordingly, the Group and the Company have no significant concentration of credit risk with respect to cash and cash equivalents.

*(ii)* ***Liquidity risk***

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's approach to managing liquidity is to ensure, as far as possible, that they always have sufficient liquidity to meet their liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's and the Company's reputation.

The Group's and the Company's liquidity risk consist mainly of amounts borrowed from time to time. The details of borrowings are disclosed in Note 23. The Group and the Company have credit facilities from its bankers and these facilities are reviewed on an annual basis.

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

***(ii) Liquidity risk (continued)***

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

| | Contractual Cash Flows | | | | | |
|---|---|---|---|---|---|---|
| | Carrying value | Less than one year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years | Total |
| CONSOLIDATED | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| *At 30 June 2023* | | | | | | |
| Bank overdrafts | **521,163** | **521,163** | **-** | **-** | **-** | **521,163** |
| Borrowings | **1,771,697** | **1,028,681** | **59,610** | **669,916** | **67,699** | **1,825,906** |
| Fair value of derivatives | **486** | **486** | **-** | **-** | **-** | **486** |
| Lease liabilities | **228,091** | **87,902** | **75,890** | **156,676** | **7,303** | **327,771** |
| Trade and other payables | **671,333** | **671,333** | **-** | **-** | **-** | **671,333** |
| | **3,192,770** | **2,309,565** | **135,500** | **826,592** | **75,002** | **3,346,659** |

| | Contractual Cash Flows | | | | | |
|---|---|---|---|---|---|---|
| | Carrying value | Less than one year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years | Total |
| CONSOLIDATED | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| *At 30 June 2022* | | | | | | |
| Bank overdrafts | 348,151 | 345,151 | - | - | - | 345,151 |
| Borrowings | 1,617,819 | 929,965 | 78,535 | 713,806 | - | 1,722,306 |
| Fair value of derivatives | 218 | 218 | - | - | - | 218 |
| Lease liabilities | 245,133 | 53,975 | 44,136 | 110,613 | 108,325 | 317,049 |
| Trade and other payables | 672,230 | 672,230 | - | - | - | 672,230 |
| | 2,883,551 | 2,001,539 | 122,671 | 824,419 | 108,325 | 3,056,954 |



# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

***(ii) Liquidity risk (Continued)***

| | Contractual Cash Flows | | | | | |
|---|---|---|---|---|---|---|
| | Carrying value | Less than one year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years | Total |
| SEPARATE | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| *At 30 June 2023* | | | | | | |
| Bank overdrafts | **433,200** | **433,200** | **-** | **-** | **-** | **433,200** |
| Borrowings | **898,027** | **273,957** | **25,246** | **600,340** | **-** | **899,543** |
| Lease liabilities | **40,331** | **12,885** | **12,986** | **11,154** | **7,303** | **44,328** |
| Trade and other payables | **393,755** | **393,755** | **-** | **-** | **-** | **393,755** |
| | **1,765,313** | **1,113,797** | **38,232** | **611,494** | **7,303** | **1,770,826** |

| | Contractual Cash Flows | | | | | |
|---|---|---|---|---|---|---|
| | Carrying Value | Less than one year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years | Total |
| SEPARATE | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| *At 30 June 2022* | | | | | | |
| Bank overdrafts | 245,615 | 245,615 | - | - | - | 245,615 |
| Borrowings | 880,756 | 223,898 | 113,102 | 677,700 | - | 1,014,700 |
| Fair value of derivatives | 204 | 204 | - | - | - | 204 |
| Lease liabilities | 50,733 | 32,816 | 11,207 | 41,153 | - | 85,176 |
| Trade and other payables | 368,327 | 368,327 | - | - | - | 368,327 |
| | 1,545,635 | 870,860 | 124,309 | 718,853 | - | 1,714,022 |

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

***(iii) Changes in liabilities arising from financing activities:***

| CONSOLIDATED | 1 July 2022 | Cash flows | New leases | Other[1] | 30 June 2023 |
|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Borrowings | 1,617,819 | 141,011 | - | 12,867 | 1,771,697 |
| Lease liabilities | 245,133 | (46,018) | 31,717 | (2,741) | 228,091 |
| Dividends payable | 53,165 | (76,431) | - | 80,201 | 56,935 |
| Total liabilities from financing activities | 1,916,117 | 18,562 | 31,717 | 90,327 | 2,056,723 |

| CONSOLIDATED | 1 July 2021 | Cash flows | New leases | Other[1] | 30 June 2022 |
|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Borrowings | 995,226 | 622,593 | - | - | 1,617,819 |
| Lease liabilities | 215,689 | (55,859) | 101,531 | (16,228) | 245,133 |
| Dividends payable | 48,120 | (52,875) | - | 57,920 | 53,165 |
| Total liabilities from financing activities | 1,259,035 | 513,859 | 101,531 | 41,692 | 1,916,117 |

| SEPARATE | 1 July 2022 | Cash flows | New leases | Other[1] | 30 June 2023 |
|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Borrowing | 880,756 | 16,431 | - | 840 | 898,027 |
| Lease liabilities | 50,733 | (19,105) | 8,703 | - | 40,331 |
| Dividends payable | 42,385 | (60,637) | - | 67,951 | 49,699 |
| Total liabilities from financing activities | 973,874 | (63,311) | 8,703 | 68,791 | 988,057 |

| SEPARATE | 1 July 2021 | Cash flows | New leases | Other[1] | 30 June 2022 |
|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Borrowings | 494,244 | 386,512 | - | - | 880,756 |
| Lease liabilities | 67,907 | (30,995) | 24,681 | (10,860) | 50,733 |
| Dividends payable | 42,240 | (42,095) | - | 42,240 | 42,385 |
| Total liabilities from financing activities | 604,391 | 313,422 | 24,681 | 31,380 | 973,874 |

[1] Others relates to foreign exchange gain/loss, transaction costs and dividend declared released to profit or loss.



Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

***(iv) Market risk***

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: interest rate risk, currency risk and other price risk such as equity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*Foreign currency risk*

The Group and the Company are exposed to currency risks from their imports both for their commercial and production activities. As such, they are subject to risks from changes in currency values that could affect earnings. Given the limited availability of financial instruments locally, short term transaction risks arising from currency fluctuations are not hedged.

Subject to cost and availability of finance, the Group and the Company aim to minimise their foreign exposure by borrowing in local currency.

The currency profile of the financial assets and liabilities is summarised as follows:

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | Financial assets | Financial liabilities | Financial assets | Financial liabilities |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| 2023 | | | | |
| Australian Dollar | 458 | 3,587 | 458 | 3,587 |
| Euro | 47,632 | 28,223 | 42,868 | 27,868 |
| Mauritian Rupee | 1,038,517 | 2,144,648 | 773,346 | 1,649,823 |
| South African Rand | 39,627 | 6,780 | 39,627 | - |
| United States Dollar | 136,643 | 747,872 | 84,610 | 72,696 |
| Seychelles Rupee | 14,192 | 277 | - | - |
| Mozambican Metical | 38,171 | 33,922 | - | - |
| | 1,315,240 | 2,965,309 | 940,909 | 1,753,974 |

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

***(iv) Market risk (continued)***

*Foreign currency risk (continued)*

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | Financial assets | Financial liabilities | Financial assets | Financial liabilities |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| 2022 | | | | |
| Australian Dollar | 16 | - | 16 | - |
| Euro | 50,967 | 17,791 | 32,122 | 20,021 |
| Mauritian Rupee | 964,330 | 2,352,446 | 764,922 | 1,295,539 |
| South African Rand | 51,720 | 12,948 | 45,896 | 14,812 |
| United States Dollar | 112,921 | 243,308 | 82,953 | 164,530 |
| Seychelles Rupee | 4,580 | - | - | - |
| Mozambican Metical | 36,217 | 11,925 | - | - |
| | 1,220,751 | 2,638,418 | 925,909 | 1,494,902 |

The following exchange rates were applied during the year:

| | Average rate | | Spot rate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **Rs** | Rs | **Rs** | Rs |
| Euro | **49.76** | 47.75 | **49.49** | 48.15 |
| Australian Dollar | **30.70** | 30.90 | **30.68** | 31.84 |
| South African Rand | **2.42** | 2.76 | **2.42** | 2.88 |
| United States Dollar | **46.00** | 45.25 | **46.05** | 45.82 |
| Mozambican Metical | **0.64** | 0.61 | **0.69** | 0.68 |
| Seychelles Rupee | **3.20** | 3.15 | **3.10** | 2.64 |
| Pound Sterling | **57.95** | 54.55 | **57.34** | 55.88 |

*Foreign currency sensitivity analysis*

Foreign exchange risk arises from changes in foreign exchange rates. Fluctuations in the above currencies by 10% would result in a gain or loss recognised in profit or loss and equity as shown below. The analysis does not take the currency positions that are denominated in the functional currencies of relevant operations because they do not create any foreign currency exposure. Also, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not represent the exposure during the year. The Group's exposure to foreign currency changes for all other currencies is not material.



Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iv) Market risk (continued)

Foreign currency risk (continued)

*Foreign currency sensitivity analysis (continued)*

| | Consolidated | | | | | |
|---|---|---|---|---|---|---|
| | **Appreciation/ (depreciation) in foreign exchange rates** | **Effect on profit or loss** | **Effect on Equity** | Appreciation/ (depreciation) in foreign exchange rates | Effect on profit or loss | Effect on Equity |
| | **%** | **Rs'000** | **Rs'000** | % | Rs'000 | Rs'000 |
| | **2023** | **2023** | **2023** | 2022 | 2022 | 2022 |
| United States Dollar | **10** | **(61,123)** | **(61,123)** | 10 | (13,039) | (13,039) |
| | **(10)** | **61,123** | **61,123** | (10) | 13,039 | 13,039 |
| South African Rand | **10** | **3,285** | **3,285** | 10 | 3,877 | 3,877 |
| | **(10)** | **(3,285)** | **(3,285)** | (10) | (3,877) | (3,877) |
| Euro | **10** | **1,941** | **1,941** | 10 | 3,318 | 3,318 |
| | **(10)** | **(1,941)** | **(1,941)** | (10) | (3,318) | (3,318) |
| Mozambican Metical | **10** | **425** | **425** | 10 | 2,429 | 2,429 |
| | **(10)** | **(425)** | **(425)** | (10) | (2,429) | (2,429) |
| Australian Dollar | **10** | **(313)** | **(313)** | 10 | 2 | 2 |
| | **(10)** | **313** | **313** | (10) | (2) | (2) |
| Seychelles Rupee | **10** | **1,392** | **1,392** | 10 | 458 | 458 |
| | **(10)** | **(1,392)** | **(1,392)** | (10) | (458) | (458) |

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

***(iv) Market risk (continued)***

*Foreign currency risk (continued)*

*Foreign currency sensitivity analysis (continued)*

| | Separate | | | | | |
|---|---|---|---|---|---|---|
| | **Appreciation/ (depreciation) in foreign exchange rates** | **Effect on profit or loss** | **Effect on Equity** | Appreciation/ (depreciation) in foreign exchange rates | Effect on profit or loss | Effect on Equity |
| | **%** | **Rs'000** | **Rs'000** | % | Rs'000 | Rs'000 |
| | **2023** | **2023** | **2023** | 2022 | 2022 | 2022 |
| United States Dollar | **10** | **1,191** | **1,191** | 10 | (8,158) | (8,158) |
| | **(10)** | **(1,191)** | **(1,191)** | (10) | 8,158 | 8,158 |
| South African Rand | **10** | **3,963** | **3,963** | 10 | 3,108 | 3,108 |
| | **(10)** | **(3,963)** | **(3,963)** | (10) | (3,108) | (3,108) |
| Euro | **10** | **1,500** | **1,500** | 10 | 1,210 | 1,210 |
| | **(10)** | **(1,500)** | **(1,500)** | (10) | (1,210) | (1,210) |
| Australian Dollar | **10** | **(313)** | **(313)** | 10 | 2 | 2 |
| | **(10)** | **313** | **313** | (10) | (2) | (2) |

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's and the Company's interest rate risk arises from loans and borrowings. Loans and borrowings issued at variable rates expose the Group and the Company to cash flow interest rate risk. Loans and borrowings issued at fixed rates expose the Group and the Company to fair value interest rate risk.

