




Land Holdings Ltd

A subsidiary of Sugar Investment Trust



ANNUAL REPORT 2023

Our Vision



Mission & Values

► Our Vision

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

► Our Mission

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

► Core Values

Integrity
Professionalism
Teamwork
Passion
Commitment
Customer Focus
Diligence
Attentiveness

► Our Overriding Objective

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

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CHAIRPERSON'S MESSAGE

Dear Shareholders,

It is my privilege to present to you the annual report of SIT Land Holdings Ltd (SITLH) for the fiscal year ending June 30, 2023.

Commitment has always been our motto at the SITLH and we are pleased to report a satisfactory performance for the year under review. The Company reported a profit after tax of Rs. 71 M in 2023 compared to a restated profit of Rs. 165 M in 2022. Along the same lines, I am pleased to place on record that a dividend of Rs. 0.05 per share was declared and paid to all shareholders in February 2024.

With the recent increase in prices of sugar and co-products, SITLH seized the opportunity to embark into a major cane replantation program to replace the old ratoons and replant some 500 hectares of land by the end of 2028. The project will be funded by loans from the Development Bank of Mauritius under the Cane Replantation Revolving Fund.

On the other hand, in view of promoting local food security, SITLH wishes to encourage food crop production and is implementing its policy to make available lands to small planters, particularly aiming to attract youngsters. I would like to highlight that SITLH has since the past 15 years leased some 200 acres of land from Britannia to small planters under the Food Security Scheme.

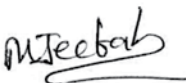
Despite the ongoing challenges, the outlook is promising for the next years, with the ongoing Deux Bras agricultural morcellement project, where around a hundred lots have already been put up for sale, not forgetting the forthcoming residential morcellement project at Aurea, Cote d'Or. The Company is also coming forward with a strategy for the revival of the agricultural morcellement project at Ile D'Ambre. As regards the Smart City Project at Le Bouchon, in which SITLH shall be a partner, I am pleased to share with you we have already obtained the Smart City Scheme Certificate from the Economic Development Board.

Our foundation at SITLH rests upon core principles of integrity, professionalism, teamwork, passion, and customer-centricity, among other values we hold dear. As Chairperson of this institution, I feel that SITLH is on the right track with the ongoing and upcoming projects.

Our vision and mission remain firmly anchored within us: to drive this company forward, against all odds, for the benefit of all the shareholders who have placed their trust in us.

I couldn't end my message without a special word to my fellow colleagues on the board, to our CEO, to our dedicated staff, and to all those with whom SITLH does business. And to you, dear shareholders, we thank you for trusting us to ensure that SITLH has a good destiny for the years to come.

Regards



Madoobala Jeetah, OSK
Chairperson

CHIEF EXECUTIVE OFFICER’S REPORT

It is with great pleasure that I am presenting my first annual report for the year ending June 30, 2023, as Chief Executive Officer of SIT Land Holdings Ltd.

FINANCIAL PERFORMANCE

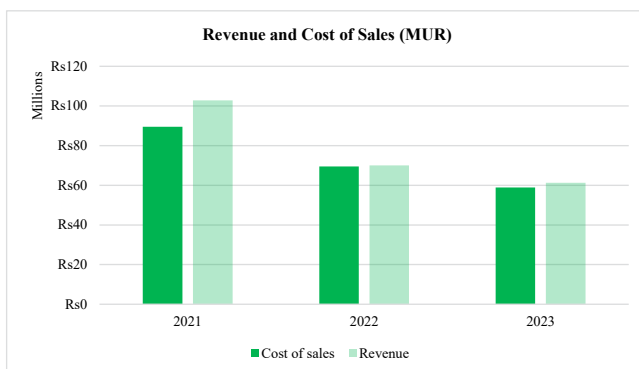
For the year under review, the SITLH recorded a total revenue of Rs. 61 million compared to a restated revenue of Rs. 70 million the previous year. The drop in revenue is attributed to the decrease in sale of agricultural land compared to the year 2022. However, a positive improvement was observed in other sources of income. Revenue from sugar and associated products increased from Rs. 38 million in 2022 to Rs. 45 million in 2023. This upward trajectory is solely attributed to the heightened price per ton sugar of Rs. 25,554, despite a decrease in cultivated area. The Company achieved a profit after tax of Rs. 71 million whereas for the previous year, a restated profit of Rs. 165 million was recorded.

