PIM LIMITED

ANNUAL REPORT 2021

Rethinking plastics in a changing world

Dear Shareholder

The Board of Directors is pleased to present the Annual Report of PIM Limited for the year ended June 30, 2021, the contents of which are listed below.

This report was approved by the Board of Directors on 27 September 2021.

Raoul Joseph Paul Clarenc
Chairman

Jinny Cynthia Chang Chan
Director

Contents


PALL MALL
Fall 2010
LORENZO
di PIAZZA
VITTORIO

Ordinary can become extraordinary

Corporate **Information**

BACKGROUND

Incorporated on June 1, 1970
Listed on the Stock Exchange of Mauritius on June 30, 1993
Certified ISO 9001: 2000 on October 9, 2002
Certified ISO 9001: 2008 on September 16, 2009
Certified ISO 9001: 2015 on June 19, 2018
Accredited supplier for Coca Cola: on July 31, 2017

DIRECTORS

The Directors of the Company are:
Mr. Raoul Joseph Paul Clarenc
Mrs. Jinny C. Chan Chang
Mr. M. Paul Eric Piat Corson
Mr. M.D.P André Espitalier Noël
Mr. C. Philippe de Bragard Hardy
Mr. Sulliman Adam Moollan
Mr. Mushtaq Mohamed O.Noormohamed Oosman
(appointed on March 3, 2021)

PRINCIPAL MANAGERS

Mr. M. Paul Eric Piat Corson (Managing Director)
Mr. Raj Brigemohane (Finance Manager)

LEGAL ADVISER

Ahnee-Duval
Legal Consultants & Law Practitioners

REGISTERED OFFICE AND SHARE REGISTRY OFFICE

Level 3
Alexander House
35, Cybercity
Ebène
Mauritius

HEAD OFFICE AND FACTORY ADDRESS

P.O. Box 1173
Quay Road
Port Louis
Mauritius
Tel: 216-3000
Fax: 240-8890
Email: plastic@intnet.mu

SECRETARY

Intercontinental Secretarial Services Ltd

PRINCIPAL BANKERS

The Mauritius Commercial Bank Ltd
Absa Bank (Mauritius) Limited

AUDITOR

Deloitte
7th - 8th Floor,
Standard Chartered Tower
19-21 Bank Street, Cybercity
Ebène 77201
Mauritius

Director's **Report**

On behalf of the Board of Directors, we are pleased to present the annual report and audited financial statements of PIM Limited (the "Company") for the year ended June 30, 2021.

FINANCIAL RESULTS

Over the last 3 years, results of the Company have been as follows:

Turnover

Rs **234,595**

2020: Rs 216,953
2019: Rs 237,023

(Loss)/profit before taxation

Rs **7,420**

2020: Rs 5,689
2019: Rs (775)

Taxation

Rs **(1,215)**

2020: Rs (1,434)
2019: Rs (843)

(Loss)/profit for the year

Rs **6,205**

2020: Rs 4,254
2019: Rs (1,618)

(Loss)/earnings per share

Rs **3.10**

2020: Rs 2.13
2019: Rs (0.81)

DIVIDENDS

On November 13, 2019, the Company declared an interim dividend of Rs.3.0m (Rs.1.50 per share) which was paid during the financial year 2020.

No dividend was declared in June 2020 and for the year June 2021 due to uncertainty of Covid-19.

APPRECIATION

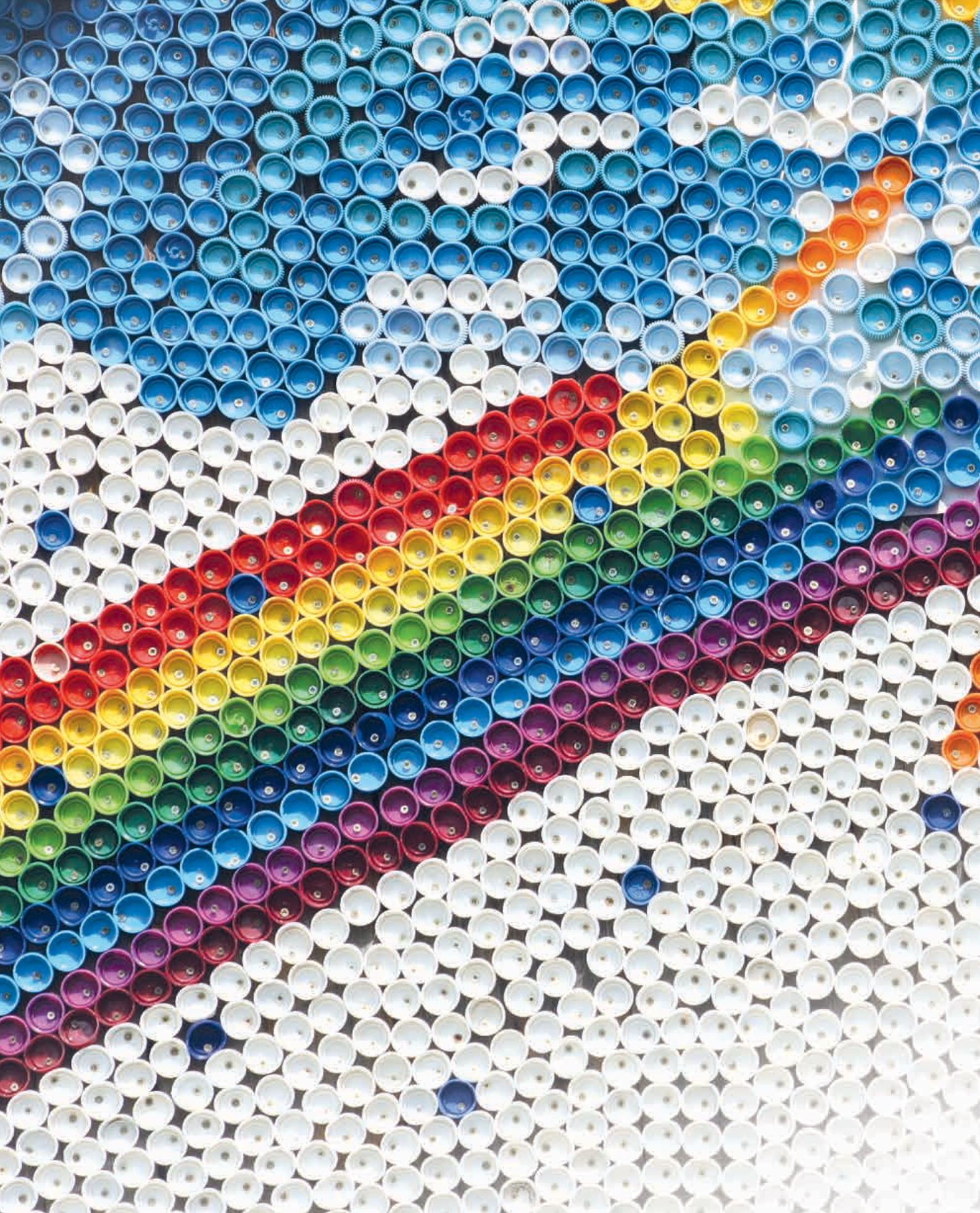
We would like to thank our fellow directors, the management and all our employees for their hardwork, loyalty and dedication during the year.

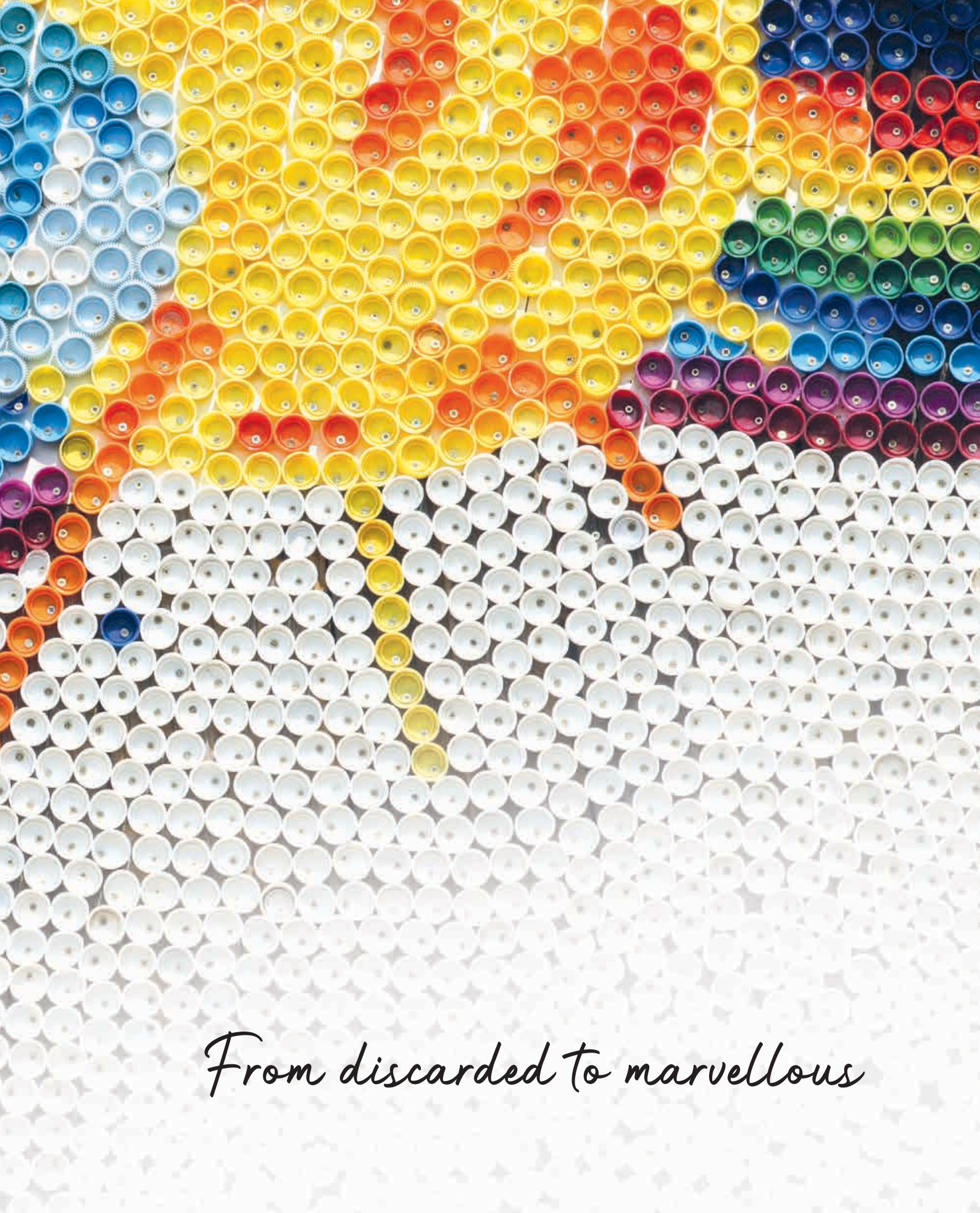
.....
Raoul Joseph Paul Clarenc
Chairman

Date: 27 September 2021

.....
Jinny Cynthia Chan Chang
Director

Date: 27 September 2021





From discarded to marvellous

Other **Statutory Disclosures**

PRINCIPAL ACTIVITY

The principal activity of the Company is the manufacture of a wide range of plastic products for both domestic and industrial purposes destined to the local and regional markets.

DIRECTORS

The directors of the Company are listed on page 4.

DIRECTORS' SERVICE CONTRACTS

The service contracts of the executive director have no expiry term.

DIRECTORS' REMUNERATION AND BENEFITS

Total remuneration and benefits received and receivable from the Company were as follows:

	2021	2020
	Rs.	Rs.
Executive directors	**4,267,078**	4,252,241
Non-executive directors	**1,111,067**	1,175,902
	5,378,145	5,428,143

DIRECTORS' INTERESTS

The direct and indirect interest of the Directors and Senior Officers in the securities of the Company as at June 30, 2021 were:

	Ordinary shares	
	Direct	Indirect
Directors:		
Mr. Raoul Joseph Paul Clarenc	-	(see note)
Mr. Sulliman Adam Moollan	-	(see note)
Mr. M.D.P André Espitalier Noël	-	-
Mr. C. Philippe de Bragard Hardy	-	-
Mrs. Jinny C. Chan Chang	-	-
Mr. M. Paul Eric Piat Corson	-	-
Mr. Mushtaq Mohamed O.Noormohamed Oosman	-	-
Senior Manager		
Mr Raj Brigemohane	-	-
Company Secretary		
Intercontinental Secretarial Services Ltd	-	-

Note to indirect holding:

The following directors hold shares in companies which are shareholders of PIM Limited:
- Mr. Raoul Joseph Paul Clarenc holds 0.11% shares in Mauritius Oil Refineries Ltd.
- Mr. Sulliman Adam Moollan holds 0.43% shares in Mauritius Oil Refineries Ltd.

SUBSTANTIAL SHAREHOLDERS

Please refer to page 11 of the Corporate Governance Report of the Company.

DONATIONS

The Company made a donation of Rs.13,570 during the year (2020: Rs.15,700). Corporate social responsibility contribution amounted to Rs.40,000 (2020: Rs.222,362).

SUBSEQUENT EVENTS

There are no significant events which have occurred between the end of the reporting date and the date of the approval of the financial statements.