The Group and the Company have an interest rate policy which aims at minimising the annual interest costs and to reduce volatility. Given the lack of a local bond market and the restricted capital market, the Group and the Company borrow mainly from banks, which are variable indexed to the prime lending rate. Fixed rate loans, especially of long duration, are not competitively priced by banks to allow a dynamic management of the risk. The policy is thus implemented broadly and cost of debt is managed by effective negotiation directly with banks and leasing companies.



Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iv) Market risk (continued)

*Interest rate risk (continued)*

The interest rate profile of the financial assets and financial liabilities of the Group and the Company at 30 June 2023 was:

*Variable rate instruments*

| | **Consolidated** | **Separate** | **Consolidated and separate** | Consolidated | Separate | Consolidated and separate |
|---|---|---|---|---|---|---|
| | **2023** | **2023** | **2023** | 2022 | 2022 | 2022 |
| | **Rs'000** | **Rs'000** | **Interest Rate** | Rs'000 | Rs'000 | Interest Rate |
| Borrowings | **(522,017)** | **(346,635)** | **3.90%-7.25%** | (1,617,819) | (880,756) | 2.95% - 5.13% |
| Bank overdrafts | **(521,163)** | **(433,200)** | **5.90%-7.25%** | (348,151) | (245,615) | 2.95%-17% |
| Cash and cash equivalents | **335,870** | **255,478** | **0%-5%** | 265,719 | 136,015 | 0.25% -5% |

*Interest rate sensitivity analysis*

| | Profit or loss | | Equity | |
|---|---|---|---|---|
| CONSOLIDATED | **100bp Increase** | **100bp Decrease** | **100bp Increase** | **100bp Decrease** |
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| 30 June 2023 | | | | |
| Variable rate instruments: | | | | |
| Interest on borrowings | **(5,220)** | **5,220** | **(5,220)** | **5,220** |
| Interest on bank overdrafts | **(5,212)** | **5,212** | **(5,212)** | **5,212** |
| Interest on cash and cash equivalents | **3,359** | **(3,359)** | **3,359** | **(3,359)** |
| **Cash flow sensitivity (net)** | **(7,073)** | **7,073** | **(7,073)** | **7,073** |
| 30 June 2022 | | | | |
| Variable rate instruments: | | | | |
| Interest on borrowings | (16,178) | 16,178 | (16,178) | 16,178 |
| Interest on bank overdrafts | (3,482) | 3,482 | (3,482) | 3,482 |
| Interest on cash and cash equivalents | 2,657 | (2,657) | 2,657 | (2,657) |
| Cash flow sensitivity (net) | (17,003) | 17,003 | (17,003) | 17,003 |

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

***(iv) Market risk (continued)***

*Interest rate risk (continued)*

*Interest rate sensitivity analysis (continued)*

| SEPARATE | Profit or loss 100bp Increase Rs'000 | Profit or loss 100bp Decrease Rs'000 | Equity 100bp Increase Rs'000 | Equity 100bp Decrease Rs'000 |
|---|---|---|---|---|
| 30 June 2023 | | | | |
| Variable rate instruments: | | | | |
| Interest on borrowings | (3,486) | 3,486 | (3,486) | 3,486 |
| Interest on bank overdrafts | (4,332) | 4,332 | (4,332) | 4,332 |
| Interest on cash and cash equivalents | 2,555 | (2,555) | 2,555 | (2,555) |
| Cash flow sensitivity (net) | (5,263) | 5,263 | (5,263) | 5,263 |
| 30 June 2022 | | | | |
| Variable rate instruments: | | | | |
| Interest on borrowings | (8,808) | 8,808 | (8,808) | 8,808 |
| Interest on bank overdrafts | (2,456) | 2,456 | (2,456) | 2,456 |
| Interest on cash and cash equivalents | 1,360 | (1,360) | 1,360 | (1,360) |
| Cash flow sensitivity (net) | (9,904) | 9,904 | (9,904) | 9,904 |

The sensitivity analysis has been determined based on the exposure to interest rate for the financial liabilities as at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

*Capital risk management*

The Group's and Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company and Group monitor capital using a ratio of adjusted net debt to adjusted equity and net debt. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligation under finance leases, less cash and cash equivalents.



Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iv) Market risk (continued)

*Capital risk management (continued)*

Gearing Ratio

| | Consolidated 2023 Rs'000 | Consolidated 2022 Rs'000 | Separate 2023 Rs'000 | Separate 2022 Rs'000 |
|---|---|---|---|---|
| Total borrowings including lease liabilities and bank overdrafts | 2,520,951 | 2,211,103 | 1,371,558 | 1,177,104 |
| Less: Cash and bank balances | (335,870) | (265,719) | (255,478) | (136,015) |
| Net Debt | 2,185,081 | 1,945,384 | 1,116,080 | 1,041,089 |
| Total Equity | 2,112,378 | 2,057,686 | 1,254,584 | 1,249,188 |
| Gearing ratio | 51% | 49% | 47% | 45% |

## 6. SEGMENT REPORTING

The Group has the following strategic divisions, which are its reportable segments. These divisions offer different products and services and are managed separately as they are subject to different technology and marketing strategies.

- Production Agro Business: poultry farming, distribution of chicken, manufacture and distribution of animal feeds.
- Distribution and others; food and non-food and grocery products;
- Production others: ice cream, yoghurt and rice & other frozen food items.

The Group's Chief Executive Officer reviews the internal management reports of each division at least quarterly.

Inter-segment pricing is determined on normal commercial terms. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related revenue, loans and borrowings and related expenses, corporate assets and head office expenses.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

The following factors have been taken into consideration on determining the operating segment.

- The nature of the business activities of each component. Each operating segment has a distinct economic activity.
- The existence of managers responsible for the components. Each operating segment has a different manager, who is responsible for the financial results produced.
- For each operating segment, the results are presented separately to the Board.

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 6. SEGMENT REPORTING (CONTINUED)

Information related to each reportable segment is set out below. Segment profit/(loss) before tax is used to measure performance as management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries. The Group evaluates the performance on the basis of the segment profit from operating activities. The Group`s customer base is highly diversified, with no individually significant customers' revenue amounting to 10% or more of revenue.

**Segment information**

| | Production Agro-Business | Production Others | Distribution and others | Adjustments* | Total |
|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| *Consolidated* | | | | | |
| Year ended 30 June 2023 | | | | | |
| External Revenue | 2,602,813 | - | 3,556,827 | - | 6,159,640 |
| Internal Revenue | 2,599,906 | 319,953 | 57,542 | (2,977,401) | - |
| Total revenue from contract with customers | 5,202,719 | 319,953 | 3,614,369 | (2,977,401) | 6,159,640 |
| Geographical markets | | | | | |
| Mauritius | 4,146,903 | 319,953 | 3,614,369 | (2,977,401) | 5,103,823 |
| Mozambique | 311,872 | - | - | - | 311,872 |
| Seychelles | 743,945 | - | - | - | 743,944 |
| Total revenue from contract with customers | 5,202,719 | 319,953 | 3,614,369 | (2,977,401) | 6,159,640 |
| Timing of revenue recognition | | | | | |
| Goods transferred at a point in time | 5,202,719 | 319,953 | 3,556,827 | (2,919,859) | 6,159,640 |
| Services transferred over time | - | - | 57,542 | (57,542) | - |
| Total revenue from contract with customers | 5,202,719 | 319,953 | 3,614,369 | (2,977,401) | 6,159,640 |

* These relate to consolidation adjustments.



# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 6. SEGMENT REPORTING (CONTINUED)

**Segment information (continued)**

| | Production Agro-Business | Production Others | Distribution and others | Adjustments* | Total |
|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| *Consolidated* | | | | | |
| Year ended 30 June 2023 | | | | | |
| Segment revenue | 5,202,719 | 319,953 | 3,614,369 | (2,977,401) | 6,159,640 |
| Segment profit from operating activities | 180,376 | (14,070) | 147,426 | (36,613) | 277,119 |
| - Interest income | 20,222 | 2,614 | 6,095 | (500) | 28,431 |
| - Interest expenses | (76,985) | (496) | (65,493) | 8,763 | (134,211) |
| Segment profit/(loss) before tax | 123,613 | (11,952) | 88,028 | (28,350) | 171,399 |
| Segment income tax expense | (12,271) | - | (20,162) | - | (32,433) |
| Segment profit/(loss) after tax | 130,342 | (11,952) | 67,866 | (28,350) | 138,906 |
| Segment assets (excluding tax) | 4,009,166 | 675,635 | 5,561,717 | (4,675,426) | 5,571,086 |
| Segment liabilities (excluding tax) | 2,876,594 | 461,397 | 1,516,052 | (1,526,513) | 3,327,530 |
| Other segment items | | | | | |
| - Purchase of property, plant and equipment | 149,330 | 14,425 | 23,462 | - | 187,217 |
| - Depreciation | 72,242 | 20,440 | 36,008 | - | 128,690 |

* These relate to consolidation adjustments.

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 6. SEGMENT REPORTING (CONTINUED)

**Segment information (continued)**

| | Production Agro-Business | Production Others | Distribution and others | Adjustments* | Total |
|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| *Consolidated* | | | | | |
| Year ended 30 June 2022 | | | | | |
| External Revenue | 2,455,133 | - | 2,925,955 | - | 5,381,088 |
| Internal Revenue | 1,455,420 | 264,396 | 283,634 | (2,003,450) | - |
| Total revenue from contract with customers | 3,910,553 | 264,396 | 3,209,589 | (2,003,450) | 5,381,088 |
| Geographical markets | | | | | |
| Mauritius | 3,599,080 | 264,396 | 3,209,589 | (2,003,450) | 5,069,615 |
| Mozambique | 275,012 | - | - | - | 275,012 |
| Seychelles | 36,461 | - | - | - | 36,461 |
| Total revenue from contract with customers | 3,910,553 | 264,396 | 3,209,589 | (2,003,450) | 5,381,088 |
| Timing of revenue recognition | | | | | |
| Goods transferred at a point in time | 3,910,553 | 264,396 | 3,126,567 | (1,920,428) | 5,381,088 |
| Services transferred over time | - | - | 83,022 | (83,022) | - |

* These relate to consolidation adjustments.



# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 6. SEGMENT REPORTING (CONTINUED)

**Segment information (continued)**

| | **Production Agro-Business** | **Production Others** | **Distribution and others** | **Adjustments*** | **Total** |
|---|---|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| *Consolidated* | | | | | |
| Year ended 30 June 2022 | | | | | |
| Segment revenue | 3,910,553 | 264,396 | 3,209,589 | (2,003,450) | 5,381,088 |
| Segment profit from operating activities | 88,077 | 8,899 | 29,280 | (22,189) | 104,067 |
| - Interest income | 22,906 | 1,953 | 6,174 | (2,028) | 29,005 |
| - Interest expenses | (39,075) | (521) | (36,340) | 2,028 | (73,908) |
| Segment profit/(loss) before tax | 71,908 | 10,331 | (886) | (22,189) | 59,164 |
| Segment assets | 3,018,137 | 438,296 | 2,674,180 | (958,168) | 5,172,445 |
| Segment liabilities (excluding tax) | 1,930,803 | 211,448 | 1,560,672 | (704,405) | 2,998,518 |
| Other segment items | | | | | |
| - Purchase of property, plant and equipmet | 126,774 | 9,225 | 25,960 | - | 161,959 |
| - Depreciation | 61,846 | 19,409 | 30,772 | - | 112,027 |

*These relate to consolidation adjustments

## 7. REVENUE

Details of revenue generated by Innodis Ltd and its subsidiaries are illustrated in table below:

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Revenue from contract with customers* | **6,159,640** | 5,381,088 | **3,055,036** | 2,710,954 |
| Revenue generated from services | **-** | - | **77,693** | 83,022 |
| Total revenue | **6,159,640** | 5,381,088 | **3,132,729** | 2,793,976 |

* Refer to Note 6 for the breakdown of revenue by segment

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 8. PROFIT FROM OPERATING ACTIVITIES

The following items have been (credited)/charged in arriving at profit from operating activities:

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Income from Insurance | 26,008 | - | 10,000 | - |
| Dividend income | - | - | (47,750) | (16,320) |
| Depreciation on property, plant and equipment: | | | | |
| - Owned assets | 128,690 | 112,027 | 39,670 | 37,028 |
| - Right of use assets | 49,075 | 58,574 | 17,286 | 27,683 |
| Impairment of assets due to fire[1] | - | 15,651 | - | - |
| Retirement benefit obligation | | | | |
| - Expenses recognised (Note 25) | 30,611 | 17,376 | 21,042 | 12,200 |
| Profit on disposal of property plant and equipment | (1,154) | (4,388) | (1,300) | (3,970) |
| Cost of inventories expensed (Note 18a) | | | | |
| - Raw materials | 2,701,275 | 2,141,663 | 293,038 | 222,701 |
| - Finished goods | 2,442,872 | 2,379,958 | 2,269,466 | 2,120,814 |
| Staff cost (Note 9) | 585,487 | 506,325 | 240,071 | 207,062 |
| Repairs and maintenance | 13,334 | 12,748 | 12,350 | 11,877 |
| Amortisation and impairment of intangible | 1,081 | 1,038 | - | - |

[1] This relates to stock written off of Rs 13.1m and impairment of equipment of Rs 2.5m following a fire outbreak at Supercash Phoenix on 23 June 2022. The loss incurred is covered by insurance and proceeds amounting to Rs 16,008,841 were received during the year.



Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 9. STAFF COST

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Wages and salaries | 528,947 | 458,190 | 204,691 | 170,172 |
| Social security and pension costs | 41,662 | 15,636 | 27,073 | 5,575 |
| Expense for defined contribution plan | 14,878 | 32,500 | 8,307 | 31,314 |
| | 585,487 | 506,326 | 240,071 | 207,061 |

Number of persons employed at year-end:

| | 2023 | 2022 | 2023 | 2022 |
|---|---|---|---|---|
| | Number | Number | Number | Number |
| Full time | 1,351 | 1,252 | 547 | 538 |
| Part time | 28 | 148 | 10 | 8 |
| | 1,379 | 1,400 | 557 | 546 |

## 10. NET FINANCE COSTS

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Interest income | (456) | (19,554) | (937) | (2,035) |
| Foreign exchange gain | (27,975) | (9,451) | (7,772) | (6,093) |
| | (28,431) | (29,005) | (8,709) | (8,128) |
| Interest expense: | | | | |
| - Overdrafts | 34,121 | 35,400 | 24,389 | 13,738 |
| - Loans | 53,299 | 10,543 | 4,685 | 10,542 |
| - Lease liability | 9,070 | 9,498 | 1,716 | 2,160 |
| - Interest on bond issue | 31,776 | 12,681 | 31,776 | 12,681 |
| - Interest on bills | 2,616 | 2,384 | 2,662 | 2,384 |
| Fair value loss/(gain) on derivatives contract | 268 | 3,402 | (204) | 204 |
| Foreign exchange transaction losses | 3,061 | - | - | - |
| | 134,211 | 73,908 | 65,024 | 41,709 |
| Net finance costs | 105,780 | 44,903 | 56,315 | 33,581 |

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 11. INCOME TAX EXPENSE

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Income tax based on adjusted profits at 15% (2022: 15%) | **16,472** | 7,331 | **6,790** | - |
| Deferred taxation (Note 26) | **12,553** | (6,106) | **9,016** | 3,386 |
| Corporate social responsibility | **3,408** | 1,763 | **905** | - |
| | **32,433** | 2,988 | **16,711** | 3,386 |

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022* |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Reconciliation of effective taxation | | | | |
| Profit before tax from continuing operations | **171,339** | 59,164 | **84,401** | 21,708 |
| Loss before tax from discontinued operations | **-** | (25,904) | **-** | - |
| Profit before taxation | **171,339** | 33,260 | **84,401** | 21,708 |
| Income tax at 17% (2022: 17%) | **29,128** | 5,654 | **14,348** | 3,690 |
| Non-deductible expenses[1] | **15,066** | 10,907 | **11,499** | 4,150 |
| Exempt income[2] | **(4,121)** | (9,517) | **(10,041)** | (3,854) |
| Unrecognised tax losses | **-** | (668) | **-** | - |
| Effect of tax rates in foreign jurisdiction | **200** | (41) | **-** | - |
| Over provision in previous years | **(2,317)** | - | **-** | - |
| CSR | **3,408** | 1,763 | **905** | - |
| Effect of export rate on total tax rate | **(744)** | - | **-** | - |
| Investment Tax Credit | **(8,187)** | (5,110) | **-** | - |
| | **32,433** | 2,988 | **16,711** | 3,386 |

*The profit before tax from continuing operations was amended in the prior year for the Company to align with the Consolidated and Separate statements of profit or loss and other comprehensive income.

[1] Expenses not deductible for tax purposes include legal and professional fees, donations and entertainment.

[2] Exempt income relates to dividend income which is not taxable.

As per Section 44B of Income Tax Act 1995, a company which is engaged in the export of goods is liable to income tax at 3% as from 1 July 2017. The Group is liable to a 15% credit on all new purchases relating to manufacturing industries.



Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 12. EARNINGS PER SHARE

**Basic and diluted earnings per share**

Basic EPS is calculated by dividing the profit for the year attributable to the Owners of the Company by the weighted average number of ordinary shares outstanding during the year. Basic and diluted earnings per share were the same since there was no potential dilutive ordinary shares at 30 June 2023 and 30 June 2022. Basic and diluted EPS from discontinued operations is a loss per share of Rs 0.43 as per below table for FY 2022.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

| | **2023** | 2022 |
|---|---|---|
| | **Rs'000** | Rs'000 |
| Profit for the year attributable to Owners of the Company | | |
| Continuing operations | **112,298** | 23,011 |
| Discontinued operations | **-** | (15,542) |
| | **112,298** | 7,469 |
| Weighted average number of ordinary shares ('000) | **36,730** | 36,730 |

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 13. PROPERTY, PLANT AND EQUIPMENT

| CONSOLIDATED | Freehold land | Buildings | Improve-ment to buildings | Plant and machinery | Furniture and equipment | Motor vehicles | Work in progress | Total |
|---|---|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Cost/revalued | | | | | | | | |
| Balance at 01 July 2021 | 215,626 | 951,349 | 42,042 | 1,323,271 | 646,212 | 251,536 | 21,808 | 3,451,844 |
| Additions | 3,350 | 83,885 | 5,833 | 39,410 | 15,047 | 11,675 | 2,759 | 161,959 |
| Disposals | - | - | - | (1,588) | - | (17,360) | - | (18,948) |
| Transfer between categories | - | 27,575 | (6,165) | 21,381 | (20,569) | - | (22,222) | - |
| Transfer from right of use assets | - | - | - | - | - | 16,193 | - | 16,193 |
| Scrapped | - | - | - | (38,796) | (15,026) | (23) | - | (53,845) |
| Impairment due to fire [1] | - | - | (4,329) | (4,382) | (15,123) | - | - | (23,834) |
| Discontinued operations | - | - | - | (33,996) | - | (304) | - | (34,300) |
| Revaluation | 30,974 | 101,016 | 2,391 | - | - | - | - | 134,381 |
| Foreign currency difference | - | 6,717 | - | 6,087 | 426 | 385 | 6 | 13,621 |
| **Balance at 30 June 2022** | **249,950** | **1,170,542** | **39,772** | **1,311,387** | **610,967** | **262,102** | **2,351** | **3,647,071** |
| Additions[1] | - | 5,827 | 16 | 45,373 | 21,013 | 25,503 | 89,485 | 187,217 |
| Disposals | - | - | - | (99) | (367) | (13,042) | - | (13,508) |
| Transfer between categories | - | (76,404) | - | (6,023) | - | - | 82,427 | - |
| Transfer from right of use assets | - | - | - | 725 | - | 10,557 | - | 11,282 |
| Impairment | - | - | - | - | (1,535) | - | - | (1,535) |
| Foreign currency difference | - | 2,930 | - | 3,235 | 155 | 174 | - | 6,494 |
| **Balance at 30 June 2023** | **249,950** | **1,102,895** | **39,788** | **1,354,598** | **630,233** | **285,294** | **174,263** | **3,837,021** |

[1] Included in work in progress an amount relating to borrowing costs amounted to Rs. 5.9m (2022: Rs. 1.1m)



Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| CONSOLIDATED (CONTINUED) | Freehold land | Buildings | Improve-ment to buildings | Plant and machinery | Furniture and equipment | Motor vehicles | Work in progress | Total |
|---|---|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Accumulated depreciation/ and impairment losses | | | | | | | | |
| Balance at 01 July 2021 | - | 105,189 | 5,614 | 788,320 | 547,732 | 204,768 | - | 1,651,623 |
| Depreciation for the year | - | 22,720 | 1,555 | 64,284 | 11,500 | 11,968 | - | 112,027 |
| Foreign currency difference | - | 3,757 | - | 6,102 | 1,627 | 323 | - | 11,809 |
| Transfer from right of use assets | - | - | - | - | - | 12,947 | - | 12,947 |
| Revaluation | - | (130,281) | (3,809) | - | - | - | - | (134,090) |
| Scrapped | - | - | - | (38,796) | (15,026) | (23) | - | (53,845) |
| Impairment due to discontinued operations [2] | - | - | - | 25,904 | - | - | - | 25,904 |
| Discontinued operations | - | - | - | (33,996) | - | (304) | - | (34,300) |
| Disposals | - | - | - | (1,588) | - | (17,272) | - | (18,860) |
| Impairment due to fire [1] | - | - | (1,951) | (4,374) | (15,004) | - | - | (21,329) |
| **Balance at 30 June 2022** | **-** | **1,385** | **1,409** | **805,856** | **530,829** | **212,407** | **-** | **1,551,886** |
| Depreciation for the year | - | 35,276 | 1,879 | 57,191 | 19,562 | 14,782 | - | 128,690 |
| Foreign currency difference | - | 85 | - | 2,175 | 145 | 132 | - | 2,537 |
| Transfer from right of use assets | - | - | - | 477 | - | 8,026 | - | 8,503 |
| Impairment | - | - | - | - | (662) | - | - | (662) |
| Disposals | - | - | - | (4) | (206) | (12,686) | - | (12,896) |
| **Balance at 30 June 2023** | **-** | **36,746** | **3,288** | **865,695** | **549,668** | **222,661** | **-** | **1,678,058** |
| Carrying amounts: | | | | | | | | |
| **Balance as 30 June 2023** | **249,950** | **1,066,149** | **36,500** | **488,903** | **80,565** | **62,633** | **174,263** | **2,158,963** |
| Balance as 30 June 2022 | 249,950 | 1,169,157 | 38,363 | 505,531 | 80,138 | 49,695 | 2,351 | 2,095,185 |

[1] Relates to the impairment of equipment to nil recoverable amount following a fire outbreak at Supercash Phoenix on 23 June 2022.
[2] Relates to impairment of equipment to nil recoverable amount following decision to discontinue the operations of Green Island Milling.