During the fiscal year, there was a change in accounting policy. In accordance with the IFRS, the Company shifted from a cost model to a fair value model for valuing its investment properties. Adoption of a fair value model requires restatement of the last financial year’s figures for comparison purposes. This change reflected a fair value gain of Rs. 24 million and Rs. 99 million for financial years 2023 and 2022, respectively.

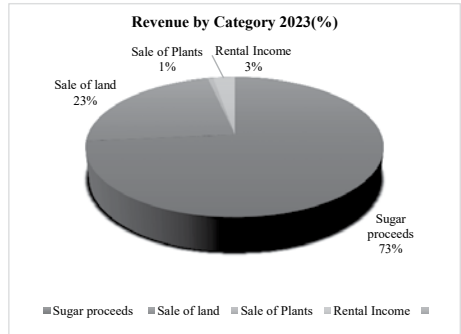
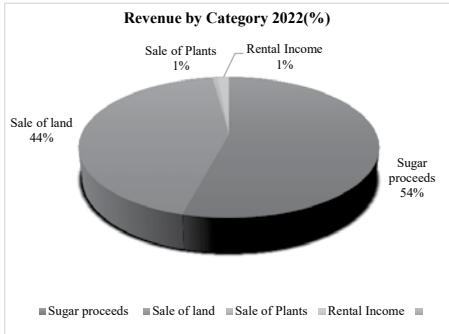
The revenue derived from the various activities are shown in the charts below:

Revenue streams	2023	2022
	Rs’000	Rs’000
Sugar proceeds	44,993	37,944
Sales of goods	421	425
Sales of agricultural land	14,119	30,641
Rental income from lease of agricultural land	1,705	1,037
	61,238	70,047

The graph below shows a comparison between the revenue and cost of sales for financial years 2021 to 2023.



The charts below provide for the percentage revenue derived from different income streams for 2022 and 2023.



SUGARCANE ACTIVITIES

The harvest results for Crop Year 2022 for Britannia and Mon Trésor regions are shown in the table below:

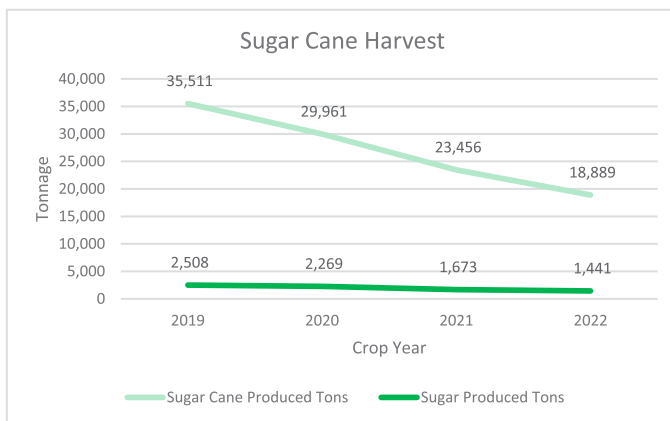
DETAILS		MON TRESOR		BRITANNIA		Total	
		2022	2021	2022	2021	2022	2021
Area Harvested	ha	280	332	204	241	484	573
Sugar Cane Produced	t	12,501	14,167	6,388	9,289	18,889	23,456
Sugar Cane Yield	t/ha	44.65	42.67	31.31	38.54	39.03	40.94
Sugar Produced	t	1,003	1,052	437	621	1,440	1,673
Sugar Yield	t/ha	3.58	3.17	2.14	2.58	2.98	2.92
Extraction Rates	%	10.22	7.42	8.83	6.69	9.53	7.05

A total of 1,440 tons of sugar were produced as compared to 1,673 tons in 2021. Both sugarcane and sugar produced are in a declining trend mainly due to the fact that poor yielding and old ratoons fields have been removed from production to avoid making unwarranted expenses.