AUDITORS

	2021 Rs.	2020 Rs.
- Auditor's fee	**455,000**	545,000

Raoul Joseph Paul Clarenc
Chairman

Date: 27 September 2021

Jinny Cynthia Chan Chang
Director

Date: 27 September 2021

Corporate **Governance Report**

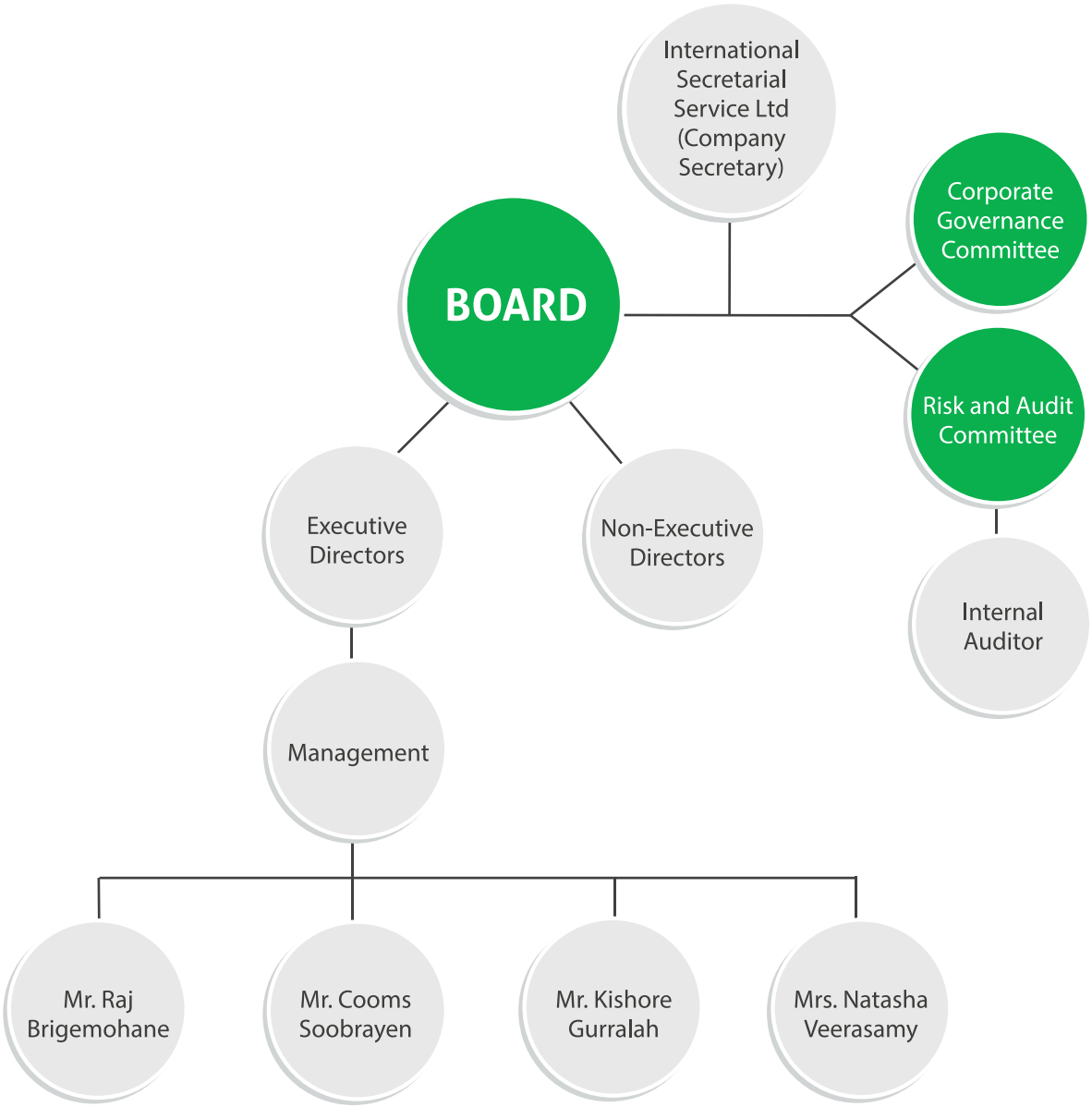
Corporate governance is a system of structuring, operating and controlling a company and involves a set of relationships between all the company's stakeholders. Sound principles of corporate governance are essential to ensure fairness, integrity, transparency and to achieve a high level of stakeholders' trust and confidence in the organisation.

PIM Limited, (the "Company") was incorporated in 1970 and admitted on the Official list of the Stock Exchange of Mauritius on June 30, 1993. PIM Limited is a public interest entity (PIE), as defined under the Financial Reporting Act 2004.

The principal activity of the Company is the manufacture of plastic products for all industrial and commercial purposes by blow moulding and injection processes destined to both local and regional markets. The range of products includes household products and packaging for the chemical, detergent, paint, pharmaceutical, beverages, food and environment sectors.

The Board of Directors of the Company recognises that The National Code of Corporate Governance of Mauritius (2016) (the "Code") is regarded as the best practice and therefore uses its best endeavours to ensure that the principles of good corporate governance, as applicable in Mauritius, form an integral part of the way in which the Company's business is conducted. The Company also endeavours to apply the recommendations of the Code.

ORGANISATIONAL STRUCTURE



Corporate **Governance Report (Cont'd)**

SHAREHOLDERS

Holding structure

The holding structure of the Company is as follows:

Substantial Shareholders

The following shareholders held more than 5% of the stated capital of the Company as at June 30, 2021:

Name of Shareholders	Number of Ordinary Shares	% Holding
Mauritius Oil Refineries	645,146	32.26%
Promotion & Development Ltd	310,519	15.53%
National Pension Fund	298,715	14.94%
Sugar Insurance Fund Board	139,700	6.99%

Except for the above, there is no other party having any material interest of 5% or more of the stated capital of the Company.

Shareholders' Agreement affecting governance of the Company by the Board

There was no such agreement in place during the year under review.

Dividend Policy

No dividend shall be declared and paid except out of retained earnings and unless the directors determine that immediately after the payment of the dividend:

i. The Company will be able to satisfy the solvency test in accordance with Section 6 of the Mauritius Companies Act 2001; and
ii. The realisable value of the assets of the Company will not be less than the sum of its total liabilities, other than deferred taxes, as shown in the books of account, and its stated capital.

Subject to the financial results, the satisfaction of the solvency test and to the Company's working capital requirements and investments, the Board normally declares dividends twice per year.

No dividend was declared during the year under review.

Corporate **Governance Report (Cont'd)**

APPLICATION OF THE CODE OF CORPORATE GOVERNANCE

The Board has assessed its corporate governance in terms of the eight corporate governance principles:

PRINCIPLE 1: GOVERNANCE STRUCTURE

The Board is ultimately accountable and responsible for the performance and affairs of the Company, whilst meeting the appropriate interests of its shareholders and stakeholders. To achieve this, the Board is responsible for establishing the objectives of the Company and setting a philosophy for investments, performance and ethical standards. In addition, the Board ensures that the Company complies with the relevant rules and regulations. Quarterly board meetings are held every year.

The Board collectively considers and implements the measures in respect of the Code. The Board is responsible for, *inter alia:*

- Determining, agreeing and developing the Company's general policy on corporate governance in accordance with the Code;
- preparing the Corporate Governance Report; and
- reviewing the terms and conditions of all service agreements between the Company and its service providers.

The Company has in place a Constitution which sets out the rules and regulations which it needs to abide along with other local laws and regulations.

The Board acknowledges that it should lead and control the entity and be collectively responsible for its long-term success, reputation and governance. In so doing, the Board assumes responsibility for meeting all regulatory and legal requirements.

The Board is responsible and accountable for all decisions of the Company where the duties of the directors are carried out in line with the Mauritius Companies Act 2001. The Company has delegated the day-to-day administrative functions to its Company Secretary.

The Company's organisational chart is commensurate with the sophistication and scale of the organisation. The Company has seven directors in appointment.

The Board is satisfied that it has suitably discharged its responsibilities for the year under review, in respect of corporate governance.

The Company is committed to providing shareholders and its stakeholders with timely and relevant information.

Chairman of the Board

In his role as Chairman of the Company, Mr Paul Clarenc (non-executive director) is responsible for leading the Board and ascertaining its effectiveness. He ensures that the corporate strategy and the related execution are aligned with operational efficiencies. He is also responsible for ensuring that the Directors receive accurate, timely and clear information and he encourages the active participation of all Board members in discussions and decisions. With his experience and strong knowledge of the Company, the Chairman is in an excellent position to oversee the affairs of the Company while ensuring that value is being created for all stakeholders.

Role of the Non-executive and Independent directors

The two non-executive and independent directors play a vital role in facilitating the exercise of independent and objective judgement on corporate affairs and to ensure that constructive discussion takes place on key issues. All directors are bound by fiduciary duties and duties of care and skill.

Code of Conduct and Ethics

The Company is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. The Board has also approved a Code of Conduct and Ethics which provides guidance to directors and help them recognise and deal with ethical issues and help to foster a culture of honesty and accountability and mechanisms to report unethical conduct. The Directors and management are expected to act in good faith, make informed decisions and adopt policies that are in the best interests of the Company. The Code of Conduct and Ethics is reviewed annually by the Board and it is updated as needed to respond to new business needs and any changes in regulatory or other requirements.

Corporate **Governance Report (Cont'd)**

PRINCIPLE 1: GOVERNANCE STRUCTURE (CONT'D)

Board Charter

The Board of Directors has approved a Board Charter for the Company. The Board Charter is a written policy document, which has for aim to clearly define the respective roles, responsibilities and authorities of the Board of Directors (both individually and collectively) and management in setting the direction, the management and the control of the organisation. The Board Charter is reassessed at least on an annual basis.

Board Composition

The Board has a unitary structure and comprises of one executive director, four non-executive directors and two independent non-executive directors. The independence of the non-executive members are determined as per the Code of Corporate Governance. The number of Board members is proportionate with the size of the Company. Board appointments are made upon recommendation of the Corporate Governance committee, which is responsible for the nominations and appointments. Board appointments are done through a transparent selection process, which ensures the right balance of skills, experience and competencies in order to achieve the objectives of the Company. There is no fixed-term contract for executive director and the notice period for termination or resignation is one calendar month. The Board is of the view that given the nature of the business, it is not imperative to have individuals with specialised technical skills on its Board. Therefore, it should not be difficult to find new members of appropriate calibre to replace existing ones, when required.

Mr. M Paul Eric Piat Corson has been appointed as the Executive Director on November 13, 2014. Due to the size of the Company in terms of turnover, and nature of the activities of the Company, the Board of the Company is of the opinion that one executive director is sufficient.

PRINCIPLE 2: STRUCTURE OF THE BOARD AND ITS COMMITTEES

Board Structure

The Board and committees are as follows:

Board	• Mr. Raoul Joseph Paul **Clarenc** – *Chairman and Non-Executive Director* • Mrs. Jinny C. **Chan Chang** – *Non-Executive and Independent Director* • Mr. M. Paul Eric **Piat Corson** – *Executive Director* • Mr. M.D.P. Andre **Espitalier Noël** – *Non-Executive Director* • Mr. C. Philippe **de Bragard Hardy** – *Non-Executive Director* • Mr. Sulliman Adam **Moollan** – *Non-Executive Director* • Mr. Mushtaq Mohamed O. N. **Oosman** – *Non-Executive and Independent Director*
Sub-committee	**Members appointed**
Audit and Risk committee	• Mrs. Jinny C. **Chan Chang** *(Chairman)* • Mr. Sulliman Adam **Moollan** • Mr. C. Philippe de Bragard **Hardy** • Mr. M.D.P. Andre **E. Noël** • Mr. Mushtaq Mohamed O. N. **Oosman**
Corporate Governance committee	• Mr. Sulliman Adam **Moollan** *(Chairman)* • Mr. C. Philippe de Bragard **Hardy** • Mr. Raoul Joseph Paul **Clarenc** • Mr. M.D.P. Andre E. **Noël** • Mr. Paul Eric Piat **Corson**

Corporate **Governance Report (Cont'd)**

PRINCIPLE 2: STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

Directors' Profile

The names of all directors, their profile and their categorisation as well as their directorship details in listed companies are provided hereafter.

Mr. Raoul Joseph Paul Clarenc
Chairman

Mr. Raoul Joseph Paul Clarenc, aged 77, joined the Board of Directors of PIM Limited on December 15, 2004. He was appointed Chairman of the Company on January 20, 2005. He is also a Director of Mauritius Oil Refineries Limited

Listed Company directorships: 2

Mr. M. Paul Eric Piat Corson

Mr. M. Paul Eric Piat Corson, aged 59, joined the Company on September 30, 2013 as Project Manager. On the January 1, 2014, he was appointed as the General Manager in charge of the day-to-day business of the Company and on November 13, 2014, he became the executive director.

Listed Company directorships: 1

Mrs. Jinny C. Chan Chang

Mrs. Jinny C. Chan Chang, aged 49, joined the Board of Directors of PIM Limited on February 08, 2013. She is the Finance Director of Jade Group of companies.

Listed Company directorships: 1

Corporate **Governance Report (Cont'd)**

Mr. M.D.P. André Espitalier Noël

Mr. M.D.P. André Espitalier Noël, aged 60, joined the Board of Directors of PIM Limited on December 20, 2002. He is also the Managing Director of Mauritius Oil Refineries Limited.

Listed Company directorships: 2

Mr. C. Philippe de Bragard Hardy

Mr. C. Philippe de Bragard Hardy, aged 48, joined the Board of Directors of PIM Limited on May 30, 2007. He is the Managing Director of DMH Associates and is a director of Tropical Paradise Co Ltd and Evaco Ltd.

Listed Company directorships: 3

Mr. Sulliman Adam Moollan

Mr. Sulliman Adam Moollan, aged 82, joined the Board of Directors of PIM Limited on September 20, 2007.

Listed Company directorships: 1

Mr. Mushtaq Mohamed O. N. Oosman

Mr. Mushtaq Mohamed O. N. Oosman, aged 66, joined the Board of Directors of PIM Limited on March 3, 2021. He is also a director of MUA Ltd, ENL Ltd, Forges Tardieu Ltd, Les Moulin de La Concorde Ltée and Automatic Systems Ltd.

Listed Company directorships: 6

Corporate **Governance Report (Cont'd)**

PRINCIPLE 2: STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

Board Meetings

The Board meetings are held once each quarter and at any additional times as the Company requires. Decisions taken between meetings are confirmed by way of resolutions in writing, agreed and signed by all directors then entitled to receive notice.

The Board meetings are conducted in accordance with the Company's Constitution and the Mauritius Companies Act 2001 and are convened by giving appropriate notice to the directors. Detailed agenda, as determined by the Chairman, together with other supporting documents are circularised in advance to the directors to enable them to participate meaningfully in the decision-making process and make informed deliberations at Board meetings. In order to address specific urgent business needs, meetings are at times called at shorter notice. Furthermore, the directors have the right to request independent professional advice at the Company's expense.