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| SEPARATE | Freehold land | Buildings | Plant and machinery | Furniture and equipment | Motor vehicles | Work in progress | Total |
|---|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Cost/Revalued | | | | | | | |
| Balance at 01 July 2021 | 19,000 | 132,199 | 451,540 | 437,819 | 172,516 | 359 | 1,213,433 |
| Additions | - | - | 8,987 | 2,680 | 8,395 | 1,644 | 21,706 |
| Disposals | - | - | (1,588) | - | (14,776) | - | (16,364) |
| Scrapped | - | - | (38,847) | (14,974) | (23) | - | (53,844) |
| Transfer between categories | - | - | 981 | - | - | (981) | - |
| Transfer from right of use assets | - | - | - | - | 16,193 | - | 16,193 |
| Revaluation | 6,300 | 5,100 | - | - | - | - | 11,400 |
| **Balance at 30 June 2022** | **25,300** | **137,299** | **421,073** | **425,525** | **182,305** | **1,022** | **1,192,524** |
| Additions | - | - | 15,870 | 6,514 | 3,088 | 7,374 | 32,846 |
| Disposals | - | - | (168) | - | (12,108) | - | (12,276) |
| Transfer from investment property | - | 15,380 | - | - | - | - | 15,380 |
| Transfer between categories | - | - | 922 | - | - | (922) | - |
| Transfer from right of use assets | - | - | 893 | - | 10,557 | - | 11,450 |
| Revaluation | - | (3,479) | - | - | - | - | (3,479) |
| **Balance at 30 June 2023** | **25,300** | **149,200** | **438,590** | **432,039** | **183,842** | **7,474** | **1,236,445** |
| Accumulated depreciation and impairment losses | | | | | | | |
| Balance at 01 July 2021 | - | 9,258 | 352,619 | 412,550 | 154,226 | - | 928,653 |
| Depreciation for the year | - | 3,099 | 19,269 | 8,484 | 6,176 | - | 37,028 |
| Disposals | - | - | (1,588) | - | (14,738) | - | (16,326) |
| Transfer from right of use | - | - | - | - | 12,947 | - | 12,947 |
| Scrapped | - | - | (38,848) | (14,974) | (23) | - | (53,845) |
| Revaluation | - | (12,357) | - | - | - | - | (2,357) |
| **Balance at 30 June 2022** | **-** | **-** | **331,452** | **406,060** | **158,588** | **-** | **896,100** |
| Depreciation for the year | - | 4,548 | 19,300 | 7,619 | 8,203 | - | 39,670 |
| Disposals | - | - | - | - | (11,757) | - | (11,757) |
| Transfer from right of use | - | - | 477 | - | 8,026 | - | 8,503 |
| Transfer from investment property | - | 5,683 | - | - | - | - | 5,683 |
| Revaluation | - | (5,683) | - | - | - | - | (5,683) |
| **Balance at 30 June 2023** | **-** | **4,548** | **351,229** | **413,679** | **163,060** | **-** | **932,516** |
| Carrying amounts: | | | | | | | |
| **At 30 June 2023** | **25,300** | **144,652** | **87,361** | **18,360** | **20,782** | **7,474** | **303,929** |
| At 30 June 2022 | 25,300 | 137,299 | 89,621 | 19,465 | 23,717 | 1,022 | 296,424 |



# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

***(i) Security***

The movable and immovable assets of the Group are subject to a floating charge for Rs 2,329m. Bank borrowings are secured by fixed and floating charges over the assets of the Group.

***(ii) Valuation***

Land and buildings of the Group and the Company have been revalued at open market value on June 2022 by Elevante Property Services Ltd, Chartered Valuation Surveyors except for Meaders Feeds Ltd and Mozambique Farms Ltd where the valuers are CDDS Land Surveyors and Property Valuer and PI Property & Investment Advisers respectively.

Fair value is determined by reference to market based evidence. This means that valuations performed by the values are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The independent valuers used the sales comparison and the depreciated replacement cost approach to determine the valuation for specialised. The key inputs under this approach are the price per square meter from current year sales of comparable lots of land in the area (location and size). Any gain or loss arising from a change in fair value is recognised in comprehensive income. The fair value measurement for the land and buildings has been categorised as a level 3 fair value based on the inputs for the valuation technique used.

A valuation gain of Rs 268,471,177 was recognised in OCI at 30 June 2022.

*Sensitivity*

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the entity's portfolios of buildings are per the below:

- Depreciation rate - 2% - 5%

Significant increase/ (decrease) in estimated depreciation value would result in a significantly higher/ (lower) fair value measurement.

| | (-5%) | (+5%) |
|---|---|---|
| | Rs'000 | Rs'000 |
| The Group | **65,289** | **67,789** |
| The Company | **38,400** | **40,400** |

The carrying amounts of Land and Building that would have been included in the financial statements had the assets been carried at cost are as follows:

| | Consolidated | Separate |
|---|---|---|
| | Rs'000 | Rs'000 |
| At 30 June 2023 | **738,190** | **561,324** |
| At 30 June 2022 | 758,396 | 568,993 |

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Right-of-use assets

| CONSOLIDATED | Land and Buildings | Motor vehicles and Machinery | Total |
|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 |
| COST | | | |
| As at 01 Jul 2021 | 157,419 | 71,388 | 228,807 |
| Additions | 94,037 | 8,542 | 102,579 |
| Transfer to Property, plant and equipment | - | (3,246) | (3,246) |
| Termination of lease | (15,742) | - | (15,742) |
| Depreciation | (34,404) | (24,170) | (58,574) |
| At 30 June 2022 | 201,310 | 52,514 | 253,824 |
| Additions* | 20,361 | 15,463 | 35,824 |
| Transfer to Property, plant and equipment | - | (2,947) | (2,947) |
| Termination of lease | (2,650) | (214) | (2,864) |
| Depreciation | (27,126) | (21,949) | (49,075) |
| At 30 June 2023 | 191,895 | 42,867 | 234,762 |

| SEPARATE | Land and Buildings | Motor vehicles and Machinery | Total |
|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 |
| COST | | | |
| As at 01 Jul 2021 | 46,709 | 37,912 | 84,621 |
| Additions | 18,214 | 7,108 | 25,322 |
| Transfer to Property, plant and equipment | - | (3,246) | (3,246) |
| Termination of lease | (10,860) | - | (10,860) |
| Depreciation | (17,657) | (10,026) | (27,683) |
| At 30 June 2022 | 36,406 | 31,748 | 68,154 |
| Additions* | 5,714 | 6,951 | 12,665 |
| Transfer to Property, plant and equipment | - | (2,947) | (2,947) |
| Depreciation | (8,235) | (9,051) | (17,286) |
| At 30 June 2023 | 33,885 | 26,701 | 60,586 |

*This includes cash payment made on the asset in excess of the lease liability amount to Rs 4.1m.



Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 14. INVESTMENT PROPERTIES

| | Separate 2023 | Separate 2022 |
|---|---|---|
| | Rs'000 | Rs'000 |
| Cost | | |
| At 1 July | 532,116 | 519,241 |
| Addition | 3,196 | 13,448 |
| Impairment | - | (573) |
| Transfer to property, plant and equipment | (15,380) | - |
| | 519,932 | 532,116 |
| Accumulated depreciation | | |
| At 1 July | 51,367 | 43,425 |
| Charge for the year | 7,630 | 7,942 |
| Transfer to property, plant and equipment | (5,683) | - |
| At 30 June | 53,314 | 51,367 |
| Carrying amounts | | |
| At 30 June | 466,618 | 480,749 |

There has been no direct operating expenses relating to investment properties for FY23 and FY22.

These investment properties relate to freehold land and buildings that are leased to Innodis Poultry Ltd. During the year, the Company has transferred the land and building of that was previously leased to Supercash to its property, plant and equipment. Management has decided to utilise the asset for its own use.

In 2022, the Company has appointed an independent valuer to fair value its investments properties. The fair value of Rs 599.3m as at 30 June 2023 is not materially different from that of 2022. The fair value was determined using the sale comparison approach and was based on prices for properties of similar nature, location and condition. The Company has determined that the highest and best use of the property used is its current use. The level hierarchy has been categorised as level 3.

| Significant unobservable valuation input | Range |
|---|---|
| Price per square metre | Rs 1,465 – 3,181 |

Significant increase/(decreases) in estimated price per square metre in isolation would result in a significant higher/(lower) fair value on a linear basis. See note 13 for fair value information on the building and note 3(i) for the information related to the historical cost.

Rental income recognised by the Company for the year is Rs 47.7m (2022: Rs 49.1m).

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 15. INTANGIBLE ASSETS AND GOODWILL

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Cost | | | | |
| At 1 July and 30 June | **133,986** | 134,007 | **105,743** | 105,743 |
| Impairment | **-** | (21) | **-** | - |
| Additions | **1,365** | - | **-** | - |
| | **135,351** | 133,986 | **105,743** | 105,743 |
| Amortisation | | | | |
| At 1 July | **115,188** | 114,150 | **105,743** | 105,743 |
| Charge for the year | **1,081** | 1,038 | **-** | - |
| At 30 June | **116,269** | 115,188 | **105,743** | 105,743 |
| Carrying amounts | | | | |
| At 30 June | **19,082** | 18,798 | - | - |



# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 15. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Intangible assets and goodwill are as follows:

| | Separate and Consolidated | Consolidated | | | |
|---|---|---|---|---|---|
| | **Brands & licences** | **Software** | **Distribution rights** | **Goodwill on Acquisition of Poulet Arc en Ciel Ltée** | **Total** |
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| Cost | | | | | |
| At 1 July 2021 | 105,743 | 17,355 | 2,474 | 8,435 | 134,007 |
| Impairment | - | (21) | - | - | (21) |
| **At 30 June 2022** | **105,743** | **17,334** | **2,474** | **8,435** | **133,986** |
| At 1 July 2022 | 105,743 | 17,334 | 2,474 | 8,435 | 133,986 |
| Addition | - | 1,365 | - | - | 1,365 |
| **At 30 June 2023** | **105,743** | **18,699** | **2,474** | **8,435** | **135,351** |
| Amortisation and impairment | | | | | |
| At 1 July 2021 | 105,743 | 1,990 | 2,210 | 4,207 | 114,150 |
| Charge for the year | - | 1,038 | - | - | 1,038 |
| **At 30 June 2022** | **105,743** | **3,028** | **2,210** | **4,207** | **115,188** |
| At 1 July 2022 | 105,743 | 3,028 | 2,210 | 4,207 | 115,188 |
| Charge for the year | - | 1,081 | - | - | 1,081 |
| **At 30 June 2023** | **105,743** | **4,109** | **2,210** | **4,207** | **116,269** |
| Carrying amounts | | | | | |
| At 30 June 2023 | **-** | **14,590** | **264** | **4,228** | **19,082** |
| At 30 June 2022 | - | 14,306 | 264 | 4,228 | 18,798 |

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 15. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

For the purpose of impairment testing, the carrying amount of goodwill has been allocated to the respective company from which the goodwill arises. This is the lowest level at which goodwill is monitored for internal management purposes.

The Group performed its annual impairment test as at 30 June 2023 and 2022. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment.

**Goodwill on acquisition of Poulet Arc-en-Ciel Ltée**

The recoverable amounts have been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the increased demand for the products and services.

**Keys assumptions used in value in use calculations and sensitivity to changes in assumptions**

The calculation of value in use for, goodwill on acquisition of Poulet Arc-en-Ciel Ltée is most sensitive to the following assumptions:

- Gross margins – 8%
- Discount rates – 12.1%
- Growth rates of 2% was used to extrapolate cash flows beyond the forecast period

*Gross margins* - Gross margins are based on average values achieved in the three years preceding the beginning of the budget period. Decreased demand can lead to a decline in the gross margin.