On the other hand, in view of the increase in prices of sugar and bagasse coupled with the government sponsored Cane Replantation Revolving Fund through the Development Bank of Mauritius, a major sugarcane replanting strategy has been put in place whereby the company shall renew its sugarcane cultivation in the coming 3-4 years. The strategy also aims at mechanisation of several activities including sugarcane harvest, optimising sugarcane varieties and use of technologies to mitigate the scarcity and high labour costs.

Our sugarcane activities, though facing challenges, remain strategically significant. Despite a decline in sugar production, efforts towards sugarcane revamping and mechanization are poised to rejuvenate our sugarcane fields, with plans to replant some 500 hectares of land by the end of 2028.

The trend for sugarcane produced and sugar produced over the past 4 years are shown below.



Lease of land to small planters

In addition to the 200 A of land at Britannia put on lease to small planters at concessionary rates in line with the objective of the Ministry of Agro Industry & Food Security to promote local foodcrop production, SITLH has also leased some additional extent of land to planters for mixed farming purposes. Furthermore, in view of the major cane replanting plan, rotational land leases will also be entertained on short term basis.

PERFORMANCE OF ASSOCIATE COMPANY, SIT PROPERTY DEVELOPMENT LTD

Financial Performance

The turnover of SPDL consists of revenue generated from land sales and office rentals. The cluster's revenue declined from Rs. 296 million in 2022 to Rs. 178 million in 2023, significantly impacting the Group's overall performance for the year. However, with the revival of our new agricultural morcellement project at Deux Bras and ongoing sales at Aurea, Cote D'Or, we anticipate a resurgence in sales in the upcoming financial year.

Ongoing projects

SPDL continues to advance with its next phases of development at Aurea, Cote D'Or. As highlighted last year, SPDL intends to development another residential morcellement project at Cote D'Or over an approximate extent of land of 19.89 Arpents. I am pleased to announce that the Ministry of Housing and Land Use Planning has issued a Letter of Intent to SPDL in December 2023 and land sale is planned soon.

As has been the usual practice, priority will be given to the holders of Option Certificates for acquisition of land and subsequently will be opened to the general public.

Proposed development project at Belle Rive

Our consideration of the proposed Integrated / Mixed Development Project over 50 Arpents of land at Belle Rive underscores our commitment to thorough analysis and market research to identify and effectively meet market demands, before taking an informed decision on the way forward for the project.

Le Bouchon Smart City Project

Our commitment to innovation and progress extends beyond financial metrics, as evidenced by our ambitious property development projects. We are delighted to have obtained the Smart City Scheme Certificate for our project of Le Bouchon. Land clearing has already commenced, demonstrating tangible progress while awaiting final clearances from authorities.

ACKNOWLEDGMENT

Despite the challenges faced during the fiscal year, we have achieved commendable results and remain steadfast in our pursuit of excellence.

Looking ahead, we are optimistic about the opportunities that lie ahead and are committed to delivering value to all our stakeholders. With our strategic initiatives and prudent management practices, we are confident in our ability to navigate future challenges and continue driving sustainable growth.

I seize this opportunity to thank the Chairperson and Directors for their guidance and support, and to our staff for their steady commitment to the advancement of the company



Yashwantsingh Ramdharee
Chief Executive Officer

STATUTORY DISCLOSURES - YEAR ENDED JUNE 30, 2023

The Directors are pleased to present their report and the audited financial statements of SIT Land Holdings Ltd (“SITLH” or the “Company”) for the financial year ended June 30, 2023.