A quorum of three (3) directors is currently required for a Board Meeting of the Company and in case of equality of votes, the Chairman does not have a casting vote.

A director of the Company who has declared his/her interest shall not vote on any matter relating to a transaction or proposed transaction in which he/she is interested and shall not be counted in the quorum present for the purpose of that decision.

A list of directors' interests is maintained by the Company Secretary and is available to shareholders upon request to the Company Secretary. The directors confirm that the list is correct at each quarterly Board meeting.

During the year under review, the Board met six (6) times. Decisions were also taken by way of resolutions in writing, agreed and signed by all directors then entitled to receive notice of the meeting.

The minutes of the proceedings of each Board meeting are recorded by the Company Secretary, Intercontinental Secretarial Services Limited and are entered in the Minutes Book of the Company. The minutes of each Board meeting are submitted for confirmation at the next meeting and these are then signed by the Chairman. The written resolutions for the corresponding quarter are also noted by the Board.

Board Committees

The Risk and Audit committee and Corporate Governance committee have been set up to assist the Board in the effective performance of its duties. All the committees are governed by their charters which have been approved by the Board of Directors. As the focal point, the Board is ultimately responsible and accountable for the performance and affairs of the Company. Committees are a mechanism for assisting the Board and its directors in discharging their duties through a more comprehensive evaluation of specific issues. Delegating authority to Board committees or management does not in any way absolve the Board of its duties and responsibilities.

Risk and Audit committee

The Board members have set up an Audit Committee with effect from February 19, 2008 and is governed by its charter. Given that the duties of the Audit Committee encompasses the risks elements as well, the Board had approved to rename the Audit Committee as the Risk and Audit Committee, following which, an updated terms of reference was approved on September 25, 2018. The Risk and Audit Committee consists of the following persons:

- Mrs. Jinny C. **Chan Chang** *(Chairman)*
- Mr. Sulliman Adam **Moollan**
- Mr. C. Philippe de Bragard **Hardy**
- Mr. M.D.P. Andre **E. Noël**
- Mr. Mushtaq Mohamed O. N. **Oosman**

The Risk and Audit Committee met five times this year corresponding to the Company's reporting cycle and assisted the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance systems, with all applicable legal requirements and accounting standards.

The Committee's objective comprises mainly of the evaluation of the systems of internal, financial and operational controls and accounting policies, reviewing the publication of financial information, recommending the appointment, terms of engagement and remuneration of the external auditors, and ensuring the independence of the external auditors.

Corporate **Governance Report (Cont'd)**

PRINCIPLE 2: STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

Board Committees (Cont'd)

Risk and Audit committee (cont'd)

The Committee's responsibility also includes the review of the Company's critical business, operational, financial and compliance exposures and sustainability issues. The Committee's role in risk management is to set the process for the identification and management of risk, report any significant risks to the Board, review corporate governance guidelines and their implementation and review and approve group insurance policies.

In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, Management and the External and Internal Auditors. The Committee review on an annual basis the performance of the external auditor based on the scope and results of their work and their cost effectiveness and make recommendations to the Board to be put to shareholders for approval at the AGM, the appointment, reappointment or termination of the appointment of the external auditors. The Risk and Audit Committee afterwards makes recommendations to the Board for its approval or final decision. On the basis of an Internal Audit Report to which management was favourable, recommendations of proposed measures were implemented where applicable. The Committee shall going forward ensure that the Risk and Audit Committee meet with the external auditor at least once a year without Management presence.

Corporate Governance Committee

The Corporate Governance Committee was set up on January 20, 2005 and included the Nomination and Remuneration Committees. The members of the Corporate Governance Committee are as follows:

- Mr. Sulliman Adam **Moollan** *(Chairman)*
- Mr. C. Philippe **de Bragard Hardy**
- Mr. Raoul Joseph Paul **Clarenc**
- Mr. M.D.P. Andre **E. Noël**
- Mr. Paul Eric Piat **Corson**

The duties of the Corporate Governance Committee are as follows:

- To advise the Board on all corporate governance provisions to be adopted;
- To make recommendations to the Board on all aspects of remuneration and appointments, and
- To ensure that the disclosure requirements with regard to corporate governance are in accordance with the principles of the applicable Code of Corporate Governance.

The Corporate Governance Committee met five times this year and has fulfilled its responsibilities in compliance with its terms of reference.

The Corporate Governance Committee also carries out the role of the Nomination and Remuneration Committee.

The roles with respect to the Nomination matters are:

i. to make recommendations to the board on all new board appointments, and
ii. to review through a formal process the balance and effectiveness of the Board, identifying the skills needed and those individuals who might best be seen to be providing such skills in a fair and thorough manner.

The roles with respect to the Remuneration matters are:

i. to develop a policy on remuneration of executives and for fixing the remuneration and benefit packages of directors, within agreed terms of reference, and
ii. to make recommendations to the full board in relation to remuneration of non-executives.

Corporate **Governance Report (Cont'd)**

PRINCIPLE 2: STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

Board Attendance at Meetings

The Board meets as and when required to discuss routine and other significant matters so as to ensure that the directors maintain overall control and supervision of the Company's affairs.

The following table gives the record of attendance at Board meetings and Committee meetings of the Company for the year under review:

		Board Meeting	Risk and Audit Committee	Corporate Governance Committee
Number of meetings	**Category**	**6**	**5**	**5**
Raoul Joseph Paul **Clarenc**	NED	6/6	N/A	5/5
Jinny C. **Chan Chang**	INED	6/6	5/5	N/A
M.D.P. Andre **Espitalier Noël**	NED	6/6	5/5	5/5
Sulliman Adam **Moollan**	NED	6/6	5/5	5/5
M. Paul Eric **Piat Corson**	ED	6/6	N/A	5/5
C. Philippe **De Bragard Hardy**	NED	4/6	5/5	4/5
Mushtaq Mohamed O. N. **Oosman***	INED	1/1	1/1	N/A

ED Executive Director
NED Non-Executive Director
NED Independent Non-Executive Director
*Mr. Mushtaq Mohamed O. N. Oosman was appointed as director to the board on March 3, 2021.

Contracts of Significance

During the year under review, there was no contract of significance to which the Company was a party and in which a director of the Company was materially interested either directly or indirectly, except as disclosed otherwise.

Directors' Interest in the Stated Capital of the Company as at June 30, 2021

Dealing in the Company's securities by directors is regulated and monitored as required by the SEM listing rules.

The directors follow the principles of the model code on securities transactions by directors as detailed in Appendix 6 of the SEM Listing Rules.

The directors' interests in the shares of the Company as at June 30, 2021 are as follows:

Directors	Direct Holding	Indirect Holding
Mr. Raoul Joseph Paul **Clarenc**	-	Note 1
Mr. M. Paul Eric **Piat Corson**	-	-
Mrs. Jinny C. **Chan Chang**	-	-
Mr. M.D.P. Andre **Espitalier Noël**	-	-
Mr. C. Philippe **de Bragard Hardy**	-	-
Mr. Sulliman Adam **Moollan**	-	Note 2
Mr. Mushtaq Mohamed O. N. **Oosman**	-	-

Note 1 - Mr. Raoul Joseph Paul Clarenc holds 0.11% shares in Mauritius Oil Refineries Ltd.
Note 2 - Mr. Sulliman Adam Moollan holds 0.43% shares in Mauritius Oil Refineries Ltd.

The Company Secretary is responsible for maintaining the register of director's interest in shares and the register is available for inspection upon written request to the Company Secretary. Directors confirm that the list is correct at each quarterly board meeting.

Corporate **Governance Report (Cont'd)**

PRINCIPLE 2: STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

Company Secretary

Intercontinental Secretarial Services Limited (ISSL) is a suitably qualified, experienced and competent company secretary that is appropriately empowered to fulfil duties and provide assistance to the Board.

The Company Secretary is responsible to the Board for ensuring that procedures and regulations are complied with and that directors are conversant with their duties and responsibilities. The Company Secretary provides the Board as a whole and directors individually with detailed guidance on the discharging of their responsibilities in the best interest of the Company.

The Board has considered the competence, qualifications and experience of the company secretary, and deemed it fit to continue in the role as company secretary for the Company.

The Company Secretary also acts as Secretary to the different board committees.

The Company Secretary is subject to annual evaluation by the Board.

PRINCIPLE 3: DIRECTOR APPOINTMENT PROCEDURES

Director Appointment Procedures

The Board, through the Corporate Governance Committee, follows a rigorous, formal and transparent procedure to select and appoint new directors. The Corporate Governance Committee leads the process according to the Company's Constitution and makes recommendations to the Board.

Shareholders are ultimately responsible for electing or removing Board members upon recommendation of the Board. The directors have been appointed by the Board and they re-offer themselves for re-appointment at the Annual General Meeting. Board members are selected to achieve a mix of skills and knowledge appropriate to the Company's business.

Succession Planning

The Board has approved a formal succession planning policy on May 6, 2021 and same has been adopted by the Company.

Board Orientation and Induction

The Company has put in place procedures to ensure that newly appointed directors receive an induction upon joining the Board to familiarise them with the Company's operations, senior management and its business environment and to induct them in their fiduciary duties and responsibilities. The Company's relevant governing documents are also provided to them. The Chairperson arranges for a meeting with any new director to brief on the Company's activities and governance requirements and expectations.

Professional Development and Training

Directors are encouraged to keep themselves up to date with the latest workplace trends and professional development. The Board conducts annual reviews to identify areas where the Board members require further training or education.

Corporate **Governance Report (Cont'd)**

PRINCIPLE 4: DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

The directors of the Company are aware of their duties under the Mauritius Companies Act 2001 and the Constitution of the Company and exercise sufficient care, diligence and skills for the good conduct of the business. The Board meets regularly (frequency depending on nature of business and operations) to discuss and approve the Company's operational, regulatory and compliance matters. The directors are provided with appropriate notice and materials to help them in their decision-making.

Directors' Interests

Directors inform the Company as soon as they become aware that they have an interest in a transaction. The Company Secretary keeps a register of directors' interests and ensures that the register is updated regularly. The interest register is available to the shareholders of the Company upon request to the Company Secretary.

Directors' Remuneration

The remuneration and benefits payable to the directors of the Company in their capacity as directors (or in any other capacity) for the financial year ended June 30, 2021 are as set out below:

	2021	2020
	Rs.	Rs.
Executive director	**4,267,078**	4,252,241
Non-executive directors	**1,111,067**	1,175,902
	5,378,145	5,428,143

The remuneration of the Directors has not been disclosed on an individual basis due to the commercial sensitivity of such information.

Executive director's remuneration

The executive director is also remunerated for serving on the Board and its Committees.

Non-Executive/Independent Non-Executive Directors' Remuneration

Directors' remuneration has been disclosed globally in view of the confidentiality and sensitivity of this information. The Non-Executive and Independent Non-Executive Directors have not received remuneration in form of share options or bonuses associated with the Company's performance.

Remuneration Philosophy

The Board has delegated to the Corporate Governance Committee the responsibility of determining the adequate remuneration to be paid to the Non-Executive Chairman of the Board, the Independent Non-Executive Directors and the Non-Executive Directors, the Executive Director and the Senior Management.

The Company's underlying philosophy is to set remuneration at an appropriate level to retain, motivate and attract high calibre personnel and directors, and to reward them in accordance with their individual as well as collective contribution towards the achievement of the Company's objectives and performance, whilst taking into account current market conditions and/or other factors which may be determined from time to time.

Employee Share Option Plan

The Company does not have an employee share option scheme.

Related Party Transactions

For details on Related Party Transactions, please refer to Note 26 of the audited financial statements.

Corporate **Governance Report (Cont'd)**

PRINCIPLE 4: DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)

Board Evaluation and Development

During the year under review, the Corporate Governance Committee conducted an evaluation of the Board, the individual directors and the Risk and Audit committee. The Company Secretary used the survey method to conduct the evaluation process. The significant results of these evaluations will be discussed at the board meeting scheduled for approval of the accounts for the year ended June 30, 2021 and appropriate actions will be taken where required.

The directors forming part of the Board of the Company, especially those who are members of Board Committees, have been appointed in the light of their wide range of skills and competence acquired through several years of working experience and professional background.

Directors' Ethics and Code of Conduct

The Board of Directors is mindful of the interest of other stakeholders such as suppliers, clients and the public at large when running its operations and is committed to high standards of integrity and ethical conduct in dealing with them.

Furthermore, the Company and its employees must, at all times, comply with all applicable laws and regulations. The Company will not condone the activities of employees who achieve results through violation of the law or unethical business dealings. This includes any payments for illegal acts, indirect contributions, rebates, and bribery. The Company does not permit any activity that fails to stand the closest possible public scrutiny.

All business conduct should be above the minimum standards required by law. Accordingly, employees must ensure that their actions cannot be interpreted as being, in any way, in contravention of the laws and regulations governing the Company's operations. Employees uncertain about the application or interpretation of any legal requirements should refer the matter to their superior, who, if necessary, should seek the advice of someone at the highest level of the Company's hierarchy.

The Company is committed to the highest standards of integrity and ethical conduct when dealing with all its stakeholders. This commitment, which is actively endorsed by the Board, is based on a fundamental belief that business should be conducted honestly, fairly and legally.

Information Policy

The Board keeps its IT expertise under review as the Company's IT strategy develops and ensures that IT investments support business objectives. The Directors ensure strict confidentiality with respect to information obtained and shared while exercising their duties.

The Company has appointed a Data Protection Officer, inter alia, to ensure that the Company is up-to-date with data protection compliance, to provide advice and guidance to the organization on interpretation and application of the data protection rules, to deal with data breach, to assist with data mapping, to assist in reviewing privacy & data protection policies, to provide support in terms of data protection and privacy knowledge, to be a point of contact between Data Protection Office, the organisation & data subject, to raise awareness on the new data protection laws and their obligations on a yearly basis.

Corporate **Governance Report (Cont'd)**

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

Risk management is the discipline by which risks are identified, assessed and prioritised. It is essential to understand the multiple dimensions of risks in order to manage them effectively, with the aim of increasing shareholder value.