*Discount rates* – Discount rates represent the current market assessment of the risks specific to each category taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from the weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

*Growth rate estimates* - Rates are based on published industry research. Management recognises that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions.

Sensitivity to changes in significant observable inputs

- 1% increase/(decrease) in the weighted average cost of capital would result in a (decrease)/ increase in the recoverable amount by Rs 2.1m.
- 1% increase/(decrease) in the forecast annual revenue growth rate would result in an increase/(decrease) in the recoverable amount by Rs 2.3m.



# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 16. (a) INVESTMENTS IN SUBSIDIARIES

| | 2023 | 2022 |
|---|---|---|
| | Rs'000 | Rs'000 |
| Separate | | |
| Cost | | |
| At 1 July | **839,688** | 839,588 |
| Additions | **-** | 100 |
| At 30 June | **839,688** | 839,688 |
| Impairment | | |
| At 1 July | **465,252** | 465,252 |
| At 30 June | **465,252** | 465,252 |
| Carrying amounts | | |
| At 30 June | **374,436** | 374,436 |

The Group performed its annual impairment test as at 30 June 2023 and 2022. The recoverable amounts have been determined based on value in use calculation using cash flow projections from financial budgets approved by senior management. The projected cash flows have been updated to reflect the increased demand for the products and services.

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 16. (a) INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the Company's subsidiaries are:

| Name of subsidiaries | Country of incorporation | Class of shares held | Holding | | Cost of investment (Net of impairment) | | Principal activity |
|---|---|---|---|---|---|---|---|
| | | | 2023 | 2022 | 2023 | 2022 | |
| | | | % | % | Rs'000 | Rs'000 | |
| Société Enatou | Mauritius | Ordinary | 100 | 100 | - | - | Investment holding |
| Supercash Ltd | Mauritius | Ordinary | 100 | 100 | 20,000 | 20,000 | Wholesale |
| Peninsula Rice Milling Ltd | Mauritius | Ordinary | 100 | 100 | 250 | 250 | Rice milling |
| Peninsula Rice Milling Ltd | Mauritius | Loan* | 100 | 100 | 43,500 | 43,500 | Rice milling |
| Challenge Hypermarkets Ltd | Mauritius | Ordinary | 50.1 | 50.1 | 5 | 5 | Property development |
| Moçambique Farms Limitada | Mozambique | Loan* | 100 | 100 | 94,959 | 94,959 | Poultry farming and sales of chicken |
| HWFRL Investments Ltd | Mauritius | Investment | 100 | 100 | - | - | Investment holding |
| HWFRL Investments Ltd | Mauritius | Loan* | 100 | 100 | - | - | Investment holding |
| Mauritius Farms Limited | Mauritius | Ordinary | 100 | 100 | 25,992 | 25,992 | Investment holding |
| Essentia Ltd | Mauritius | Ordinary | 100 | 100 | 1 | 1 | Investment holding |
| Meaders Feeds Ltd | Mauritius | Ordinary | 51 | 51 | 39,628 | 39,628 | Feed Mill operations |
| Chicken Corner ltd | Mauritius | Ordinary | 100 | 100 | 1 | 1 | General retailer |
| Innodis Poultry Ltd | Mauritius | Ordinary | 100 | 100 | 150,000 | 150,000 | Poultry farming and sales of chicken |
| Innodis Property Ltd | Mauritius | Ordinary | 100 | 100 | 100 | 100 | Manufacture of other food products |
| | | | | | 374,436 | 374,436 | |

*The repayment of this loan is neither planned nor likely to occur in the foreseeable future.

The Company, indirectly, holds investments in the following subsidiaries:

| Name of subsidiaries | Country of incorporation | Effective holding | | Principal activity |
|---|---|---|---|---|
| | | 2023 | 2022 | |
| | | % | % | |
| Société Narien | Mauritius | 100 | 100 | Dormant entity |
| Redbridge Investments Ltd | Mauritius | 100 | 100 | Property development |
| Société Centre Point | Mauritius | 50.1 | 50.1 | Dormant entity |
| Moçambique Farms Limitada | Mozambique | 100 | 100 | Broiler growing and processing |
| Poulet Arc-en-Ciel Ltée | Mauritius | 100 | 100 | Poultry farming and sales of chicken |
| Green Island Milling Limited | Mauritius | 60 | 60 | Rice Milling |
| Meaders Seychelles Ltd | Seychelles | 41 | 41 | Distributor of feeds and day old chicks |

*Meaders Seychelles is 80% owned by Meaders Feeds Ltd.

All the subsidiaries have the same year end as the parent.



# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 16. (b) NON-CONTROLLING INTERESTS

The following table summarises the information relating to each of the Group's subsidiaries that has a material NCI, before any intra-group eliminations.

| | Meaders Feeds Ltd | Challenge Hypermarkets Ltd | Meaders Seychelles |
|---|---|---|---|
| NCI percentage | 49% | 49.9% | 20% |
| | Rs'000 | Rs'000 | Rs'000 |
| As at 30 June 2023 | | | |
| Non-current assets | 614,978 | - | 8,179 |
| Current assets | 1,026,146 | 670 | 18,936 |
| Non-current liabilities | (90,328) | - | - |
| Current liabilities | (929,410) | (108) | (28,733) |
| Net assets | 621,386 | 562 | (1,618) |
| Carrying amount of NCI | 304,479 | 281 | (324) |
| Revenue | 2,331,917 | - | 71,270 |
| Profit/(loss) for the year | 55,227 | - | (2,265) |
| OCI | (1,818) | - | 2,830 |
| Total comprehensive income | 53,409 | - | 565 |
| Profit/(loss) allocated to NCI | 27,061 | - | (453) |
| OCI allocated to NCI | (891) | - | 566 |
| Total comprehensive income allocated to NCI | 26,170 | - | 113 |
| Cash flows generated from operating activities | 58,182 | - | 4,383 |
| Cash flows used in investment activities | (23,788) | - | (922) |
| Cash flows generated from financing activities | 7,974 | - | - |
| Net movement in cash and cash equivalents | 42,368 | - | 3,461 |
| Dividends paid to non-controlling interests during the year | 15,680 | - | - |

Information has not been disclosed for Green Island Milling Limited as it is not material for financial year 2023.

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 16. (b) NON-CONTROLLING INTERESTS (CONTINUED)

| | Meaders Feeds Ltd | Green Island Milling Limited | Challenge Hypermarkets Ltd | Meaders Seychelles |
|---|---|---|---|---|
| NCI percentage | **49%** | **40%** | **49.9%** | **20%** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **As at 30 June 2022** | | | | |
| Non-current assets | 598,414 | - | - | 9,476 |
| Current assets | 947,828 | - | 670 | 16,920 |
| Non-current liabilities | (105,645) | - | - | - |
| Current liabilities | (849,666) | - | (108) | (23,562) |
| **Net assets** | **590,931** | **-** | **562** | **2,834** |
| Carrying amount of NCI | 289,556 | - | 280 | 566 |
| Revenue | 1,937,960 | - | - | 36,461 |
| Profit/(loss) for the year | 68,087 | (25,904) | - | (997) |
| OCI | 33,913 | - | - | 695 |
| **Total comprehensive income** | **102,000** | **(25,904)** | **-** | **(302)** |
| Profit/(loss) allocated to NCI | 33,363 | (10,361) | - | (199) |
| OCI allocated to NCI | 16,617 | - | - | 139 |
| Total comprehensive income allocated to NCI | 49,980 | (10,361) | - | (60) |
| Cash flows used in operating activities | (167,656) | - | - | (2,590) |
| Cash flows used in investment activities | (3,288) | - | - | (39) |
| Cash flows generated from financing activities | 160,929 | - | - | - |
| **Net movement in cash and cash equivalents** | **(10,015)** | **-** | **-** | **(2,629)** |
| Dividends paid to non-controlling interests during the year | 15,680 | - | - | - |



# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 17. OTHER INVESTMENTS

| | 2023 | 2022 |
|---|---|---|
| | Rs'000 | Rs'000 |
| Consolidated | | |
| At 1 July | **23,808** | 26,214 |
| Addition | **3,354** | - |
| Fair value loss on equity instruments designated at FVOCI | **(2,736)** | (1,280) |
| Impairment at equity accounted associates | **-** | (1,126) |
| At 30 June | **24,426** | 23,808 |

| | 2023 | 2022 |
|---|---|---|
| Separate | Rs'000 | Rs'000 |
| At 1 July | **23,808** | 25,088 |
| Addition | **3,354** | - |
| Fair value loss on equity instruments designated at FVOCI | **(2,736)** | (1,280) |
| At 30 June | **24,426** | 23,808 |

Other investments are made up of equity shares of non-listed companies designated at fair value through OCI and investments in associates.

Non-listed equity shares of Rs 24.4m relate to interest in Victoria Station Ltd and the Group considers that this investment is strategic in nature. Fair value of this investment has been categorised as level 3. The investment was acquired during the financial year 2019/20 and at 30 June 2023, management has re-assessed its fair value as being the net asset value of the equity. An increase/ decrease of 5% in net asset value would result to an increase/decrease in fair value gain of Rs 1.2m.

Details of the Company's investments held in associates are as follows:

| Name of company | Country of incorporation | Activities | Class of shares held | % Holding 2023 | % Holding 2022 |
|---|---|---|---|---|---|
| Promotion et Diversification Publicitaire Limitée | Mauritius | Advertising | Ordinary | **50** | 50 |
| Salière de l'Ouest Limitée | Mauritius | Manufacturing | Ordinary | **48** | 48 |
| Ariva Ltée | Mauritius | Shippling Agent | Ordinary | **8.41** | 8.41 |

By virtue of the Company's representation on the Board of Ariva Ltée, the Company deems to have significant influence over the investee, and hence continue to treat this investment as associate.

The Group has not equity accounted those investments and did not disclose the summarised financial information as these are considered as not material. As at 30 June 2023, the carrying amount was nil.

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 18 (a) INVENTORIES

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Raw materials | **676,432** | 734,897 | **78,545** | 73,480 |
| Finished goods | **758,288** | 498,863 | **688,456** | 524,132 |
| Work in Progress | **8,260** | 42,623 | **8,260** | 3,975 |
| Goods in transit | **89,129** | 38,148 | **67,997** | 22,271 |
| Consumables | **3,472** | 948 | **552** | 177 |
| Spare parts | **57,695** | 41,783 | **3,381** | 1,813 |
| | **1,593,276** | 1,357,262 | **847,191** | 625,848 |
| Cost of inventories expensed | **5,144,147** | 4,521,621 | **2,562,504** | 2,343,515 |

All inventories are recorded at lower of cost and net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business less the costs of completion and selling expenses.

During the year, the Group inventories have been reduced by Rs 33m (2022 – Rs 29.4m) and for Company inventories have been reduced by Rs 15 m (2022 – Rs 13.6m) as a result of write down to net realisable value. The write down is included in cost of sales.

## 18 (b) BIOLOGICAL ASSETS

The reconciliation of biological asset movement:

| | Consolidated | |
|---|---|---|
| | **2023** | 2022 |
| | **Rs'000** | Rs'000 |
| Bearer biological assets | | |
| Non-current | **28,293** | 3,512 |
| Current | **72,710** | 42,627 |
| At 30 June | **101,003** | 46,139 |
| Consumable biological assets | | |
| At 30 June | **121,647** | 92,872 |
| At 30 June | **222,650** | 139,011 |



# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 18 (b) BIOLOGICAL ASSETS (CONTINUED)

The reconciliation of biological asset movement:

| | Consolidated | |
|---|---|---|
| | **2023** | 2022 |
| | **Rs'000** | Rs'000 |
| At July 1 | **139,011** | 130,889 |
| Purchases | **194,205** | 55,076 |
| Decrease due to depletion | **(821,015)** | (1,088,020) |
| Cost of growing | **675,193** | 1,049,522 |
| Change in fair value less estimated costs to sell | **35,256** | (8,456) |
| At June 30 | **222,650** | 139,011 |

The total quantity of bearer biological assets on hand at year end were 99,459 birds (2022: 76,893 units) while the total quantity for the consumable biological assets were 772,482 units (2022: 735,600 units) for eggs and 1,117,425 units (2022: 813,291 units) for live broilers.