1. PRINCIPAL ACTIVITIES

The principal activities of the Company are:

- Dealing in matters relating to agriculture in general
- Acquire, hold and/or dispose of properties in general
- Investment holding

2. DIRECTORS

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

NO.	NAME OF DIRECTOR	DATE OF APPOINTMENT	DATE OF CESSATION
1	Mrs. Madoobala JEETAH (Chairperson)	10 May 2023	-
2	Mr. Praveen Kumar RAMBURN	1 July 2023	-
3	Mr. Ramanand Kankeca ELLAPAH	10 May 2023	-
4	Mr. Satyvanoo GOPAL	10 May 2023	-
5	Mr. Narainsamy VEERRAGOO	10 May 2023	-
6	Mr. Swaraj SOOJHAWON	10 May 2023	-
7	Mr. Sobeersen SANMUKHIYA	10 May 2023	-
8	Mr. Yosandeo BUCHOO	10 May 2023	-
9	Mrs. Moheenee NATHOO	10 May 2023	-
10	Mrs. Chitra JISSURY	10 May 2023	11 July 2023
11	Mr. Harryduth RAMNARAIN	30 September 2020	19 April 2023
12	Mr. Poonith MUNGROOA	28 March 2019	10 May 2023
13	Mr. Deepaksing RAMJEET	28 March 2019	10 May 2023
14	Mr. Gessavah CHENGAN	28 March 2019	10 May 2023
15	Mr. Gansam BOODRAM	28 March 2019	10 May 2023
16	Mr. Emmanuel Lindsay HOPE	8 December 2021	10 May 2023
17	Mr. Thierry Desiré Laval GOVINDEN	8 December 2021	10 May 2023
18	Mr. Douvendra SEESURUN	8 December 2021	10 May 2023
19	Mr. Vageesh RAMDUNY	8 December 2021	10 May 2023

STATUTORY DISCLOSURES - YEAR ENDED JUNE 30, 2023

3. DIRECTORS' SERVICE CONTRACTS

None of the directors have unexpired service contract.

4. DIRECTORS' REMUNERATION AND BENEFITS

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

	2023 Rs,000	2022 Rs'000
Non-executive directors	896	962

5. DONATIONS

The Company did not make any donations during the year (2022: Nil).

6. AUDITORS' REMUNERATION

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

	2023 Rs'000	2022 Rs'000
Audit Services	276	245
Tax Compliance Services	23	15
	299	260

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



Director

Date: 29 September 2023



Director

Date: 29 September 2023

CORPORATE GOVERNANCE REPORT

Principle 1: GOVERNANCE STRUCTURE

“All organisations should be headed by an effective Board. Responsibilities and accountabilities within the organisation should be clearly identified.”

1.1 Compliance with good governance

The Company is a Public Interest Entity governed by the Financial Reporting Act and the Companies Act 2001. The Company is devoted to conducting its business with the utmost integrity, transparency, and professionalism, ensuring ethical and responsible management to enhance business value for all stakeholders.

The Board, as a governing body, fully understand its role, responsibility and authority in setting the direction, the management and control of the Company. The Board assumes responsibility for leading and controlling the Company and meeting all its legal and regulatory requirements. The Board of Directors acknowledges the National Code of Corporate Governance for Mauritius (2016) as best practice and ensures that the Company's operations embody the Code's characteristics of good governance, including discipline, transparency, independence, accountability, fairness, social responsibility, and professionalism. The Board adapts the Code to the Company's specific circumstances, size, and complexity, as well as the risks and challenges it faces.

1.2 Board Charter

The company currently does not have a Board Charter in place. While the Board of Directors recognizes the importance of a comprehensive Board Charter as a foundational document that outlines the roles, responsibilities, and ethical principles governing our board of directors, the Board has encountered delays in the development and implementation of a Board Charter. The Board is committed to addressing it promptly and is actively working to draft and adopt a robust Board Charter in the coming weeks that aligns with best practices and ensures transparency, accountability, and responsible decision-making. In the absence of a Board Charter, the Board has ensured effectiveness through clear role documentation, committee charters, external expertise, transparency, legal compliance, in-house policies and open communication with all stakeholders.