The Board has overall responsibility for the Company's systems of risk management and internal control and for reviewing their effectiveness. The Directors are responsible for maintaining an effective system of internal control and risk management. The Board confirms that there is an ongoing process for identifying, evaluating and managing the various risks faced by the Company.

The responsibility for setting risk strategy remains with the Board but the responsibility for assessing and assuring the quality of the risk management process has been delegated to the Risk and Audit Committee. The Risk Assessment exercise carried out by the Internal Auditor has helped to identify and evaluate on an on-going basis, all areas of risks faced by the Company and the Risk and Audit committee has recommended the Board to adopt new procedures in all risky areas identified and the ways in which each of these key risks will be managed. Risk management is an integral part of the Company's strategic management and is the mechanism through which risks associated with the Company's activities are addressed. The key objectives of the risk management system include:

- the identification, assessment and mitigation of risks on a timely basis;
- the provision of timely information on risk situations and appropriate risk responses;
- the identification of potential opportunities which would result in increasing firm value; and
- the installation of a culture of risk management throughout the Company.

Internal Audit

On the recommendation of the Risk and Audit Committee, the Board has appointed an Internal Auditor since December 2008, in view of providing independent, objective assurance and consulting activity designed to add value and to improve the organisation's operations. The Internal Auditor reports functionally to the Risk and Audit Committee and his objectives, authority, and responsibilities are elaborated in the approved Internal Audit Charter. The Internal Auditor has unrestricted access to all records, physical properties and personnel necessary to discharge its responsibilities.

The Internal Audit adopts a risk-based approach in formulating its audit plan and assesses the adequacy and effectiveness of controls for key processes to mitigate risks identified. During the year, the Internal Audit has reviewed the system of internal controls including the procurement process of the Company. Reports were submitted to the Risk and Audit Committee for review and follow-up on the implementation of recommended actions.

Internal Control and Risk Management

The Board of Directors has the ultimate responsibility for the adequacy and effectiveness of the overall internal control system. To discharge its role effectively, the Board has mandated the Risk and Audit Committee to review the effectiveness of the system of internal controls. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

Systems and processes have been implemented and are reviewed on an ongoing basis by the Internal Audit function. The Risk and Audit Committee considers significant control matters raised by the internal and external auditors and reports its findings to the Board. The Risk and Audit Committee reviews the risks philosophy, strategy and policies recommended by management. Compliance with policies and procedures is constantly monitored. Where weaknesses are identified, the Risk and Audit Committee ensures that management takes appropriate action.

The Board has established and maintains an effective compliance monitoring plan, policies, procedures and controls, as may be appropriate and effective to review its obligations under the laws, the rules and regulations, having full regard to the risk complexity and diversity of its clients and services. The Board has effective responsibility for compliance with the rules, the law and any other rules made under the Law.

The Board ensures that there are effective and appropriate policies, procedures and controls in place which allow the Board to meet their obligations, with particular regard to the nature, size and complexity of the business and includes a requirement for sample testing of the policies and procedures to ensure that they are robust. When a review of compliance is discussed by the Board, at appropriate intervals, the necessary action is taken to remedy any identified deficiencies and to provide adequate resources to ensure that these are subject to regular monitoring and testing, as required.

Corporate **Governance Report (Cont'd)**

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

Financial Risks

These are outlined in Note 22 of the audited financial statements.

Operational Risks

(a) Sourcing Risk

Raw materials are subject to price fluctuations and to the risk of short supply. To mitigate these risks, the Company has an efficient procurement and pricing policy in place.

(b) Human Resources Risk

The Company has projected an increase in manpower needs for the coming years. Given the high degree of interconnectedness between manpower and production efficiency, a lack of manpower could impact on the operating results. In that context, management has already embarked on a manpower planning.

PRINCIPLE 6: REPORTING WITH INTEGRITY

The Directors are responsible for preparing the audited financial statements of the Company that fairly present the state of affairs and financial position of the Company on a yearly basis in accordance with applicable law and regulations.

The Company recognises the importance of being a responsible corporate citizen and operating in a socially responsible manner. In so doing, the Company takes into consideration the economic, environmental, ethical, social, and health factors affecting the communities in which it operates. The Company has taken all measures to reduce any negative social and environmental impact of its operations. Further, the Board is committed to ethical behaviour in all of its transactions.

The Company is committed to the general rules and regulations governing the health, safety and environmental issue. The Company is committed to minimising any adverse effect of its operations on the environment and on the health and safety of its employees and the community in which it operates.

The financial statements are prepared under International Financial Accounting Standards (IFRS). The corporate governance report is included in the audited financial statements.

The financial statements of the Company for the year ended June 30, 2021 will be filed with the FSC and the Stock Exchange of Mauritius within the statutory deadline.

Policies & Practices – Social, Ethics, Safety, Health and Environment Issues & Human Resources

The Company ensures that its employment policy is fair and procedures adopted are transparent, merit based and in accordance to all legislations.

Furthermore, employees are unionised and collective agreements are signed with the union as and when required.

Corporate Social Responsibility (CSR)

The Company has been actively involved in social welfare activities since its creation.

For the financial year June 30, 2021, the Company has made a CSR contribution of Rs. 40,000 (2020: Rs. 222,562).

For the coming years, the Company is committed to continue meeting its social and community obligations.

Donations

The Company donated Rs. 13,570 during the year (2020: Rs. 15,700). The Company did not make any political donations during the year.

Corporate **Governance Report (Cont'd)**

PRINCIPLE 6: REPORTING WITH INTEGRITY (CONT'D)

Safety, Health and Working Environment

The Company complies with the Occupational Safety and Health Act 2005 and the health and safety framework is overseen by a part-time Safety & Health Officer with the collaboration of an Occupational Health Physician.

The Company reinforces its commitment to ensuring the highest level of safety and health for all its employees and is doing far beyond what is legally required to ensure that its employees are safe at work.

The Safety and Health Officer is involved in occupational risk assessment exercises which are carried out annually and the reports and action plans of which are submitted to Management.

Meetings are organised with the Occupational Health Physician of the Company and the employees to sensitise them on their work-life balance and on the importance of maintaining a healthy lifestyle.

Environment

The Company is committed to sustainable development and ensures that its operations are conducted in ways that minimise the impact on the environment and on society at large.

The Company also continually strives to improve its environmental standards and promote the efficient use of all its resources so as to minimise waste. The Company is strongly involved in the circular economy and is committed to a more sustainable production and a responsible use of plastics.

Sustainability Reporting

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

Website

The Company has developed a website for commercial and marketing purposes. For confidentiality issues and in order not to slow down the access to the website, the Board is of the view that the following documents will not be uploaded on the website. The documents are available upon request at the office of the Company Secretary, being Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius.

i. Constitution
ii. Board Charter
iii. Code of Conduct and Ethics
iv. Short Biography of the directors and the company secretary that include the experience, skills, expertise and where applicable continuing professional development
v. Corporate Governance charter
vi. Risk and audit charter
vii. Annual Report
viii. Details of dividend
ix. Results of annual general meeting
x. Information about key internal audit functions
xi. Nomination and appointment process of directors
xii. Organisation chart
xiii. Approval and review of documents

The quarterly unaudited financial statements for the period ended September 30, 2020, December 31, 2020 and March 31, 2021 have been filed with the FSC and released on the SEM website within 45 days from the closing date of each quarter.

There are no clauses of the Company's Constitution deemed material enough for separate disclosure.

Corporate **Governance Report (Cont'd)**

PRINCIPLE 7: AUDIT

Deloitte has been appointed as the external auditor for the Company since 2019. The Risk and Audit Committee has satisfied itself that the external auditor is independent, experienced in the audit of companies in the same line of business and have the necessary resources to undertake audits of such companies.

A key factor that may impair auditor's independence is a lack of control over non-audit services provided by the external auditors. For the financial year June 30, 2021, Deloitte has not provided any non-audit services to the Company.

In essence, the external auditor's independence is deemed to be impaired if the auditors provide a service which:

- results in auditing of own work by the auditor;
- results in the auditor acting as a manager or employee of the Company;
- puts the auditor in the role of advocate for the Company; or
- creates a mutuality of interest between the auditor and the Company.

The Company addresses this issue through three primary measures, namely:

- disclosure of the extent and nature of non-audit services;
- the prohibition of selected services; and
- prior approval by the audit committee of non-audit services.

Other safeguards encapsulated in the policy include:

- the external auditors are required to assess periodically, in their professional judgement, whether they are independent of the Company;
- the Risk and Audit Committee ensures that the scope of the auditor's work is sufficient and that the auditors are fairly remunerated; and
- the Risk and Audit Committee has primary responsibility for making recommendations to the Board on the appointment, reappointment and removal of the external auditor.

The Risk and Audit Committee approved the external auditor's terms of engagement, scope of work, the annual audit and the applicable levels of materiality. Based on written reports submitted, the Committee reviewed, with the external auditors, the findings of their work and confirmed that all significant matters had been satisfactorily resolved.

The Risk and Audit Committee has satisfied itself as to the suitability of the external auditor for reappointment for the ensuing year.

Auditors' Remuneration

The fees payable (exclusive of VAT) to the auditor of the Company for audit services are as follows:

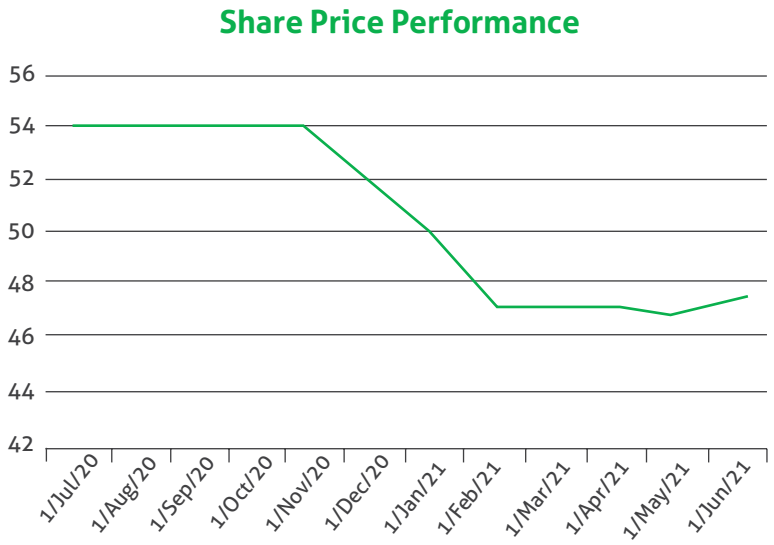
	2021	2020
	MUR	MUR
Audit fees	455,000	545,000
At 30 June		

A key factor that may impair auditors' independence is a lack of control over non-audit services provided by the external auditors. The external auditors have not provided any non-audit services to the Company for the year under review.

Corporate **Governance Report (Cont'd)**

PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

The Board of Directors places great importance on clear disclosure, open and transparent channel of communication with all its shareholders. It endeavours to keep them regularly informed on matters pertaining to and affecting the Company. The share price performance for the year ended June 30, 2021 is as follows:



Shareholders are strongly encouraged to attend the Company's Annual Meeting, which provides an opportunity for the latters to raise and discuss matters with the Board relating to the Company's performance and also to keep abreast of the overall strategy and goals. The Chairman and other Board members assist the Annual Meeting and invite Shareholders to put questions on different aspects of the Company's activities and directions the business will take in the future.

The Annual Report, including the Notice of the Annual Meeting of shareholders, is sent to each shareholder of the Company and the Notice of the Annual meeting is published in two daily newspapers at least 28 days before the meeting.

The Company also makes regular filings with the Registrar of Companies and Financial Services Commission in Mauritius to ensure that the Company is up to date with its filings.

Time Table of Important Events

Events	**Date**
Financial Year End	June
Annual Meeting of Shareholders	December
Publication of Financial Statements	
First Quarter ended September 30	November
Second Quarter ended December 31	February
Third Quarter ended March 31	May
Audited Financial Statements	September
Dividends (Subject to approval by the Board)	
Declaration	November and May
Payment	December and June

Corporate **Governance Report (Cont'd)**

STATEMENT OF COMPLIANCE

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

Name of the Public Interest Entity ("the PIE"): PIM Limited
Reporting Period: July 1, 2020 to June 30, 2021

We, the Directors of PIM Limited, confirm that to the best of our knowledge that the Company has complied with all of its obligations and requirements under the Code of Corporate Governance 2016 except for the following:

	Areas of non-application of the Code	Explanation for non-application
Principle 4	Directors' Remuneration	The remuneration of the Directors has not been disclosed on an individual basis but rather globally due to the commercial sensitivity of such information.
Principle 6	Website	The Company has currently a website for commercial and marketing purposes. In order not to slow down the access to the website, the Board is of the view that the documents recommended to be accessible on the website will not be uploaded. The documents are available upon request at the registered office of the Company, being Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius.