During the year, 11,686,710kg (2022: 10,412,827kg) of live birds were sent to the processing plant.

The fair valuation of biological assets held by contract growers amount to Rs 38.7m (2022: Rs 27.2 m)

### (i) Measurement of fair values

**Fair value hierarchy**

The fair value measurements for biological assets amounting to Rs 223m (2022: Rs 139m) have been categorized as Level 3 fair value based on inputs to the valuation techniques used. There have been no transfers of assets to a different level.

### (ii) Valuation techniques and significant unobservable inputs for consumable biological assets

The following table shows the valuation techniques used in measuring fair values, as well as the significant unobservable inputs used:

| Type | Valuation techniques | Significant unobservable inputs |
|---|---|---|
| **Livestock** | | |
| Livestock comprise of: | | |
| (i) Live breeders | Live breeders are fair valued based on the cash flow generated from sales of hatchery eggs, adjusted for cost to be incurred. | Expected number of hatchery eggs by one breeder<br>Projected cost of growing breeder |
| (ii) Live broilers and eggs | Live broilers and eggs are fair valued based on the market price less cost to sale of chickens of similar ages and weights, adjusted for mortality and hatchability. | Mortality rate<br>Hatchability rate<br>Live weight |

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 18 (b) BIOLOGICAL ASSETS (CONTINUED)

### (iii) Sensitivity analysis

| Type | Valuation techniques | Significant unobservable inputs | Sensitivity of the input to value |
|---|---|---|---|
| Live breeders | Discounted cash flow | Number of hatchery eggs by one breeder 125 – 140 eggs | 5% increase/(decrease) in number of hatchery eggs by breeder would result in increase/(decrease) in fair value of Rs 10,948,267 (2022: Rs 8,742,456) |
| | | Projected cost of growing breeders | 5% increase/(decrease) in projected cost of growing breeders would result in (decrease)/increase in fair value of Rs 9,936,928 (2022: Rs 6,506,391) |
| Hatchable eggs | Discounted cash flow | Hatchability rate 2023: 76.26% 2022: 74.9% | 5% increase/(decrease) in hatchability rate would result in increase/(decrease) in fair value of Rs 989,377 (2022: Rs 915,555) |
| Live broilers | Discounted cash flow | Mortality rate 2023: 6.08% 2022: 6.29% | 5% increase/(decrease) in mortality rate would result in increase/(decrease) in fair value by Rs 49,168 (2022: Rs 76,150) |
| | | Live weight 2023: 2.01kg 2022: 1.97kg | 5% increase/(decrease) in live weight would result in increase/(decrease) in fair value by Rs 2,173,329 (2022: Rs 3,065,911) |

### (iv) Financial risk management strategies

The Group is exposed to the following risk as producer of poultry:

1. Regulatory and environmental risk

The Group is subject to laws and regulations in the three countries in which it operates. The Group manages environmental risks, such as natural misfortunes and fire through insurance cover. For regulatory risk such as disclosure of country of origin of supplies, necessary permits and infrastructure, the Group has clear established procedures and policies that comply with law.

2. Demand and supply risk

The Group is exposed to risk arising from the fluctuations in the price of chicken and manages it through production planning.



# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 19. TRADE AND OTHER RECEIVABLES

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Receivable from third-party customers | 930,414 | 913,115 | 594,117 | 544,487 |
| Receivable from other related parties | 1,573 | 1,573 | 1,573 | 1,573 |
| Receivable from subsidiaries | - | - | 94,622 | 168,200 |
| | 931,987 | 914,688 | 690,312 | 714,260 |
| Allowance for expected credit losses | (95,321) | (81,124) | (12,480) | (10,885) |
| Other receivables and prepayments | 145,391 | 178,113 | 76,959 | 138,850 |
| | 982,057 | 1,011,677 | 754,791 | 842,225 |

As at 30 June 2023, the carrying amount of the trade and other receivables approximate their fair value. The Group had prepayments amounted to Rs 46.5 m (2022: Rs 58.3m) and the Company had prepayments amounted to Rs 40.6m (2022: Rs 52.3m). Other receivables include receivables from insurance claim, deposit, VAT refund and loans to employees.

Transactions between related parties are carried out in the normal course of business and any amount receivable is repaid as per the Group's and the Company's credit terms. An ageing analysis of the Group's and the Company's trade receivables is provided in Note 5 (i).

## 20. CASH AND CASH EQUIVALENTS

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Cash in hand and at bank | 335,870 | 265,719 | 255,478 | 136,015 |
| Bank overdrafts | (521,163) | (348,151) | (433,200) | (245,615) |
| | (185,293) | (82,432) | (177,722) | (109,600) |

**Bank overdrafts**

The bank overdrafts and other facilities are secured by fixed and floating charges of Rs 2,241m ( 2022: Rs. 2,233m) on all the assets of the Company and its subsidiaries. Interest on these bank overdraft ranges from 6.2% to 7.1% per annum.

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 21. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Financial liabilities at fair value through profit or loss | | | | |
| Foreign exchange forward contracts | **486** | 218 | **-** | 204 |
| Disclosed as follows: | | | | |
| Current liabilities | **486** | 218 | **-** | 204 |
| Total financial liabilities at fair value through profit or loss | **486** | 218 | **-** | 204 |

The total notional amounts of the outstanding forward foreign exchange contracts not designated as hedges at 30 June 2023 for the Group and the Company were USD 4,150,000 equivalent to Rs 189m (2022: USD 3,625,000 equivalent to Rs 166.1m) and nil (2022: USD 500,000 equivalent to Rs 22.7m). The instruments have been categorised as level 2. The fair value of foreign exchange forward are determined by using the foreign exchange spot and forward rates and forward rate curves of each currency.

## 22. SHAREHOLDERS' EQUITY

**Share capital**

| | **2023** | 2022 | **2023** | 2022 |
|---|---|---|---|---|
| | **Number** | Number | **Rs'000** | Rs'000 |
| Authorised | | | | |
| Ordinary shares of Rs 10 each | **50,000,000** | 50,000,000 | **500,000** | 500,000 |
| Issued and fully paid | | | | |
| Ordinary shares of Rs 10 each | **36,730,266** | 36,730,266 | **367,303** | 367,303 |

**Share premium**

A share premium arises when the value of the consideration received for the issue of shares exceeds the nominal value of the shares issued. The share premium account is regarded as permanent capital of the Company and only certain expenses of a capital nature may be set-off against it, namely:

(i) the expenses of, or the commission paid on, the creation or issue of any shares;

(ii) in paying up shares of the Company to be issued to shareholders of the Company as fully paid shares;

(iii) to reflect the decrease in the share premium account arising from shares acquired or redeemed.




# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023


## 22. SHAREHOLDERS' EQUITY (CONTINUED)

**Revaluation reserve**

The revaluation reserve is used to record movement in fair value following revaluation of the Group's and the Company's land and buildings.

This reserve is reduced by the transfers to retained earnings:

(i) on an annual basis of an amount equivalent to the depreciation on the revaluation surplus, net of the deferred tax impact; and

(ii) on disposal of the revalued property of the remaining revaluation surplus on the property disposed of, net of the deferred tax impact.

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| As at 1 July | **636,291** | 427,482 | **324,393** | 307,044 |
| Revaluation gain for the year | **-** | 268,471 | **2,204** | 23,757 |
| Non-controlling Interest | **-** | (17,684) | **-** | - |
| | **636,291** | 678,269 | **326,597** | 330,801 |
| Deferred tax arising on revaluation | **-** | (31,631) | **-** | (1,102) |
| Release to retained earnings | **(8,723)** | (10,347) | **(1,203)** | (5,306) |
| As at 30 June | **627,568** | 636,291 | **325,394** | 324,393 |

**Foreign currency translation reserve**

The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of subsidiaries on consolidation. The foreign currency translation reserve consists of the Group's share of the exchange difference arising on the consolidation of the subsidiaries whose financial statements are presented in Mozambican Metical and Seychellois Rupee.

**Fair value reserve**

This reserve comprises of changes in the fair value of financial assets measured at FVOCI.

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 23. BORROWINGS

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Current | | | | |
| Bank loans (a) | 807,301 | 691,415 | 72,441 | 35,498 |
| Bond issue (b) | 200,000 | 159,220 | 200,000 | 159,220 |
| | 1,007,301 | 850,635 | 272,441 | 194,718 |
| Non-current | | | | |
| Bank loans (a) | 166,436 | 129,284 | 27,626 | 48,138 |
| Bond issue (b) | 597,960 | 637,900 | 597,960 | 637,900 |
| | 764,396 | 767,184 | 625,586 | 686,038 |
| Total borrowings | 1,771,697 | 1,617,819 | 898,027 | 880,756 |

(a) Bank loans

Bank loans are analysed as follows:

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Current | | | | |
| - Term Loan | 137,374 | 124,547 | 25,806 | 29,679 |
| - Import Loan | 669,927 | 566,868 | 46,635 | 5,819 |
| | 807,301 | 691,415 | 72,441 | 35,498 |
| Non-current | | | | |
| - Term Loan | 166,436 | 129,284 | 27,626 | 48,138 |
| Total | 166,436 | 129,284 | 27,626 | 48,138 |
| Total borrowings | 973,737 | 820,699 | 100,067 | 83,636 |



Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 23. BORROWINGS (CONTINUED)

(a) Bank loans (continued)

The terms and conditions of outstanding loans are as follows:

**Consolidated**

| | Currency | Nominal interest rate | Year of maturity | Face value | Carrying value | Face value | Carrying value |
|---|---|---|---|---|---|---|---|
| | | | | 2023 | 2023 | 2022 | 2022 |
| | | | | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Term Loan | MUR | 3.90% - 7.00% | 2023-2025 | 303,810 | 303,810 | 253,830 | 253,830 |
| Import Loan | MUR | 6.25% - 9.10% | 2024 | 669,927 | 669,927 | 566,869 | 566,869 |
| | | | | 973,737 | 973,737 | 820,699 | 820,699 |

**Separate**

| | Currency | Nominal interest rate | Year of maturity | Face value | Carrying value | Face value | Carrying value |
|---|---|---|---|---|---|---|---|
| | | | | 2023 | 2023 | 2022 | 2022 |
| | | | | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Term Loan | MUR | 6.25% - 6.80% | 2023-2025 | 53,432 | 53,432 | 77,817 | 77,817 |
| Import Loan | MUR | 6.25% - 9.10% | 2024 | 46,635 | 46,635 | 5,819 | 5,819 |
| | | | | 100,067 | 100,067 | 83,636 | 83,636 |

The loans are secured by floating charges on the immovable assets of the Company and its subsidiaries and the rates of interest charged are between 6.25% and 9.10% (2022 - between 2.95% and 5.13%) per annum.

(b) Bond Issue

On 26 December 2021, the Company had issued 8,000 bonds at a nominal issue price of Rs 100,000 per bond, amounting to Rs 800m. Out of Rs 800m, Rs 200m will be redeemed in financial year 2024 and Rs 600m will be redeemed in financial year 2027. During the current year Rs 200m bonds was repaid and another Rs 200m at Rs 100,000 was issued on 24th May 2023.

Salient features of the short-term bonds are as follows:

- The blended interest rate is 5.50% and interest is paid bi-annually.
- Bondholders will not have the right to receive notice of, or attend, or vote on a poll at the shareholders' meetings of the Company.
- The tenor of the short-term bonds in issue is 18 months and will be redeemed in bullet at maturity.