1.3 Code of Ethics

The Company is committed to the highest standards of integrity and ethical conduct in dealing with all its shareholders. The Company has a Code of Ethics which defines principles and standards of conduct, fostering integrity, accountability, and ethical decision-making within and across the organisation, guiding behaviour and maintaining trust. Adequate grievances and disciplinary procedures are in place to enable enforcement of the Code of Ethics.

1.4 Company's Memorandum & Articles of Associations (“M&A”)

The Company is governed by its M&A which was adopted by the Company at incorporation. Most of the provisions of the M&A is in conformity with the provisions of the Companies Act 2001. The M&A is available at the registered office of the Company and a copy can be requested through a written request to the Company Secretary.

1.5 Company website

The Company does not have its own dedicated website, but has a dedicated page on the Sugar Investment Trust website.

CORPORATE GOVERNANCE REPORT

1.6 Company Secretary

SIT Corporate and Secretarial Services Ltd is the Company Secretary to the Board of SITLH. All Directors have access to the advice and services of the Company Secretary.

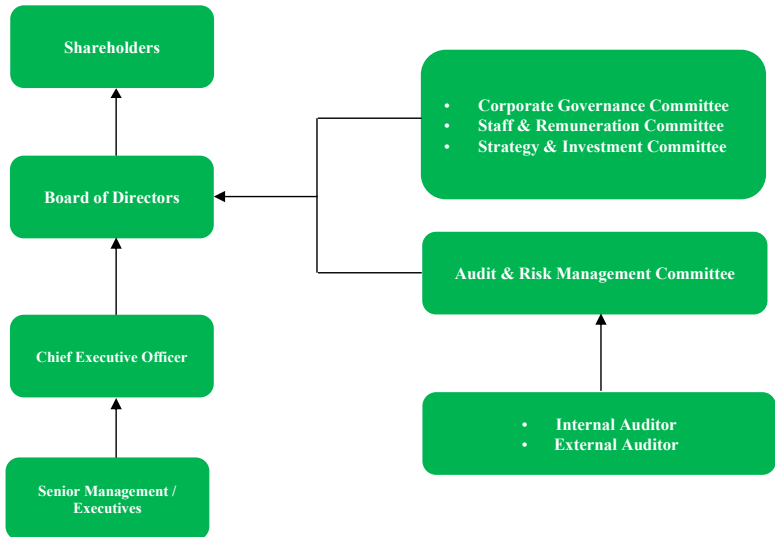
The role of the Company secretary is to:

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

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

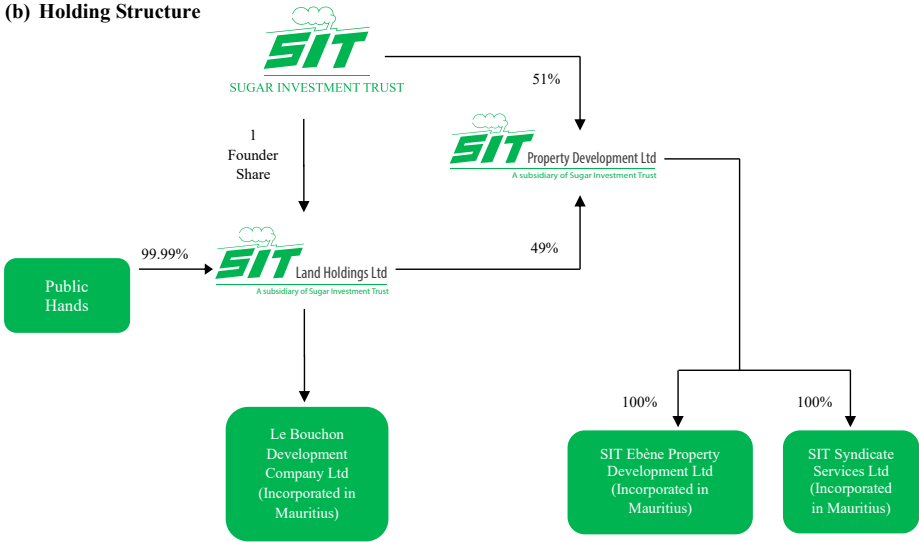
The Board has approved the appropriate job descriptions of key senior governance positions, an organisational chart and a statement of accountabilities.