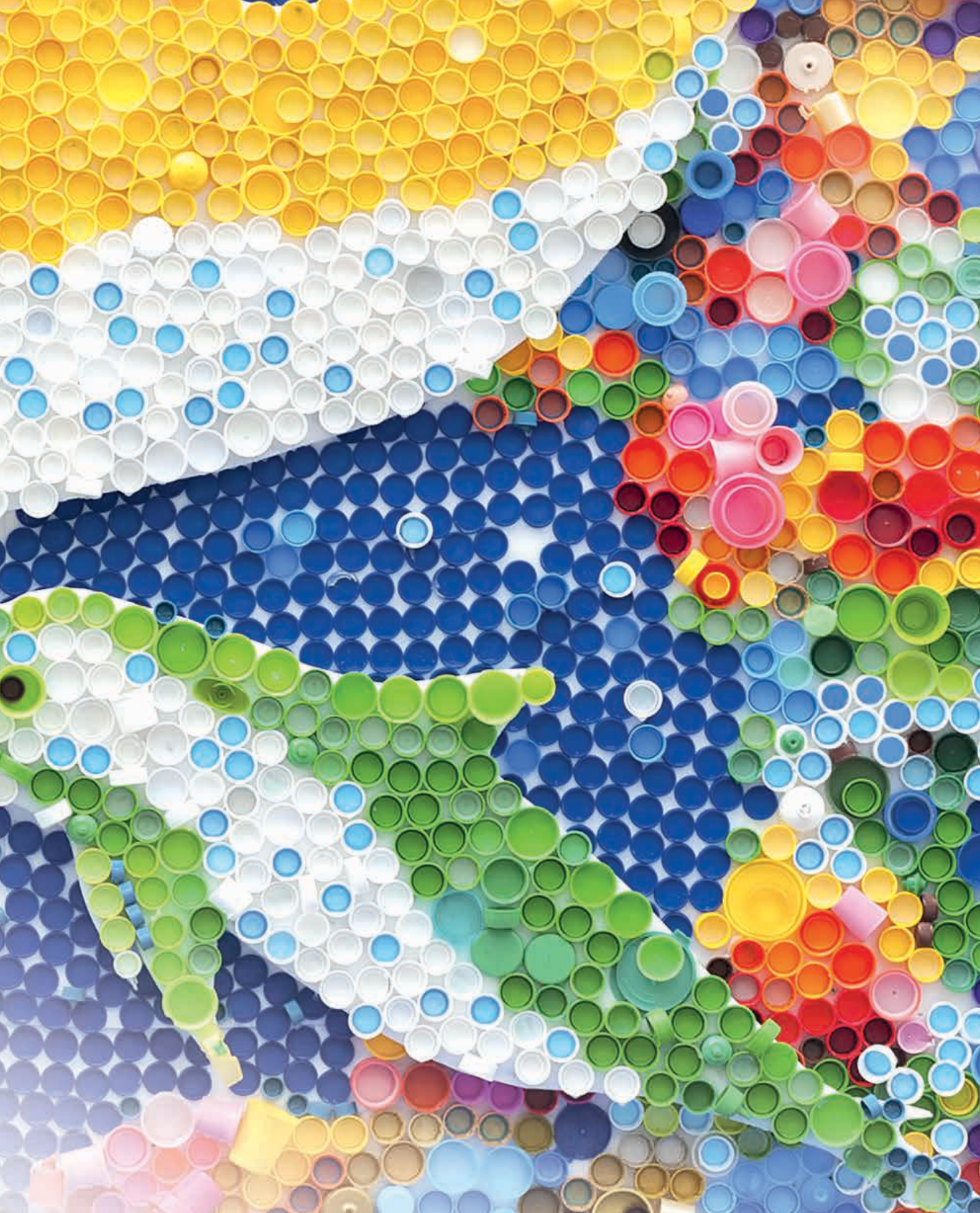
Raoul Joseph Paul Clarenc
Chairman

Date: 27 September 2021

Jinny Cynthia Chan Chang
Director

Date: 27 September 2021

Recycling turns things into other things



Secretary's **Certificate** - June 30, 2021

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

Intercontinental Secretarial Services Ltd
Secretary

Date: 27 September 2021

Independent auditor's report to the Shareholders of PIM Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **PIM Limited** (the "Company" and the "Public Interest Entity") set out on pages 34 to 78, which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Professional Accountant's Code of Ethics for Professional Accountants (IESBA code), and we have fulfilled our other ethical responsibilities in accordance with IESBA Code. 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Retirement benefit obligations	
The Company has recognised retirement benefit obligations of Rs 61,894,000 as at 30 June 2021. Management has applied judgement in determining the retirement benefits and has involved an independent actuary to assist with the IAS 19 provisions and disclosures. Retirement benefit obligations are considered a key audit matter due to the significance of the balance in the financial statements as a whole, combined with the judgement associated for determining the appropriate actuarial assumptions. The significant assumptions used have been disclosed in Note 25.	We assessed the competence, capabilities and objectivity of management's independent actuary and verified the qualifications of the actuary. The procedures performed included the following: • we assessed and challenged the assumptions that management made in determining the present value of the liabilities and fair value of plan assets; • we compared the assumptions used such as discount rate and annual salary increment with industry and historical data; and • we verified the data used by the actuary with the payroll report for completeness and accuracy.

Independent auditor's report to the Shareholders of PIM Limited

Other information

The Directors are responsible for the other information. The other information comprises the Corporate Information, Director's Report, Other Statutory Disclosures, Corporate Governance Report and Secretary's Certificate. The other information does not include the financial statements and our auditor's report thereon.

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

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

Corporate Governance Report

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance 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 Public Interest Entity has, pursuant to Section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

Responsibilities of directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Independent auditor's report to the Shareholders of PIM Limited

Auditor's responsibilities for the audit of the financial statements (Cont'd)

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

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

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

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

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

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

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

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

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

Use of this report

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

Deloitte.

Deloitte
Chartered Accountants

Agrawal.

Vishal Agrawal
Licensed by FRC

Date: 27 September 2021

Statement of Financial Position

June 30, 2021

	Notes	2021 Rs.	2020 Rs.
ASSETS			
Non-current assets			
Property, plant and equipment	3	**95,703,918**	103,844,988
Right-of-use assets	29	**896,404**	6,362,355
Deferred tax assets	8	**994,069**	739,418
		97,594,391	110,946,761
Current assets			
Inventories	5	**55,084,930**	60,544,540
Trade and other receivables	6	**83,229,852**	48,654,619
Current tax assets	9(c)	**-**	545,663
Cash and cash equivalents	19(b)	**3,915,864**	658,618
		142,230,646	110,403,440
Total assets		**239,825,037**	221,350,201
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	7	**20,000,000**	20,000,000
Retained earnings		**105,629,301**	99,424,231
Actuarial losses	24	**(40,728,202)**	(40,758,912)
Revaluation reserve	24	**4,560,370**	4,560,370
Total equity		**89,461,469**	83,225,689
Non-current liabilities			
Retirement benefit obligations	25	**61,894,000**	59,485,000
Borrowings	11	**14,851,552**	16,069,908
Lease liabilities	30	**-**	957,458
		76,745,552	76,512,366
Current liabilities			
Trade and other payables	28	**45,021,754**	40,700,437
Current tax liability	9(c)	**876,361**	-
Lease liabilities	30	**961,442**	5,588,899
Borrowings	11	**26,758,459**	15,322,810
		73,618,016	61,612,146
Total liabilities		**150,363,568**	138,124,512
Total equity and liabilities		**239,825,037**	221,350,201

These financial statements have been approved for issue by the Board of Directors on 27 September 2021.

Raoul Joseph Paul Clarenc
Chairman

Jinny Cynthia Chan Chang
Director

The notes on pages 38 to 78 form an integral part of these financial statements.
Auditor's report on pages 31 to 33.

Statement of Profit or Loss & Other Comprehensive Income

Year ended June 30, 2021

	Notes	2021 Rs.	2020 Rs.
Sales	21	**234,594,606**	216,953,463
Cost of sales	14	**(180,920,572)**	(165,856,136)
Gross profit		**53,674,034**	51,097,327
Selling and distribution costs	14	**(8,185,971)**	(8,206,734)
Administrative expenses	14	**(38,443,562)**	(33,766,066)
Other income	15	**2,674,972**	3,026,022
Finance costs	16	**(2,299,713)**	(5,117,333)
Loss on liquidation of associate	4	**-**	(1,117,618)
		7,419,760	5,915,598
Share of result of associate	4	**-**	(226,882)
Profit before taxation	12	**7,419,760**	5,688,716
Income tax expense	9(a)	**(1,214,690)**	(1,434,468)
Profit for the year		**6,205,070**	4,254,248
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations	25	**37,000**	(8,477,000)
Income tax relating to components of other comprehensive income	8	**(6,290)**	1,441,090
Other comprehensive income/(loss) for the year		**30,710**	(7,035,910)
Total comprehensive income/(loss) for the year		**6,235,780**	(2,781,662)
Earnings per share (Rs./cents)	18	**3.10**	2.13

The notes on pages 38 to 78 form an integral part of these financial statements.
Auditor's report on pages 31 to 33.

Statement of Changes in Equity

Year ended June 30, 2021

	Notes	Stated capital	Revaluation reserve	Actuarial losses	Retained earnings	Associate Reserves Retained earnings	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At July 1, 2020		20,000,000	4,560,370	(40,758,912)	99,424,231	-	83,225,689
Profit for the year		-	-	-	6,205,070	-	6,205,070
Other comprehensive income for the year		-	-	30,710	-	-	30,710
Total comprehensive income for the year		-	-	30,710	6,205,070	-	6,235,780
At June 30, 2021		**20,000,000**	**4,560,370**	**(40,728,202)**	**105,629,301**	**-**	**89,461,469**
At July 1, 2019		20,000,000	4,560,370	(33,723,002)	99,004,372	(834,389)	89,007,351
Profit/(loss) for the year		-	-	-	4,481,130	(226,882)	4,254,248
Other comprehensive loss for the year		-	-	(7,035,910)	-	-	(7,035,910)
Total comprehensive loss for the year		-	-	(7,035,910)	4,481,130	(226,882)	(2,781,662)
Transfer to retained earnings		-	-	-	(1,061,271)	1,061,271	-
Dividends	10	-	-	-	(3,000,000)	-	(3,000,000)
		-	-	-	(4,061,271)	1,061,271	(3,000,000)
At June 30, 2020		**20,000,000**	**4,560,370**	**(40,758,912)**	**99,424,231**	**-**	**83,225,689**

The notes on pages 38 to 78 form an integral part of these financial statements.

Auditor's report on pages 31 to 33.

Statement of Cash Flows

Year ended June 30, 2021

	Notes	2021 Rs.	2020 Rs.
Cash flows from operating activities			
Cash generated from operations	19(a)	**3,876,558**	39,377,808
Interest paid		**(2,299,713)**	(5,117,332)
Tax paid		**(438,489)**	(2,249,816)
Tax refund		**384,882**	-
Net cash generated from operating activities		**1,523,238**	32,010,660
Cash flows from investing activities			
Purchase of property, plant and equipment		**(2,908,370)**	(12,346,893)
Proceeds on liquidation of associate		**-**	1,710,951
Proceeds from disposal of motor vehicle		**10,000**	-
Net cash used in investing activities		**(2,898,370)**	(10,635,942)
Cash flow from financing activities			
Proceeds from borrowings		**5,000,000**	5,000,000
Repayment on borrowings		**(5,122,668)**	(3,957,207)
Repayment of lease liabilities		**(5,584,915)**	(5,319,720)
Dividends paid to Company's shareholders		**-**	(5,500,000)
Net cash used in financing activities		**(5,707,583)**	(9,776,927)
(Decrease)/increase in cash and cash equivalents		**(7,082,715)**	11,597,791
Movement in cash and cash equivalents			
At July 1,		**(9,079,753)**	(20,677,545)
(Decrease)/increase		**(7,082,715)**	11,597,792
At June 30,	19(b)	**(16,162,468)**	(9,079,753)

The notes on pages 38 to 78 form an integral part of these financial statements.
Auditor's report on pages 31 to 33.

Notes to **the Financial Statements**

Year ended June 30, 2021

1. GENERAL INFORMATION

PIM Limited is a public limited company incorporated and domiciled in Mauritius. These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements of PIM Limited comply with the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are prepared under historical cost convention except that land and buildings are carried at revalued amount.

2.2 Application of new and revised international financial reporting standards (IFRS)

In the current year, the Company has adopted all of the new and revised standard and interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on July 1, 2020.

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

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

IAS 1 : Presentation of Financial Statements - Amendments regarding the definition of material

IAS 8 : Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material

IFRS 9 : Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform

IAS 39 : Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform

2.2.2 Relevant new and revised Standards in issue but not yet effective

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

IAS 1 : Presentation of Financial Statements - Amendments regarding the classification of liabilities (effective January 1, 2023)

IAS 1 : Presentation of Financial Statements - Amendment to defer the effective date of the January 2020 amendments (effective January 1, 2023)

IAS 1 : Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies (effective January 1, 2023)

Notes to **the Financial Statements (Cont'd)**

Year ended June 30, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONT'D)

2.2.2 Relevant new and revised Standards in issue but not yet effective (Cont'd)

IAS 8 : Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (effective January 1, 2023)

IAS 12 : Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (effective January 1, 2023)

IAS 16 : Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective January 1, 2022)

IAS 37 : Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective January 1, 2022)

IAS 39 : Financial Instruments: Recognition and Measurement - Amendments regarding replacement issues in the context of the IBOR reform (January 1, 2021)

IFRS 7 : Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform (effective January 1, 2021)

IFRS 9 : Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform (effective January 1, 2021)

IFRS 9 : Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective January 1, 2022)

IFRS 16 : Leases - Amendments regarding replacement issues in the context of the IBOR reform (effective January 1, 2021)

IFRS 16 : Leases - Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification (effective April 1, 2021)

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

2.3 Investment in associate

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but there is not control or joint control over those policies.

Investment in associate is accounted for using the equity method except when classified as held-for-sale. Investment in associate is initially recognised at cost as adjusted by post acquisition changes in the Company's share of net assets of the associate less any impairment in the value of individual investment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Investment in associate (cont'd)

Any excess of the cost of acquisition and the Company's share of the net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Company share of net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Company's share of the associate's profit or loss.

When the Company's share of losses exceeds its interest in an associate, the Company discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Company's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adapted by the Company.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investment in associate is recognised in profit or loss.

2.4 Foreign currencies

(a) Functional and presentation currency

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

(b) Transactions and balances

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Foreign currencies (cont'D)

(b) Transactions and balances

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

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

2.5 Property, plant and equipment

Land and buildings, held for use in the production or supply of goods or for administrative purposes, are stated at their fair value, based on periodic, but at least triennial valuations, by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Any revaluation increase arrising on the revaluation of land and buildings as credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for same asset previously recognised as an expense in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arrsing on the revaluation of such land and buildings charged as an expense to the extent that it exceeds the balance, if any held in the revaluation reserve relating to a previous revaluation of that asset.

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

Buildings	50 years
Improvement to Buildings	50 years
Plant and Machinery	10 years
Moulds and Accessories	10 years
Motor Vehicles	5 years
Furniture, Fittings and Office Equipment	5 years

Land is not depreciated.