Salient features of the long-term bonds are as follows:

- 3,000 bonds have been issued at a fixed rate of 3.90% and the remaining 3,000 bonds issued at a floating rate of 1.45% + PLR. The interest is paid bi-annually.
- Bondholders will not have the right to receive notice of, or attend, or vote on a poll at the shareholders' meetings of the Company.
- The bonds will be redeemed in bullet at maturity.

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 24. LEASE LIABILITIES

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| At 1 July | **245,133** | 215,689 | **50,733** | 67,907 |
| Accretion of interest | **9,070** | 9,498 | **1,716** | 2,160 |
| Additions | **31,717** | 101,531 | **8,559** | 24,681 |
| Termination of lease | **(2,741)** | (16,228) | **-** | (10,860) |
| Repayments | **(55,088)** | (65,357) | **(20,677)** | (33,155) |
| As at 30 June | **228,091** | 245,133 | **40,331** | 50,733 |

Lease liabilities are analysed as follows:

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| - Current | **38,318** | 44,493 | **11,339** | 17,917 |
| - Non-current | **189,773** | 200,640 | **28,992** | 32,816 |
| Total | **228,091** | 245,133 | **40,331** | 50,733 |

In 2022, the Company renewed its rental contract for storage facilities under a variable lease agreement for which the price is not based on an index or a rate. As such no lease liability has been recognised on that contract. The amount is expensed in profit or loss as and when incurred. Rs 59,661,507 has been recognised in profit or loss (2022: Rs 28,119,528).

**Leasing agreements**

Included in the above are leases relating to plant and machinery and motor vehicles with lease terms of 5 years on average. The Group and Company have the option to purchase the equipment and motor vehicles at the residual value as mentioned on the lease contract. The Group's and Company's obligations under finance lease are secured by the lessor's title to the leased assets. The range of rate of interest vary between 5.7% - 7.6% per annum for Company and 5.5% - 7.6% per annum for Group.

The Group and the Company had total cash outflows for lease Rs 55m (2022: Rs 65m) and Rs 20.7m (2022: Rs 33m) respectively.

The Group and the Company also had non-cash addition to right of use assets and lease liabilities of Rs 27.6m (2022: Rs 24.6m) and Rs 4.5m (2022: Rs 24.6m) respectively.



# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 25. RETIREMENT BENEFITS OBLIGATIONS

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Amounts recognised in the statements of financial position at year end | | | | |
| Present value of funded obligations | **511,095** | 460,843 | **409,063** | 385,256 |
| Fair value of plan assets | **(376,335)** | (345,876) | **(367,374)** | (341,144) |
| Liability recognised in statement of financial position at year end | **134,760** | 114,967 | **41,689** | 44,112 |
| Disclosed as: | | | | |
| Assets | **-** | - | **-** | - |
| Liabilities | **134,760** | 114,967 | **41,689** | 44,112 |
| | **134,760** | 114,967 | **41,689** | 44,112 |

The Group has residual liability in respect of Workers Right Act 2019 (WRA) on top of its defined benefit plan. The amounts deductible in accordance with the WRA are as detailed in the accounting policy note under the employee benefits section. It is therefore exposed to investment under-performance of the defined contribution plan. See sensitivity analysis below.

**Amounts recognised in the statements of profit or loss and other comprehensive income**

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Current service costs | **32,757** | 25,541 | **26,251** | 20,871 |
| Interest costs | **5,044** | 2,114 | **1,981** | (578) |
| Fund expenses & life insurance | **1,589** | 1,813 | **1,589** | 1,774 |
| Contributions by employees | **(8,779)** | (8,572) | **(8,779)** | (8,572) |
| Curtailment/settlement (gain) | **-** | - | **-** | (1,322) |
| Past service cost | **-** | (3,562) | **-** | - |
| Net cost for the year recognised in profit or loss | **30,611** | 17,334 | **21,042** | 12,173 |
| Remeasurement recognised in OCI | **7,402** | 67,085 | **(7,456)** | 62,617 |
| Net cost for the year | **38,013** | 84,419 | **13,586** | 74,790 |
| **Net interest cost for the year** | | | | |
| Interest on obligation | **20,616** | 18,017 | **17,299** | 15,135 |
| Expected return on plan assets | **(15,572)** | (15,903) | **(15,318)** | (15,713) |
| **Net interest cost** | **5,044** | 2,114 | **1,981** | (578) |

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 25. RETIREMENT BENEFITS OBLIGATIONS (CONTINUED)

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Re-measurement recognised in other comprehensive income for the year: | | | | |
| Actuarial (gains)/losses on the plan assets | **(14,114)** | 28,092 | **(8,373)** | 28,109 |
| Actuarial (gains)/losses arising from: | | | | |
| - Financial assumptions | **29,459** | 38,993 | **(2,999)** | (1,878) |
| - Demographic | **1,076** | - | **596** | - |
| - Experience adjustment | **(9,019)** | - | **3,320** | 36,386 |
| Re-measurement recognised in OCI – (Loss)/Gain | **7,402** | 67,085 | **(7,456)** | 62,617 |
| Changes in the Present Value of the Obligation | | | | |
| Present value of obligation at start of year | **460,843** | 406,686 | **385,256** | 337,051 |
| Liabilities of new employees who left the company before the year ending 30 June 2022 | **-** | 41 | **-** | 27 |
| Interest cost | **20,616** | 18,017 | **17,299** | 15,135 |
| Current service cost | **32,757** | 25,541 | **26,251** | 20,871 |
| Benefits paid | **(24,636)** | (24,874) | **(20,660)** | (21,014) |
| Curtailment/settlement (gain) loss on obligation | **-** | (3,561) | **-** | (1,322) |
| Expected obligation at end of year | **489,580** | 421,850 | **408,146** | 350,748 |
| Present value of obligation at end of year | **511,095** | 460,843 | **409,063** | 385,256 |
| Remeasurement recognised in OCI at end of year -loss | **21,516** | 38,993 | **917** | 34,508 |



Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

25. RETIREMENT BENEFITS OBLIGATIONS (CONTINUED)

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Changes in the Fair Value of the Plan Assets | | | | |
| Fair value of plan assets at start of period | **(345,876)** | (351,116) | **(341,144)** | (347,186) |
| Expected return on plan assets | **(15,572)** | (15,903) | **(15,318)** | (15,713) |
| Contributions to plan assets | **(27,000)** | (28,162) | **(24,788)** | (26,642) |
| Benefits paid out of plan assets | **24,638** | 19,400 | **20,660** | 18,514 |
| Fund expenses & life insurance | **1,589** | 1,813 | **1,589** | 1,774 |
| Expected fair value at end of year | **(362,221)** | (373,968) | **(359,001)** | (369,253) |
| Fair value of plan assets at end of year | **(376,335)** | (345,876) | **(367,374)** | (341,144) |
| Remeasurement recognised in OCI at end of year (Gains)/Losses | **(14,114)** | 28,092 | **(8,373)** | 28,109 |
| Movement in liability recognised in the statement of financial position | | | | |
| At 1 July | **114,967** | 55,570 | **44,112** | (10,135) |
| Effect of movement of Peninsula Ltd to Innodis Ltd | **-** | - | **-** | - |
| Liabilities of new employees who left the company before the year ending 30 June | **-** | 42 | **-** | 27 |
| Expense recognised in the statement of comprehensive income | **30,611** | 17,334 | **21,042** | 12,173 |
| Re-measurement recognised in OCI – Losses/(Gains) | **7,402** | 67,085 | **(7,456)** | 62,617 |
| Contributions paid | **(18,220)** | (25,064) | **(16,009)** | (20,570) |
| At 30 June | **134,760** | 114,967 | **41,689** | 44,112 |
| Principal actuarial assumptions at end of year | | | | |
| Discount rate (%) | **5.20 – 5.86** | 3.26 – 5.13 | **5.52** | 3.26 – 5.13 |
| Expected rate of return on plan assets (%) | **5.20 – 5.86** | 3.26 – 5.13 | **5.52** | 3.26 – 5.13 |
| Future salary increases (%) | **3– 4** | 2 | **3** | 2 |

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 25. RETIREMENT BENEFITS OBLIGATIONS (CONTINUED)

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| **Experience adjustments on:** | | | | |
| Plan liabilities | **(9,019)** | (38,993) | **3,320** | (36,386) |
| Plan assets | **(14,114)** | 28,092 | **(8,372)** | 28,109 |
| **Sensitivity** | | | | |
| Effect on present value of unfunded obligations | | | | |
| 1% Increase in Discount Rate | **28,144** | (25,655) | **16,662** | (15,022) |
| 1% Decrease in Discount Rate | **32,136** | 29,183 | **19,033** | 17,843 |
| 1% Increase in Salary Increase | **19,349** | 13,447 | **8,354** | 4,991 |
| 1% Decrease in Salary Increase | **(16,891)** | (11,281) | **7,206** | (4,009) |

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of year after increasing or decreasing the significant actuarial assumptions such as the discount rate or the future salary increases while leaving all other assumptions unchanged. The results are particularly sensitive to a change in discount rate due to the nature of the liabilities being the difference between the pure retirement gratuities under the Workers' Rights Act 2019 and the deductions allowable, being five times the annual pension provided and half the lump sum received by the member at retirement from the pension fund with reference to the Company's share of contributions. The latter amount is Rs 24.8 million (2022: Rs 27.3 million) for the Group and Rs 24.4 million (2022: Rs 26.6 million) for the Company as at 30 June 2023 in respect of the Defined Contribution fund.

The major categories of plan assets at the reporting date for each category are as follows:

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Local equities | **133,393** | 143,097 | **128,471** | 141,234 |
| Overseas equities | **131,763** | 134,111 | **129,573** | 132,364 |
| Fixed interest | **47,184** | 39,058 | **46,399** | 38,549 |
| Cash and others | **63,995** | 29,610 | **62,931** | 28,997 |
| Total market value of assets | **376,335** | 345,876 | **367,374** | 341,144 |
| Present value of plan liability | **(511,095)** | (460,843) | **(409,063)** | (385,256) |
| Deficit | **(134,760)** | (114,967) | **(41,689)** | (44,112) |

The weighted average duration of the defined benefit obligation is 11.4 years (2022: 14.3 years) for the Group and 11.1 years (2022: 13 years) for the Company as at 30 June 2023.



# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 25. RETIREMENT BENEFITS OBLIGATIONS (CONTINUED)

**Expected contribution for next year**

The Group and the Company are expected to contribute Rs 16.6 million and Rs 16.4 million respectively to the pension scheme for the year ended 30 June 2023 (2022: Rs 4.2 million and Rs 2 million respectively).

**Actuarial risk**

- **Interest risk**

The present value of the obligation is calculated using a discount rate based on the yields of long term government bonds. An increase or decrease in the discount rate of 1 basis point will have a significant impact on the liabilities as can be seen in the sensitivity section of the results.

- **Salary risk**

The present value of the liability is calculated based on the future salary increase of the non-members and members of the Defined Benefit plan. Sensitivity analysis of salary increase assumption has been performed to assess its impact on the liability. An increase in salary increase assumption leads to an increase the present value of the obligations.

- **Longevity risk**

The present value of the obligation for the Defined Contribution members and present value of future pension in payment are calculated based on the best estimate of plan participants' mortality after retirement. Sensitivity has also been performed in respect of the mortality assumption. An increase in the life expectancy of the plan participants will increase the liability.