(a) Organisational and Governance Structure



CORPORATE GOVERNANCE REPORT

(b) Holding Structure



Principle 2: THE STRUCTURE OF BOARD AND ITS COMMITTEES

“The Board should contain independently minded directors. It should include an appropriate combination of executive directors, independent directors and non-independent non-executive directors to prevent one individual or a small group of individuals from dominating the Board’s decision taking. The Board should be of a size and level of diversity commensurate with the sophistication and scale of the organisation. Appropriate Board committees may be set up to assist the Board in the effective performance of its duty.”

2.1 Board Structure

SITLH has a unitary Board structure. Article 78 of the Constitution of the Company provides that the number of Board Members shall not be less than five or more than nine. During the year under review, the Board was comprised of 9 directors out of whom 5 were appointed by the Sugar Investment Trust (SIT), as holder of the founder share, and there remaining 4 are elected by shareholders in the categories of planters and employees. The Board of SITLH was last reconstituted during the Annual General Meeting (AGM) held on Wednesday 10th May 2023.

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

With a view of promoting gender balance, the Board has currently two women appointed as directors, including the Chairperson. All directors receive timely information so that they are equipped to fulfil their duties in Board Meetings. All Board members have access to the Company Secretary for any further information they require. The Company Secretary ensures that the Board members receive appropriate training as necessary. Independent professional advice would be available to directors in appropriate circumstances, at the Company’s expense.

CORPORATE GOVERNANCE REPORT

The Board composition during the year under review was as follows:

No.	Name of Director	Date of Appointment	Date of Cessation
1	Mrs Madoobala Jeetah, OSK	10 th May 2023	-
2	Mr Praveen Kumar Ramburn	11 th July 2023	-
3	Mr Moheenee Nathoo	10 th May 2023	-
4	Mr Narainsamy Veeraragoo	10 th May 2023	-
5	Mr Yosundeo Buchoo, MSK	10 th May 2023	-
6	Mr Ramanand Kankcea Ellapah	10 th May 2023	-
7	Mr Swaraj Soojhawon	10 th May 2023	-
8	Mr Sobeersen Sanmukhiya	10 th May 2023	-
9	Mr Satyvanoo Gopal	10 th May 2023	-
10	Mrs Chitra Jissury	10 th May 2023	11 th July 2023
11	Mr Vageesh Ramduny	08 th December 2021	10 th May 2023
12	Mr Harryduth Ramnarain	30 th September 2021	19 th April 2023
13	Mr Emmanuel Lindsay Hope	08 th December 2021	10 th May 2023
14	Mr Thierry Désiré Laval Govinden	08 th December 2021	10 th May 2023
15	Mr Douvendra Seesurun	08 th December 2021	10 th May 2023
16	Mr Gansam Boodram	28 th March 2019	10 th May 2023
17	Mr Deepaksing Ramjeet	28 th March 2019	10 th May 2023
18	Mr Poonith Mungrooa	28 th March 2019	10 th May 2023
19	Mr Gessavah Chengan	28 th May 2019	10 th May 2023

2.2 Role of the Board

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

- protecting and enhancing shareholders' value by identifying and monitoring key risks areas and key performance indicators;
- ensuring that the Company has clear strategies, policies and business plans, and monitoring its implementation;
- reviewing and approving the system of internal control and compliance with laws and regulations as may be appropriate and relevant to the business of the Company;
- approving such acquisition and disposal of assets as appropriate;
- exercising leadership, enterprise, intellectual honesty, integrity and judgement in directing the Company so as to achieve sustainable prosperity for the Company;

CORPORATE GOVERNANCE REPORT

- ensuring timely communication with shareholders and other stakeholders;
- any conflict or potential conflict of interest occur, it would be the duty of any director of SIT Land Holdings Ltd to make a full and timely disclosure to the Board; and
- to manage any conflict or potential conflict of interest that might arise regarding transactions between the Company and its management, Directors and Shareholders.