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

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

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

Derecognition of property, plant and equipment

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods and work in progress comprises of raw materials, direct labour, other direct costs and related production overheads, but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.8 Current and deferred income tax

The tax expense for the period comprises of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

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

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

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

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

2.9 Retirement benefit obligations

(a) Defined benefit plans

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Retirement benefit obligations (cont'd)

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

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

(b) Defined contribution plans

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company operates a defined contribution retirement benefit plan for all qualifying employees (and their dependents). Payments to deferred contribution retirement plans are charged as an expense as they fall due.

(c) Gratuity on retirement

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

2.10 Financial instruments

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

Financial assets and liabilities are initially measured at fair value.

Financial assets

(i) Classification of financial assets

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial instruments (cont'd)

Financial assets (cont'd)

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

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

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

All recognised financial assets are measured subsequently at amortised cost.

(ii) Amortised cost and effective interest method

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

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

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

(iii) Impairment of financial assets

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

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial instruments (cont'd)

Financial assets (cont'd)

(iv) Definition of default

The Company considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

(v) Write-off policy

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures. Any recoveries made are recognised in profit or loss.

(vi) Significant increase in credit risk

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

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

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

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

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

(i) the financial instrument has a low risk of default;

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and;

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial instruments (cont'd)

(vi) Significant increase in credit risk (cont'd)

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

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

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

(vii) Measurement and recognition of expected credit losses

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

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

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

(viii) Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial instruments (cont'd)

Financial liabilities and equity instruments

(i) Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

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

(ii) Financial liabilities measured subsequently at amortised cost

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

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

(iii) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.11 Trade and other payables

Trade and other payables are stated at fair value and subsequently measured at amortised cost.

2.12 Stated capital

Ordinary shares are classified as equity. Equity instruments are recorded at the proceeds received, net of direct issue costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Leases

The Company as lessee

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

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

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

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

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

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

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

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Leases (cont'd)

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

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

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

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

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

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

2.14 Revenue recognition

Revenue is recognised when control of the products has been transferred, being when the products are delivered and accepted by the customers i.e at a point in time. The customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

For exports, revenue is recognised when control of the goods has been transferred to the customers. In majority of the cases, this condition is met when the goods are loaded on the ship and customer receives the bill of lading (delivery). In some cases, revenue is recognised when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has primary responsibility when onselling the goods and bears all the risks of obsolescence and loss in relation to the goods.

A receivable is recognised by the Company at the delivery point as this represents the point in time at which the right to consideration becomes unconditional, as only passage of time is required before payment is due.

Under the Company's standard contract terms, customers have a right of return within 30 days. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Company has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to cost of sales.

2.15 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

2.15 Provisions

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

Notes to the Financial Statements (Cont'd)

Year ended June 30, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Cash and cash equivalents

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

2.17 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are declared.

2.18 Government Wage Assistance Scheme (WAS)

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

3. PROPERTY, PLANT AND EQUIPMENT

(a)

	Land	Buildings	Improvement to Buildings	Plant and Machinery	Moulds and Accessories	Motor Vehicles	Furniture, Fittings and Office Equipment	Total
COST OR REVALUATION	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At July 1, 2020	11,400,000	24,800,000	11,547,353	122,927,278	58,178,207	10,263,052	13,993,772	253,109,662
Additions	-	826,346	-	1,062,501	356,518	-	663,005	2,908,370
Disposal	-	-	-	-	-	(33,155)	-	(33,155)
Assets scraped	-	-	-	(21,519,198)	-	-	-	(21,519,198)
At June 30, 2021	**11,400,000**	**25,626,346**	**11,547,353**	**102,470,581**	**58,534,725**	**10,229,897**	**14,656,777**	**34,465,679**
DEPRECIATION AND IMPAIRMENT								
At July 1, 2020	-	496,000	846,547	88,326,309	40,023,638	8,337,987	11,234,193	149,264,674
Charge for the year	-	504,424	231,948	5,653,507	2,967,340	551,654	1,133,936	11,042,809
Disposal	-	-	-	-	-	(26,524)	-	(26,524)
Assets scraped	-	-	-	(21,519,198)	-	-	-	(21,519,198)
At June 30, 2021	**-**	**1,000,424**	**1,078,495**	**72,460,618**	**42,990,978**	**8,863,117**	**12,368,129**	**138,761,761**
NET BOOK VALUE								
At June 30, 2021	**11,400,000**	**24,625,922**	**10,468,858**	**30,009,963**	**15,543,747**	**1,366,780**	**2,288,648**	**95,703,918**

Notes to **the Financial Statements (Cont'd)**

Year ended June 30, 2021

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

(b)

	Land	Buildings	Improvement to Buildings	Plant and Machinery	Moulds and Accessories	Motor Vehicles	Furniture, Fittings and Office Equipment	Total
COST OR REVALUATION	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At July 1, 2019	11,400,000	24,800,000	10,381,282	118,015,530	53,384,871	13,033,052	13,383,034	244,397,769
Transfer to right-of-use assets	-	-	-	-	-	(3,635,000)	-	(3,635,000)
	11,400,000	24,800,000	10,381,282	118,015,530	53,384,871	9,398,052	13,383,034	240,762,769
Additions	-	-	1,166,071	4,911,748	4,793,336	865,000	610,738	12,346,893
At June 30, 2020	**11,400,000**	**24,800,000**	**11,547,353**	**122,927,278**	**58,178,207**	**10,263,052**	**13,993,772**	**253,109,662**
DEPRECIATION AND IMPAIRMENT								
At July 1, 2019	-	-	625,609	82,185,650	37,051,758	9,902,852	9,948,121	139,713,990
Transfer to right-of-use assets	-	-	-	-	-	(2,147,666)	-	(2,147,666)
	-	-	625,609	82,185,650	37,051,758	7,755,186	9,948,121	137,566,324
Charge for the year	-	496,000	220,938	6,140,659	2,971,880	582,801	1,286,072	11,698,350
At June 30, 2020	**-**	**496,000**	**846,547**	**88,326,309**	**40,023,638**	**8,337,987**	**11,234,193**	**149,264,674**
NET BOOK VALUE								
At June 30, 2020	**11,400,000**	**24,304,000**	**10,700,806**	**34,600,969**	**18,154,569**	**1,925,065**	**2,759,579**	**103,844,988**

(c) Depreciation charge of Rs. 8,620,847 (2020: Rs.9,112,539) has been charged in cost of sales and Rs.2,421,962 (2020: Rs.2,585,811) in administrative expenses.

(d) Bank borrowings are secured by floating charges on the assets of the Company including property, plant and equipment (note 11).

Notes to the Financial Statements (Cont'd)

Year ended June 30, 2021

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

(e) The Company's land and buildings were last revalued at June 28, 2019 by Broll Indian Ocean Limited. The basis of valuation of land was arrived at by comparing the value of other land in the neighbourhood giving due consideration to their respective location, shape, extent, development and potential. The values of buildings were arrived at by taking into consideration their depreciated replacement cost after making allowance for their age, standard and state of repair. The significant input used in valuation of land pertains to recent sale price per acre taking into account the differences in location and individual factor Such as shape and size between the comparables and the land. The significant reasonable input used in the valuation of buildings pertain to price per square feet. A significant increase in the price per square feet used would result into a significant increase in the value, vice versa. The revaluation surplus net of applicable deferred income taxes was credited to revaluation reserve in shareholders' equity (note 24).

The directors assessed that there has been no significant change in fair value of land and buildings.

Details of the Company's land and buildings measured at fair value and information about the fair value hierarchy are as follows:

	Level 3
	Rs.
June 30,	
Land	**11,400,000**
Buildings	**24,800,000**
Total	**36,200,000**

(f) If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2021	2020
	Rs.	Rs.
Cost	**37,936,788**	37,110,442
Accumulated depreciation	**(4,349,560)**	(3,590,824)
Net book value	**33,587,228**	33,519,618

4. INVESTMENT IN ASSOCIATE

	2021	2020
	Rs.	Rs.
At July 1,	**-**	3,651,761
Share of loss after tax	**-**	(226,882)
Loss on liquidation	**-**	(1,117,618)
Proceeds on liquidation	**-**	(2,307,261)
At June 30,	**-**	-

Notes to the Financial Statements (Cont'd)

Year ended June 30, 2021

4. INVESTMENT IN ASSOCIATE (CONT'D)

(a) In year 2020, the Company equity account its investment in associate based on results from July 1, 2019 to October 8, 2019.

During the year 2020, the directors of Pharmalab Plastic Supplies Ltd approved the winding up of the company and a liquidator appointed for the purpose. As at year end, the winding up is in progress.

(b) **Summarised financial information**

Name	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Loss from operations	Other comprehensive loss for the year	Total comprehensive loss for the year
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
October 8, 2019								
Pharmalab Plastic Supplies Ltd	12,100,022	1,616,501	2,930,509	4,174,000	5,121,223	(494,620)	-	(494,620)

The summarised financial information above represents amounts shown in the associate's financial statements prepared in accordance with IFRS.

(c) Reconciliation of summarised information

Reconciliation of the above summarised financial information to the carrying amount recognised in the financial statements:

Name	Opening net assets July 1,	Loss for the year	Other comprehensive loss for the year	Closing net assets	Ownership interest	Interest in associate	Proceed from liquidation	Loss on liquidation	Carrying value
	Rs.	Rs.	Rs.	Rs.	%	Rs.	Rs.	Rs.	Rs.
2020									
Pharmalab Plastic Supplies Ltd	7,961,109	(494,620)	-	7,466,489	45.87%	3,424,879	(2,307,261)	(1,117,618)	-

Notes to the Financial Statements (Cont'd)

Year ended June 30, 2021

5. INVENTORIES

		2021	2020
		Rs.	Rs.
(a)	Raw materials	**32,433,942**	42,617,589
	Finished goods	**10,235,243**	14,286,424
	Goods in transit	**12,415,745**	3,640,527
		55,084,930	60,544,540

(b) The cost of inventories recognised as expense and included in cost of sales amounted to Rs.176,111,953 (2020: Rs.161,047,516).

(c) Bank borrowings are secured by floating charges on the assets of the Company including inventories (note 11).

6. TRADE AND OTHER RECEIVABLES

	2021	2020
	Rs.	Rs.
Trade receivables	**57,854,516**	38,693,877
Loss allowance	**(744,500)**	(689,319)
Trade receivables net of impairment	**57,110,016**	38,004,558
Other receivables	**26,119,836**	10,650,061
	83,229,852	48,654,619

The average credit period on sales of goods is 30 days. No interest is charged on the trade receivables and allowance is determined by the company's management on debtors' balances due within one year and on specific debtors' balances due more than one year, which is determined on a case by case basis.

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

In determining the recoverability of the trade receivables, the company considers any change in the credit quality of the trade receivables from the date the credit was initially granted up to the reporting date.

Trade receivables include amounts due from related companies of Rs.10,303,291 (2020: Rs.6,829,422).

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

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

Notes to **the Financial Statements (Cont'd)**

Year ended June 30, 2021

6. TRADE AND OTHER RECEIVABLES (CONT'D)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables.

	Collectively assessed	Individually assessed	Total
	Rs.	Rs.	Rs.
Balance at July 1, 2020	521,652	167,667	689,319
Increase in loss allowance recognised in profit or loss during the year	222,848	-	222,848
Amounts written off against provision	-	(167,667)	(167,667)
Balance at June 30, 2021	744,500	-	744,500
Balance at July 1, 2019	161,652	167,667	329,319
Increase in loss allowance recognised in profit or loss during the year	360,000	-	360,000
Balance at June 30, 2020	521,652	167,667	689,319

The following table details the risk profile of trade receivables based on the Company's provision matrix at June 30, 2021. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base.

	Not past	Trade receivables - past due				
2021	due	<30 days	31-60 days	61-90 days	>90 days	Total
Expected credit loss rate	1.243%	1.312%	1.386%	1.500%	1.632%	
Estimated total gross carrying amount at default	22,163,555	30,846,223	-	2,094,216	2,750,522	57,854,516
Lifetime ECL (Rs)	275,493	404,453	-	31,413	33,141	744,500

Notes to the Financial Statements (Cont'd)

Year ended June 30, 2021

6. TRADE RECEIVABLES (CONT'D)

2020	Not past due	Trade receivables - past due <30 days	31-60 days	61-90 days	>90 days	Total
Expected credit loss rate	1.495%	1.630%	1.785%	2.003%	2.255%	
Estimated total gross carrying amount at default	19,955,570	9,367,926	-	3,690,880	5,679,501	38,693,877
Lifetime ECL (Rs)	298,351	152,673	-	73,919	164,376	689,319

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	2021 Rs.	2020 Rs.
Rupee	**81,608,776**	46,171,351
EURO	**1,082,500**	2,483,268
USD	**1,212,815**	-
	83,904,091	48,654,619

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collateral as security.

Notes to the Financial Statements (Cont'd)

Year ended June 30, 2021

7. STATED CAPITAL

	2021 & 2020
	Rs.
Authorised, issued and fully paid	
2,000,000 ordinary shares of Rs.10 each	20,000,000

The holders of the fully paid ordinary shares are entitled to one voting right per share, carry a right to dividends but no right to fixed income.

The total number of ordinary shares issued is 2,000,000 (2020: 2,000,000) with a par value of Rs.10 per share (2019: Rs.10 per share).

8. DEFERRED TAXES

Deferred taxes are calculated on all temporary differences under the liability method at 17 % (2020: 17%).

(a) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets and liabilities when the deferred taxes relate to the same fiscal authority on the same entity. The following amounts are shown in the statement of financial position.