- **Investment risk**

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

## 26. DEFERRED TAX ASSETS AND LIABILITIES

The movement in temporary differences during the year were as follows:

**Consolidated**

| | Assets | | Liabilities | | Net | |
|---|---|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Tax losses carried forward | **1,994** | 8,907 | **-** | - | **1,994** | 8,907 |
| Accelerated capital allowances | **-** | - | **(80,834)** | (71,791) | **(80,834)** | (71,791) |
| Surplus on revaluation of building | **-** | - | **(91,701)** | (90,876) | **(91,701)** | (90,876) |
| Employee benefit obligations | **22,275** | 19,174 | **-** | - | **22,275** | 19,174 |
| Right of use-lease assets | **2,534** | 1,695 | **-** | - | **2,534** | 1,695 |
| Provision for expected credit losses | **28,129** | 27,225 | **-** | - | **28,129** | 27,225 |
| | **54,932** | 57,001 | **(172,535)** | (162,667) | **(117,603)** | (105,666) |

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 26. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

**Separate**

| | Assets | | Liabilities | | Net | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Accelerated capital allowances | - | - | (23,392) | (14,622) | (23,392) | (14,622) |
| Surplus on revaluation of building | - | - | (46,202) | (46,202) | (46,202) | (46,202) |
| Employee benefit obligations | 7,086 | 7,498 | - | - | 7,086 | 7,498 |
| Provision for expected credit losses | 40,939 | 40,668 | - | - | 40,939 | 40,668 |
| Tax loss | - | 1,482 | - | - | - | 1,482 |
| Right of use – lease assets | 110 | - | - | - | 110 | - |
| | 48,135 | 49,648 | (69,594) | (60,824) | (21,459) | (11,176) |

Deferred tax are analysed as follow:

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Deferred tax asset | 3,655 | 4,582 | - | - |
| Deferred tax liabilities | (121,258) | (110,248) | (21,459) | (11,176) |
| Net | (117,603) | (105,666) | (21,459) | (11,176) |




# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 26. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)


The movements in temporary differences during the year were as follows:

**Consolidated**

| | Balance at 30 June 2021 | Recognised in profit or loss | Recognised in equity | Balance at 30 June 2022 | Recognised in profit or loss | Recognised in equity | Effect of exchange rate | Balance at 30 June 2023 |
|---|---|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Property, plant and equipment | (73,440) | 1,649 | - | (71,791) | (9,062) | - | 19 | (80,834) |
| Revaluation of property | (59,245) | - | (31,631) | (90,876) | - | - | (825) | (91,701) |
| Employee benefits | 9,123 | (1,335) | 11,386 | 19,174 | 1,862 | 1,239 | - | 22,275 |
| Right of use-lease assets | 1,391 | 304 | - | 1,695 | 839 | - | - | 2,534 |
| Provisions for expected credit losses | 26,308 | 917 | - | 27,225 | 731 | - | 173 | 28,129 |
| Tax losses carried forward | 4,336 | 4,571 | - | 8,907 | (6,923) | - | 10 | 1,994 |
| | (91,527) | 6,106 | (20,245) | (105,666) | (12,553) | 1,239 | (623) | (117,603) |

**Separate**

| | Balance at 30 June 2021 | Recognised in profit or loss | Recognised in equity | Balance at 30 June 2022 | Recognised in profit or loss | Recognised in equity | Balance at 30 June 2023 |
|---|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Property, plant and equipment | (14,301) | (321) | - | (14,622) | (8,770) | - | (23,392) |
| Revaluation of property | (45,100) | - | (1,102) | (46,202) | - | - | (46,202) |
| Employee benefits | (1,724) | (1,423) | 10,645 | 7,498 | 855 | (1,267) | 7,086 |
| Right of use-lease assets | 281 | (281) | - | - | 110 | - | 110 |
| Provisions for expected credit losses | 41,797 | (1,129) | - | 40,668 | 271 | - | 40,939 |
| Tax losses | 1,714 | (232) | - | 1,482 | (1,482) | - | - |
| | (17,333) | (3,386) | 9,543 | (11,176) | (9,016) | (1,267) | (21,459) |

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 27. TRADE AND OTHER PAYABLES

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Trade payables | **438,648** | 561,269 | **209,883** | 272,932 |
| Accruals and other payables | **211,580** | 93,161 | **80,245** | 57,067 |
| Contract liability | **21,105** | 17,800 | **21,105** | 17,800 |
| Amounts owed to subsidiaries | **-** | - | **82,522** | 20,528 |
| | **671,333** | 672,230 | **393,755** | 368,327 |

Trade and other payables are non-interest bearing and have an average term of 30 to 90 days.

Amounts owed to subsidiaries and related parties are unsecured, interest free and with no fixed repayment terms. Refer to Note 29. The carrying amount approximate their fair value due to their short term nature.

Accruals and other payables include accrued marketing and advertising expenses, salaries, wages, local creditors and provision of end of year bonus.

Contract liability relates to trade discount accrued as per contract.

| | Consolidated and Separate | |
|---|---|---|
| | **2023** | 2022 |
| | **Rs'000** | Rs'000 |
| Opening balance | **17,800** | 12,388 |
| Deferred for the year | **50,806** | 47,729 |
| Amount recognised as revenue during the year | **(47,501)** | (42,317) |
| Closing balance | **21,105** | 17,800 |

## 28. DIVIDENDS

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| *Dividend declared* | | | | |
| At July 01 | **53,165** | 48,120 | **42,385** | 42,240 |
| Declared during the year | **80,201** | 57,920 | **67,951** | 42,240 |
| Paid during the year | **(76,431)** | (52,875) | **(60,637)** | (42,095) |
| | **56,935** | 53,165 | **49,699** | 42,385 |




# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023


## 28. DIVIDENDS (CONTINUED)

| | Separate | |
|---|---|---|
| | **2023** | 2022 |
| | **Rs** | Rs |
| Dividend per share | **1.85** | 1.15 |

## 29. RELATED PARTY TRANSACTIONS

| Nature of transaction/ balance at year end | Nature of relationship | Name of related party | Terms and conditions | Transaction for the year | | Balance at 30 June | |
|---|---|---|---|---|---|---|---|
| | | | | **2023** | 2022 | **2023** | 2022 |
| | | | | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Consolidated | | | | | | | |
| Sales/(Purchases) of goods and services | Associate | Salière de l'Ouest Limitée | Normal course of business | **-** | - | **-** | - |
| | Subsidiary | Societe Centre Point | Normal course of business | **-** | - | **-** | 1,573 |
| | | | | **-** | - | | 1,573 |
| Payment for services received | Shareholder | Altima Ltd | Technical fees of 0.35 % of turnover is charged | **(15,011)** | (9,507) | **(3,909)** | (2,347) |

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 29. RELATED PARTY TRANSACTIONS (CONTINUED)

| Nature of transaction/ balance at year end | Nature of relationship | Name of related party | Terms and conditions | Transaction for the year | | Balance at 30 June | |
|---|---|---|---|---|---|---|---|
| | | | | **2023** | 2022 | **2023** | 2022 |
| Separate | | | | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Sales/(Purchases) of goods and services | Subsidiary | Challenge Hypermarkets Ltd | Normal course of business | **-** | - | **(630)** | (635) |
| | Subsidiary | Innodis Poultry Ltd | Normal course of business | **(642,072)** | (524,247) | **(77,451)** | (16,051) |
| | | Peninsula Rice Milling Ltd | Normal course of business | **-** | - | **(4,441)** | (3,842) |
| | | | | **(642,072)** | (524,247) | **(82,522)** | (20,528) |
| Sales/(Purchases) of goods and services | Subsidiary | Supercash Ltd | Normal course of business | **48,555** | 35,330 | **17,338** | 24,172 |
| | Subsidiary | Mauritius Farms Ltd | Normal course of business | **-** | - | **46,449** | 46,449 |
| | Subsidiary | Peninsula Rice Milling Ltd | Normal course of business | **-** | - | **-** | - |
| | Subsidiary | Innodis Property Ltd | Normal course of business | **-** | - | **2,579** | 1,255 |
| | Subsidiary | Chicken Corner ltd | Normal course of business | **627** | 791 | **9,144** | 8,965 |
| | Subsidiary | Poulet Arc en Ciel Ltée | Normal course of business | **-** | - | **19,112** | 76,139 |
| | Subsidiary | Meaders Feeds Ltd | Normal course of business | **47,750** | 16,320 | **-** | 11,220 |
| | Subsidiary | Green Island Milling Ltd | Normal course of business | **-** | - | **-** | - |
| | | | | **96,932** | 52,441 | **94,622** | 168,200 |
| Rental | Subsidiary | Supercash Ltd | Normal course of business | **-** | 1,320 | **-** | - |
| | Subsidiary | Innodis Poultry Ltd | Normal course of business | **47,693** | 47,693 | **-** | - |
| | | | | **47,693** | 49,013 | **-** | - |
| Sales/(Purchases) of goods and services | Associate | Salière de l'Ouest Limitée | Normal course of business | **-** | - | **-** | - |
| | Subsidiary | Societe Centre Point | Normal course of business | **-** | - | **1,573** | 1,573 |
| | | | | | - | **1,573** | 1,573 |



# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 29. RELATED PARTY TRANSACTIONS (CONTINUED)

The sales to and purchases from related parties are made in the normal course of business. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables and payables. For the year ended 30 June 2023, the Group and Company have not made any provision for credit losses relating to amounts owned by related parties (2022: 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.

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Directors remuneration | **36,745** | 31,083 | **20,568** | 17,930 |

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Key management personnel's emoluments | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Short-term employment benefit | **18,958** | 19,019 | **15,650** | 19,019 |
| Post-employment benefit | **1,131** | 1,223 | **907** | 1,223 |
| | **20,089** | 20,242 | **16,557** | 20,242 |

Innodis Ltd defines its key management personnel as the members of the Executive Committee, including the Chief Executive Officer.

## 30. CAPITAL COMMITMENTS

Capital expenditure authorised at the reporting date but not yet contracted for is as follows:

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Property, plant and equipment | **88,365** | 145,204 | **31,383** | 28,833 |

# Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 31. CONTINGENT LIABILITIES

The Group and the Company have the following contingent liabilities as at 30 June 2023.

| | Consolidated | | Separate | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Letter of credit | **15,581** | 23,708 | **15,581** | 23,708 |
| Guarantees | **17,580** | 22,453 | **16,545** | 16,545 |

## 32. FINANCIAL SUPPORT

Innodis Ltd, the holding company, has confirmed through a letter of financial support, that it will financially be supporting Supercash Ltd, Innodis Poultry Ltd, Moçambique Farms Limitada and Poulet Arc En Ciel Ltée enable them to meet their obligations as and when they fall due, for a period of more than twelve months.

## 33. EVENTS AFTER REPORTING DATE

There have been no other material events after the reporting date, which would require disclosure, or adjustment to the financial statements for the year ended 30 June 2023.

## 34. DISCONTINUED OPERATIONS

Part of a manufacturing process within the Innodis group namely Green Island Milling Limited is presented as discontinued in operation following the commitment of the Group's management to stop processing of rice product.

The major classes of assets and liabilities of Green Island Milling Limited classified as held for sale as at 30 June 2022 are as follows:

| | Consolidated |
|---|---|
| | **2022** |
| | **Rs'000** |
| Assets | |
| Plant and equipment | - |
| Liabilities | - |
| Net assets classified as held for sale | - |



Notes to the Consolidated and Separate Financial Statements (continued)

For the year ended 30 June 2023

## 34. DISCONTINUED OPERATIONS (CONTINUED)

| | Consolidated |
|---|---|
| | 2022 |
| | Rs'000 |
| Revenue | - |
| Expense | (25,902) |
| **Profit/loss before income tax** | (25,902) |
| Tax expense | - |
| | (25,902) |

There was no cashflow movement.

INNODIS

50 years

GPO Box 841, Innodis Building, Caudan
Port Louis, Mauritius
T: +230 206 0800 - F: +230 466 5253
info@innodisgroup.com - www.innodisgroup.com