2.3 Role and function of the Chairperson

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

- provide overall leadership to the Board, and encourage and ensure active participation of each director in discussions and board matters;
- overseeing a formal succession plan for the Board and Senior Management;
- ensuring that all the relevant information and facts are placed before the Board to enable the directors to reach informed decisions; and
- maintaining sound relations with the Company's shareholders and ensuring that the principles of effective communication and pertinent disclosure are followed.

2.4 Role and function of the Chief Executive Officer

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

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

During the year under review, the post of CEO was vacant. Mrs Ranjeeta Deerpaul served as Officer in Charge up to 07th December 2022. Mr Yajneesh Soobhug was appointed as Officer in Charge for the SIT Group as from 08th December 2022.

2.5 Profile of Directors

Mrs. Madoobala Jeetah, OSK is a non-executive Chairperson and is one of the five directors appointed by SIT. She is a devoted social worker since many years and on 12th March 2023, she was awarded the rank of Officer of the Order of the Star and Key of the Indian Ocean (O.S.K) for her contribution in the social field. She has previously served as Chairperson and Board member of the National Women Council for 15 years as well as President and Village Councillor of Flacq Village Council. She is presently the Chairperson of the Staff & Remuneration Committee (SRC) of the SIT Group and also represents SIT on the Board of Directors of Omnicane Holdings Ltd, Omnicane Limited, Omnicane Management & Consultancy Ltd and Omnicane Thermal Energy Operations (La Baraque) Limited.

CORPORATE GOVERNANCE REPORT

Mr. Praveen Kumar Ramburn is a non-executive director and is one of the five directors appointed by the SIT. He is holder of a Diploma in Business and Industrial Administration. He has previously served as Mayor of the Municipal Council of Vacoas Phoenix and as Chairperson of the National Housing Development Co. Ltd (NHDC). He is presently the Chairperson of the Sugar Investment Trust and Councillor of the Municipal Council of Vacoas Phoenix.

Mrs. Moheenee Nathoo is a non-executive director and is one of the five directors appointed by the SIT. She has a diploma in Public Administration and Management (University of Mauritius), a BA (Hons) in Economics with Management Studies (Napier University, Scotland), Masters in Public Policy and Administration (University of Mauritius) and Diplome du Cycle International D'Administration Publique (L'Ecole National d'Administration, France). She has a rich experience in the civil service and has occupied various positions at different Ministries. She is currently the Senior Chief Executive at the Ministry of Agro Industry & Food Security and has briefly served as Chairperson on the Board of the Sugar Investment Trust.

Mr. Yosundeo Buchoo, MSK is a non-executive director and is one of the five directors appointed by the SIT. He has previously briefly served in the Mauritius Police Force before changing his career path to teaching sector. He holds an Advance Certificate in Education, Diploma in Education and Diploma in Educational Management has a rich experience as primary school teacher. Mr Buchoo is now retired and was awarded the rank of Member of the Star and Key of the Indian Ocean (MSK) by the President of the Republic of Mauritius. He is also currently the Chairperson of the L'Avenir and Beau Bois Village Council.

Mr. Narainsamy Veeraragoo is a non-executive director and is one of the five directors appointed by the SIT. He is holder of a Certificate in Personal Management (South Africa) and Diploma in Business English (Manchester, UK). He has a long working experience at the Central Water Authority (CWA), where he occupied various positions. He also served as Board member of the Medical Council in the past. Mr Veeraragoo is now retired. He is a devoted social worker and is currently the Chairman of 'Club des Seniors Dynamiques de Riche Terre'. He has previously served as Secretary at 'Action Civique de Le Hochet Terre Rouge'.