	2021	2020
	Rs.	Rs.
Deferred tax assets	**(10,521,979)**	(10,112,449)
Deferred tax liabilities	**9,527,910**	9,373,031
	(994,069)	(739,418)

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

	2021	2020
	Rs.	Rs.
At July 1,	**(739,418)**	(158,903)
(Credit)/charge to statement of profit or loss (note 9)	**(260,941)**	860,575
Charge/(credit) to statement of other comprehensive income	**6,290**	(1,441,090)
At June 30,	**(994,069)**	(739,418)

Notes to the Financial Statements (Cont'd)

Year ended June 30, 2021

8. DEFERRED TAXES (CONT'D)

(c) Deferred tax assets and liabilities, deferred tax charge/(credit) in the statement of profit or loss and other comprehensive income are attributable to the following items:

	Retirement benefit obligations	Accelerated tax depreciation	Total
	Rs.	Rs.	Rs.
At July 1, 2020	8,226,299	(8,067,396)	158,903
Debit to statement of profit or loss	445,060	(1,305,635)	(860,575)
Credit to statement of other comprehensive income	1,441,090	-	1,441,090
At June 30, 2020	**10,112,449**	**(9,373,031)**	**739,418**
Credit to statement of profit or loss	**415,820**	**(154,879)**	**260,941**
Charge to statement of other comprehensive income	**(6,290)**	**-**	**(6,290)**
At June 30, 2021	**10,521,979**	**(9,527,910)**	**994,069**

9. INCOME TAX EXPENSE

		2021	2020
		Rs.	Rs.
(a)	Current tax on the adjusted profit for the year at 17% (2020: 17%)	**1,284,121**	486,307
	CSR contribution	**192,320**	71,588
	Deferred tax (note 8)	**(260,941)**	860,575
	(Over)/underprovision	**(810)**	15,998
	Income tax charge	**1,214,690**	1,434,468

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

	2021	2020
	Rs.	Rs.
Profit before taxation	**7,419,760**	5,688,716
Tax calculated at a rate of 17% (2020: 17%)	**1,261,359**	967,082
Effect of tax on:		
Expenses not deductible for tax purposes	**166,176**	270,568
Income not subject to tax	**(27,376)**	-
Associated company	**-**	231,428
(Over)/underprovision	**(810)**	15,998
Effect of tax rate differential	**(184,659)**	(50,608)
	1,214,690	1,434,468

Notes to the Financial Statements (Cont'd)

Year ended June 30, 2021

9. INCOME TAX EXPENSE (CONT'D)

(c) Movement in income tax liability/ (asset)

	2021	2020
	Rs.	Rs.
At 1 July	**(545,663)**	1,130,261
Charge for the year	**1,476,441**	557,895
(Over)/underprovision	**(810)**	15,998
Advance payment system	**(438,489)**	(1,248,563)
Refund/(payment) of tax during the year	**384,882**	(1,001,253)
At 30 June	**876,361**	(545,663)

10. DIVIDENDS

	2021	2020
	Rs.	Rs.
Amounts recognised as distributions to equity holders in the year:		
Interim dividend of Rs.nil (2020: Rs.1.50) per share paid during the year	**-**	3,000,000

11. BORROWINGS

	2021	2020
	Rs.	Rs.
Non Current		
Bank loans	**14,851,552**	16,069,908
	14,851,552	16,069,908
Current		
Bank overdraft	**20,078,332**	9,738,371
Bank loans	**6,680,127**	5,584,439
	26,758,459	15,322,810
Total borrowings	**41,610,011**	31,392,718

(a) The maturity of non-current bank loans is as follows:

	2021	2020
	Rs.	Rs.
After one year and before two years	**6,169,971**	5,570,529
After two years and before three years	**5,712,428**	8,546,771
After three years	**2,969,153**	1,952,608
	14,851,552	16,069,908

(b) The borrowings include secured liabilities which comprise of bank loans amounting to Rs. 21,531,679 (2020: Rs.21,654,347). The bank borrowings are secured by floating charges on the assets of the Company including inventories and property, plant and equipment (notes 3 and 5). The rate of interest on the loans is 4.10% (2020: 4.10%).

(c) The effective interest rate at the end of the reporting period on bank overdraft was 4.10% (2020: 4.10%).

Notes to the Financial Statements (Cont'd)

Year ended June 30, 2021

12. PROFIT BEFORE TAXATION

	2021	2020
	Rs.	Rs.
Crediting:		
Profit on disposal of motor vehicle	**3,369**	-
Charging:		
Depreciation on property, plant and equipment (note 3)	**11,042,809**	11,698,350
Depreciation on right-of-use assets (note 29)	**5,465,951**	5,535,620
Employee benefit expenses (see note 13)	**64,800,168**	62,345,475

13. EMPLOYEE BENEFIT EXPENSES

	2021	2020
	Rs.	Rs.
Wages and salaries	**50,708,055**	48,343,989
Other staff cost	**5,660,081**	5,888,156
Pension costs - defined contribution plan	**930,032**	243,330
Pension costs - defined benefit plan (see note 25(a)(v))	**7,245,000**	7,403,000
Other post-retirement benefits (note 25(b)(iv))	**257,000**	467,000
	64,800,168	62,345,475

In 2020, government wage assistance scheme of Rs.5,252,550 were received as part of a Government initative to provide immediate financial support as a result of Covid-19 pandemic. This had a net increase of Rs4,315,638 on profit for the year ended 2020.

Notes to the Financial Statements (Cont'd)

Year ended June 30, 2021

14. EXPENSES BY NATURE

	2021 Rs.	2020 Rs.
Depreciation (note 3)	**11,042,809**	11,698,350
Depreciation on right-of-use assets (note 29)	**5,465,951**	5,535,620
Employee benefit expenses (note 13)	**64,800,168**	62,345,475
Covid-19 levy	**1,042,396**	936,912
Changes in inventories of finished goods	**4,051,181**	(1,436,291)
Purchases of finished goods	**15,366,425**	16,652,364
Raw materials and consumables used	**83,884,222**	76,324,970
Distribution costs	**8,185,971**	8,206,734
Net foreign exchange losses/(gains) (note 17)	**525,835**	(808,984)
Loss allowance	**222,848**	360,000
Rent	**1,824,060**	2,196,468
Motor vehicle running expenses	**2,458,068**	2,238,191
Utilities	**10,598,943**	9,988,828
Insurance	**1,092,861**	1,028,839
Other expenses	**16,988,367**	12,561,460
Total cost of sales, selling & distribution and administrative expenses	227,550,105	207,828,936

15. OTHER INCOME

	2021 Rs.	2020 Rs.
Sundry income	**2,671,603**	3,026,022
Profit on disposal of motor vehicle	**3,369**	-
	2,674,972	3,026,022

Notes to the Financial Statements (Cont'd)

Year ended June 30, 2021

16. FINANCE COSTS

	2021 Rs.	2020 Rs.
Interest on bank loans	**806,107**	1,082,480
Interest on import loans	**622,219**	2,283,940
Interest on bank overdraft	**632,375**	1,192,923
Interest on lease	**239,012**	557,990
	2,299,713	5,117,333

17. NET FOREIGN EXCHANGE LOSSES/(GAINS)

	2021 Rs.	2020 Rs.
The exchange differences debited/ (credited) to profit or loss	**525,835**	(808,984)

18. EARNINGS PER SHARE

	2021	2020
Profit attributable to equity holders of the Company from continuing operations	**6,205,070**	4,254,248
Number of ordinary shares in issue	**2,000,000**	2,000,000
Earnings per share	**3.10**	2.13

19. NOTES TO THE STATEMENT OF CASH FLOWS

		2021 Rs.	2020 Rs.
(a)	Cash generated from operations		
	Reconciliation of profit before taxation to cash generated from operations:		
	Profit before taxation	**7,419,760**	5,688,716
	Adjustments for:		
	Depreciation on property, plant and equipment	**11,042,809**	11,698,350
	Depreciation on right-of-use-assets	**5,465,951**	5,535,620
	Profit on disposal of motor vehicle	**(3,369)**	-
	Increase in loss allowance	**222,848**	360,000
	Share of result of associate	**-**	226,882
	Loss on liquidation of associate	**-**	1,117,618
	Payables writte back	**-**	(1,563,275)
	Interest expense	**2,299,713**	5,117,333
	Retirement benefit obligations	**2,446,000**	2,618,000
	Changes in working capital:		
	- inventories	**5,459,610**	(9,732,975)
	- trade and other receivables	**(34,798,081)**	12,245,531
	- trade and other payables	**4,321,317**	6,066,008
	Cash generated from operations	**3,876,558**	39,377,808

Notes to the Financial Statements (Cont'd)

Year ended June 30, 2021

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

(b) Cash and cash equivalents

	2021	2020
	Rs.	Rs.
Cash in hand and at bank	3,915,864	658,618
Bank overdraft (note 11)	(20,078,332)	(9,738,371)
	(16,162,468)	(9,079,753)

(c) Reconciliation of liabilities arising from financing activities

	2020	Cash flows	2021
	Rs.	Rs.	Rs.
Bank loans	21,654,347	(122,668)	21,531,679
Lease liabilities	6,546,357	(5,584,915)	961,442
Total liabilities from financing activities	28,200,704	(5,707,583)	22,493,121

	2019	Recognition on adoption of IFRS16	Cash flows	Transfer to lease liabilities	2020
	Rs.		Rs.	Rs.	Rs.
Bank loans	20,611,554		1,042,793	-	21,654,347
Finance lease	1,455,436		-	(1,455,436)	-
Lease liabilities	-	10,410,641	(5,319,720)	1,455,436	6,546,357
Total liabilities from financing activities	22,066,990	10,410,641	(4,276,927)	-	28,200,704

20. CONTINGENCIES

Contingent liabilities

At June 30, 2021, the Company had contingent liabilities in respect of bank guarantees of Rs.2,780,000 (2020: Rs350,000) arising in the ordinary course of business from which it is anticipated that no material liabilities would arise.

21. SALES ANALYSIS

	2021	2020
	Rs.	Rs.
Sales may be analysed as follows:		
Industrial products	221,579,373	204,923,074
Household consumables	13,015,233	12,030,389
	234,594,606	216,953,463
Sales may be further analysed as follows:-		
Local sales	201,993,302	190,703,836
Export sales	32,601,304	26,249,627
	234,594,606	216,953,463

Notes to the Financial Statements (Cont'd)

Year ended June 30, 2021

22. FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks.

The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance

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

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Company's credit risk are primarily attributable to trade receivables, other receivables and cash and cash equivalents. The carrying amount of trade receivables presented in the statement of financial position are net of loss allowances, estimated by management as disclosed in Note 6 and represents the Company's maximum exposure to credit risk. The other receivables are assessed to have credit risk other than low and are recoverable within 12 months. Bank balance is assessed to have low credit risk at reporting date since it is held with a reputable banking institution. The identified impairment loss on these balances was immaterial.

The carrying amounts of financial assets recorded in the financial statements represent the Company's maximum exposure to credit risk.

Categories of financial instruments

	2021	2020
	Rs.	Rs.
Financial assets		
At amortised cost		
Trade and other receivables	**83,199,856**	38,029,462
Cash and bank balances	**3,915,864**	658,618
	87,115,720	38,688,080
Financial liabilities		
At amortised cost		
Trade and other payables	**40,380,979**	34,691,159
Borrowings and leases	**22,493,121**	28,200,704
Bank overdraft	**20,078,332**	9,738,371
	82,952,432	72,630,234

Foreign currency risk management

The Company is exposed to the risk that the exchange rate of the Mauritian rupee relative to the currencies listed below may change in a manner which has a material effect on the reported values of the company's financial assets and financial liabilities.

22. FINANCIAL RISK FACTORS (CONT'D)

Currency profile

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

	2021		2020	
	Assets	Liabilities	Assets	Liabilities
	Rs.	Rs.	Rs.	Rs.
Euro	**1,082,500**	**-**	2,483,268	-
Rs	**80,916,138**	**51,090,605**	36,204,812	40,248,563
USD	**5,117,082**	**31,861,827**	-	32,381,671
	87,115,720	**82,952,432**	38,688,080	72,630,234

Currency risk

At June 30, 2021, if the Rupee had weakened/strengthened by 5% against the US Dollar/Euro with all other variables held constant, post tax profit for the year would have been Rs.1,064,983 (2020: Rs.1,240,784) higher/lower, mainly as a result of foreign exchange gains/(losses) on translation of US Dollar/Euro denominated trade receivables and trade payables.

Concentration risk

Of the trade receivables balance at the end of the year, Rs.9.7 million (11.8%) is due from the Company's largest customer. The Company defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk related to the Company's largest customer did not exceed 20% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets at any time during the year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Interest rate risk

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The risk is managed by maintaining an appropriate mix between fixed and floating interest charges on borrowings.

Cash flow and fair value interest risk

The Company borrows at variable rates. In respect of the latter, it is exposed to risk associated with the effect of fluctuations in the prevailing level of market interest rates on its financial position and cash flows.

The sensitivity analysis below have been determined based on the exposure to interest rates for the non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

At June 30, 2021, if interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, there would have been no material impact on post tax profits for the year.

Notes to the Financial Statements (Cont'd)

Year ended June 30, 2021

22. FINANCIAL RISK FACTORS (CONT'D)

Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Company's non-derivative financial liabilities and net-financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

At June 30, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	Rs.	Rs.	Rs.	Rs.
Borrowings	**26,758,459**	**6,169,971**	**8,681,581**	**41,610,011**
Lease liabilities	**961,442**	**-**	**-**	**961,442**
Trade and other payables	**40,380,979**	**-**	**-**	**40,380,979**
	68,100,880	**6,169,971**	**8,681,581**	**82,952,432**
At June 30, 2020				
Borrowings	15,322,810	5,570,529	10,499,379	31,392,718
Lease liabilities	5,588,899	957,458	-	6,546,357
Trade and other payables	34,691,159	-	-	34,691,159
	55,602,868	6,527,987	10,499,379	72,630,234

Capital risk management

The Company's objectives when managing capital are:

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

Consistent with others in the industry, the Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt to adjusted capital. Net debt is calculated as the total debt (as shown in the statement of financial position) less cash and cash equivalents.

Adjusted capital comprises all components of equity (i.e. stated capital and retained earnings).

The debt-to-capital ratio at June 30, 2021 and 2020 were as follows:

	2021	2020
	Rs.	Rs.
Debts (notes 11 and 31)	**42,571,453**	37,939,075
Less: cash in hand and at bank (note 19(b))	**(3,915,864)**	(658,618)
Net debt	**38,655,589**	37,280,457
Total equity	**89,461,469**	83,225,689
Debt-to-capital-ratio	**0.43:1**	0.45:1

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

23. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting estimates and assumptions

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

Pension benefits

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 the carrying amount of pension obligations.

Limitation of sensitivity analysis

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

Depreciation policies

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

23. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Asset lives and residual values

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Company would currently obtain from disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

Calculation of loss allowance

The Company uses a provision matrix to calculate ECLs for trade receivables. When measuring ECL, the Company uses reasonable and supportable forward looking information, which is based on the assumptions for the future movement of economic drivers and how these drivers will affect each other.

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

When measuring ECL the Company uses reasonble and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Company did not provide detailed information on how the forecast economic conditions have been incorporated in the determination of ECL because the impact is not significant.

Recognition of expected credit losses

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

Revaluation of land and buildings

The Company measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Company engaged independent valuation specialists to determine fair value as at 30 June 2019. The valuer used a valuation technique approach based on market approach and depreciated replacement cost approach to determine the market values of land and buildings respectively.

Notes to the Financial Statements (Cont'd)

Year ended June 30, 2021

24. OTHER RESERVES

	2021	2020
	Rs.	Rs.
Actuarial losses (note (a))	**(40,728,202)**	(40,758,912)
Revaluation reserve (note (b))	**4,560,370**	4,560,370
	(36,167,832)	(36,198,542)

(a) Actuarial losses

	2021	2020
	Rs.	Rs.
At July 1,	**(40,758,912)**	(33,723,002)
Other comprehensive income/(loss) for the year	**30,710**	(7,035,910)
At June 30,	**(40,728,202)**	(40,758,912)

(b) Revaluation reserve

	2021	2020
	Rs.	Rs.
At July 1, at June 30,	**4,560,370**	4,560,370

Actuarial losses

Actuarial losses relates to remeasurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur.

Revaluation reserve

Revaluation reserve relates to the revaluation of land and buildings.

25. RETIREMENT BENEFIT OBLIGATIONS

	2021	2020
	Rs.	Rs.
Amounts recognised in the statement of financial position:		
- Defined pension benefits (note (a)(ii))	**60,791,000**	57,090,000
- Other post-retirement benefits (note (b)(ii))	**1,103,000**	2,395,000
	61,894,000	59,485,000
Analysed as follows:		
Non-current liabilities	**61,894,000**	59,485,000
Amounts charged to profit or loss:		
- Defined pension benefits (note (a)(v))	**7,245,000**	7,403,000
- Other post-retirement benefits (note (b)(iv))	**257,000**	467,000
	7,502,000	7,870,000
Amount (credited)/charged to other comprehensive income:		
- Defined pension benefits (note (a)(vi))	**1,512,000**	8,844,000
- Other post retirement benefits (note (b)(v))	**(1,549,000)**	(367,000)
	(37,000)	8,477,000

25. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits

(i) The Company operates a defined benefit pension plan. The plan is a final salary plan, which provides benefits to members in the form of a guaranteed level of pension payable for life.

The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

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

The assets of the plan are independently administered by Swan Life Ltd.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at June 30, 2021 by Aon Hewitt Ltd (Actuarial Valuer). The present value of the defined obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

	2021	2020
	Rs.	Rs.
Present value of funded obligations	**98,422,000**	96,675,000
Fair value of plan assets	**(37,631,000)**	(39,585,000)
Liability in the statement of financial position	**60,791,000**	57,090,000

The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follows:

	2021	2020
	Rs.	Rs.
At July 1,	**57,090,000**	45,843,000
Charged to profit or loss	**7,245,000**	7,403,000
Charged to other comprehensive income	**1,512,000**	8,844,000
Contributions paid	**(5,056,000)**	(5,000,000)
Balance at June 30,	**60,791,000**	57,090,000

Notes to the Financial Statements (Cont'd)

Year ended June 30, 2021

25. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (cont'd)

(iii) The movement in the defined benefit obligations over the year is as follows:

	2021	2020
	Rs.	Rs.
At July 1,	**96,675,000**	80,981,000
Current service cost	**5,935,000**	5,322,000
Interest expense	**2,217,000**	3,827,000
Remeasurements:		
- financial assumptions	**(1,848,000)**	1,635,000
- experience adjustment	**4,070,000**	7,423,000
Benefits paid	**(8,627,000)**	(2,513,000)
At June 30,	**98,422,000**	96,675,000

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

	2021	2020
	Rs.	Rs.
At July 1,	**39,585,000**	35,138,000
Interest income	**907,000**	1,746,000
Remeasurements:		
- Return on plan assets, excluding amounts included in interest income	**710,000**	214,000
Contributions by the employer	**5,056,000**	5,000,000
Benefits paid	**(8,627,000)**	(2,513,000)
At June 30,	**37,631,000**	39,585,000

(v) The amount recognised in profit or loss are as follows:

	2021	2020
	Rs.	Rs.
Current service cost	**5,935,000**	5,322,000
Interest expense	**1,310,000**	2,081,000
Total included in employee benefit expense (note 13)	**7,245,000**	7,403,000

Total included in employee benefit expense can be analysed as follows:

	2021	2020
	Rs.	Rs.
Included in:		
- Cost of sales	**4,854,222**	4,960,084
- Administrative espenses	**2,390,778**	2,442,916
	7,245,000	7,403,000

Notes to the Financial Statements (Cont'd)

Year ended June 30, 2021

25. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (cont'd)

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

	2021	2020
	Rs.	Rs.
Remeasurement on the net defined benefit liability:		
Liability experience losses	**4,070,000**	7,423,000
Actuarial losses arising from changes in financial assumptions	**(1,848,000)**	1,635,000
Actuarial losses	**2,222,000**	9,058,000
Return on plan assets excluding interest income	**(710,000)**	(214,000)
	1,512,000	8,844,000

(vii) The assets in the plan were:

	2021	2020
	%	%
Percentage of assets at end of year		
Qualifying insurance policies	**100**	100
Total	**100**	100

The assets of the plan are invested in the Deposit Administration Policy underwritten by Swan Life Ltd. The Deposit Administration Policy is a pooled insurance product for Group Pension Schemes. It is a long-term investment policy with a minimum guaranteed return.

(viii) The principal actuarial assumptions used for the purposes of the actuarial valuations were:

	2021	2020
	%	%
Discount rate	**3.7**	2.4
Future salary growth rate	**2.5**	1.5/2.5
Future pension growth rate	**3.0**	3.0
Average Retirement Age (ARA)	**60**	60
Assumed SWAN annuity rates for:		
- Male of ARA	**20.1**	18.2
- Female of ARA	**22.9**	20.9

Notes to the Financial Statements (Cont'd)

Year ended June 30, 2021

25. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (cont'd)

(ix) Sensitivity analysis on defined benefit obligations at end of the reporting date:

	2021	2020
	Rs.	Rs.
Increase due to 1% decrease in discount rate	**6,432,000**	7,618,000
Decrease due to 1% increase in discount rate	**5,445,000**	6,420,000

Increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of the reporting period.

The sensitivity above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

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

There was no change in the methods used in preparing the sensitivity analysis from prior years.

(x) The defined benefit pension plan exposes the Company to acturial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

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

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

Longevity risk (where the plan is funded and an annuity is paid over life expectancy): The plan liability is calculated by reference to the best estimate of the mortality of plan participants' path during and after the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

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

Notes to the Financial Statements (Cont'd)

Year ended June 30, 2021

25. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (cont'd)

(xi) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(xii) The Company expects to pay Rs.5,182,000 in contributions to its post-employment benefit plans for the year ending June 30, 2022.

(xiii) The weighted average duration of the defined obligation is 6 years at the end of the reporting period (2020: 7.3 years).

(b) Other post-retirement benefits

(i) Other post-retirement benefits comprise of retirement gratuity payable under the Workers' Rights Act 2019.

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

	2021	2020
	Rs.	Rs.
At July 1,	**2,395,000**	2,547,000
Charged to profit or loss (note (b)(iv))	**257,000**	467,000
Credited to other comprehensive income (note (b)(v))	**(1,549,000)**	(367,000)
Contributions by the employer	**-**	(252,000)
At June 30,	**1,103,000**	2,395,000

(iii) The movement in the defined benefit obligations over the year is as follows:

	2021	2020
	Rs.	Rs.
At July 1,	**2,395,000**	2,547,000
Current service cost	**188,000**	319,000
Interest cost	**69,000**	148,000
Liability experience (gain)/loss	**(1,017,000)**	220,000
Actuarial gains arising from changes in financial assumptions	**(532,000)**	(587,000)
Benefits paid	**-**	(252,000)
At June 30,	**1,103,000**	2,395,000

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

	2021	2020
	Rs.	Rs.
Current service cost	**188,000**	319,000
Net interest cost	**69,000**	148,000
Total included in employee benefit expense (note 13)	**257,000**	467,000

Notes to the Financial Statements (Cont'd)

Year ended June 30, 2021

25. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(b) Other post-retirement benefits (cont'd)

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

	2021	2020
	Rs.	Rs.
Remeasurement on the net defined benefit liability:		
Liability experience (gains)/loss	**(1,017,000)**	220,000
Actuarial gains arising from changes in financial assumptions	**(532,000)**	(587,000)
Actuarial gains	**(1,549,000)**	(367,000)

(vi) The principal actuarial assumptions used for the purposes of the actuarial valuations were:

	2021	2020
	%	%
Discount rate	**4.7**	2.9
Future salary growth rate	**2.5**	1.5/2.5
Average Retirement Age (ARA)	**60/65**	60/65

(vii) Sensitivity analysis on defined benefit obligations at end of the reporting date:

	2021	2020
	Rs.	Rs.
Increase due to 1% decrease in discount rate	**295,000**	484,000
Decrease due to 1% increase in discount rate	**219,000**	366,000

Increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of the reporting period.

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

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

(ix) The Company expects to pay Rs.34,000 in contributions to its post-employment benefit plans for the year ending June 30, 2022.

(x) The weighted average duration of the defined obligation is 11.3 years (2020: 13.6 years) at the end of the reporting period.

Notes to the Financial Statements (Cont'd)

Year ended June 30, 2021

26. RELATED PARTY TRANSACTIONS

(a) 2021

	Purchase of goods or services	Sales of goods or services	Commission payable	Management fees/Rental charges	Amount owed to related parties	Amount owed by related parties
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
- Entities with significant influence over the entity	**891,994**	**354,201**	**-**	**273,744**	**202,690**	**26,958**
- Other related parties	**405,823**	**44,097,197**	**4,541,578**	**4,808,619**	**1,052,540**	**10,276,333**
2020						
- Entities with significant influence over the entity	631,615	455,365	-	341,579	112,189	41,397
- Other related parties	375,664	36,257,981	4,536,043	5,125,782	984,258	6,788,025

Outstanding balances with related parties at the year end are unsecured, interest free and settlement occurs in cash.

There has been no guarantees provided or received for any related party receivables or payables. For the year ended June 30, 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2020: nil).

(b) Directors and key management personnel compensation

	2021	2020
	Rs.	Rs.
Salaries and short-term employee benefits	**10,338,423**	9,149,194
Directors fees	**1,111,067**	1,175,902
	11,449,490	10,325,096

27. REGISTERED OFFICE

The registered office of PIM Limited is at Level 3, Alexander House, 35 Cybercity, Ebène, Mauritius and its place of business is at Quay Road, Port-Louis.

28. TRADE AND OTHER PAYABLES

	2021	2020
	Rs.	Rs.
Trade payables	**3,445,975**	5,168,743
Amount due to related parties	**1,255,230**	1,096,447
Bills payables	**31,861,827**	27,218,928
Accrued expenses	**4,640,775**	6,009,278
Covid-19 levy payable	**1,442,396**	936,912
Other payables	**2,375,551**	270,129
	45,021,754	40,700,437

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

Notes to the Financial Statements (Cont'd)

Year ended June 30, 2021

29. RIGHT-OF-USE ASSETS

	Buildings	Motor vehicles	Total
	Rs.	Rs.	Rs.
COST			
At July 1, 2019	-	-	-
Transfer from note 3(a)	-	3,635,000	3,635,000
Recognition of right of use on initial application of IFRS 16	10,410,641	-	10,410,641
At June 30, 2020 & 2021	**10,410,641**	**3,635,000**	**14,045,641**
DEPRECIATION			
At July 1, 2019	-	-	-
Transfer from note 3(a)	-	2,147,666	2,147,666
Charge for the year	4,808,620	727,000	5,535,620
At June 30, 2020	**4,808,620**	**2,874,666**	**7,683,286**
Charge for the year	**4,808,619**	**657,332**	**5,465,951**
At June 30, 2021	**9,617,239**	**3,531,998**	**13,149,237**
NET BOOK VALUE			
At June 30, 2021	**793,402**	**103,002**	**896,404**
At June 30, 2020	5,602,021	760,334	6,362,355

Depreciation charge of Rs5,465,951 (2020: Rs5,535,620) has been included in cost of sales.

The Company leases a building and a steel portal frame building from Proton Limited for an average lease terms of 3 and 10 years. The lease agreement has not been renewed at year end and will be renewed subsequent to year end.

Amounts recognised in profit or loss	2021	2020
	Rs.	Rs.
Depreciation expense on right of use assets	**5,465,951**	5,535,620
Interest expense on lease liability (note 16)	**239,012**	557,090
	5,704,963	6,092,710

Notes to **the Financial Statements (Cont'd)**

Year ended June 30, 2021

30. LEASE LIABILITIES

The Company as lessee **Maturity analysis:**	**2021** **Rs.**	**2020** **Rs.**
Within one year	**961,442**	5,588,899
In the second to fifth year inclusive	**-**	957,458
	961,442	6,546,357

Lease liabilities includes an amount of Rs136,401 (2020: Rs784,121) which relates to finance lease.

The lease liabilities is measured at present value of the future fixed lease payments that are paid at the end of the financial year. Lease payments are apportioned between finance charges and reduction for the lease liability with the incremental borrowing rate of (5.75%) to achieve a constant rate of interest on the remaining balance of the liability.

31. IMPACT OF COVID-19

The impact of COVID-19 is across all trade activities globally and Mauritius is no exception. The lockdown of two months in March and April 2021 affected the activities of the Company in general. The Directors are of the opinion that it is difficult to predict the overall outcome and impact of COVID-19 on the financial statements of the Company at this stage. The Company will continue to monitor the situation.

Notes

Notes

RETHINKING PLASTICS IN A CHANGING WORLD