Mr. Sobeersen Sanmukhiya is a non-executive director who was elected by shareholders at the last AGM in the category of sugarcane planters. He is holder of an LLB and has followed a legal course conducted by the Legal and Vocational Education under the aegis of the Supreme Court of Mauritius. He is self employed and has ample experience as planter in the sugar industry.

Mr. Swaraj Soojhawon is a non-executive director who was elected by shareholders at the last AGM in the category of employees of the sugarcane industry. He is holder of a Certificate in Sugarcane Production with Merit from the University of Mauritius (1993), Diploma in Agriscience and Technology from the University of Mauritius (2007), BSc (Hons) in Agriscience and Technology from the University of Mauritius (2009) and Master of Business Administration (General) from the University of Technology (2012). He has 30 years of working experience in the sugar sector and is currently employed at the Mauritius Cane Industry Authority (MCIA).

Mr Satyvanoo Gopal is a non-executive director who was elected by shareholders at the last AGM in the category of planters of the sugarcane industry. He is holder of a Diploma in Civil Engineering from Madras College of Engineering. He joined the Mauritius Prison Service in 1980 where he remained in service for nearly 40 years and occupied various positions until he retired as Superintendent of Prison in February 2022. He also has a rich experience as sugarcane planter.

Mr Ramanand Kankeea Ellapah is a non-executive director who was elected by the shareholders at the last AGM in the category of planters of the sugar industry. He has a vast experience in sugarcane cultivation and has represented SIT on the Board of Terra Milling Ltd in the past. He has also served as secretary to three cooperative societies in the past.

CORPORATE GOVERNANCE REPORT

2.6 Common Directors

As at the date of reporting, the following directors held office on the Board of SITLH and other entities within the SIT Group:

No	NAME OF DIRECTOR	SIT LAND HOLDINGS LTD	SUGAR INVESTMENT TRUST	SIT PROPERTY DEVELOPMENT LTD
1	Mrs Madoobala Jeetah, OSK ¹	√	√	-
2	Mrs Moheence Nathoo ¹	√	√	-
3	Mr Praveen Kumar Ramburn ²	√	√	√
4	Mr Narainsamy Veeraragoo ¹	√	√	√
5	Mr Yosundeo Buchoo, MSK ¹	√	√	√
6	Mr Sobeersen Sanmukhiya ¹	√	-	√
7	Mr Ramanand Kankeca Ellapah ¹	√	-	√
8	Mr Swaraj Soojhawon ¹	√	-	√
9	Mr Satyvanoo Gopal ¹	√	-	√
10	Mrs Chitra Jissury ³	√	√	-
11	Mr Vageesh Ramduny ⁴	√	√	-
12	Mr Harryduth Ramnarain ⁴	√	√	√
13	Mr Thierry Désiré Laval Govinden ⁴	√	√	-
14	Mr Gansam Boodram ⁴	√	√	√
15	Mr Douvendra Seesurun ⁴	√	√	√
16	Mr Gessavah Chengan ⁴	√	-	√
17	Mr Deepaksing Ramjeet ⁴	√	-	√
18	Mr Poonith Mungrooa ⁴	√	-	√
19	Mr Emmanuel Lindsay Hope ⁴	√	√	-

¹Appointed on 10th May 2023

²Appointed on 11th August 2023

³Appointed on 10th August 2023 and ceased on 11th August 2023

⁴Ceased on 10th May 2023

CORPORATE GOVERNANCE REPORT

2.7 Board Attendance

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

No	Directors	No. of Board Meetings attended
1	Mrs Madoobala Jeetah, OSK <i>(as from 10th May 2023)</i>	2/2
2	Mrs Moheenee Nathoo <i>(as from 10th May 2023)</i>	2/2
3	Mr Praveen Kumar Ramburn <i>(as from 10th May 2023)</i>	1/1
4	Mr Yosundeo Buchoo, MSK <i>(as from 10th May 2023)</i>	2/2
5	Mr Narainsamy Veeraragoo <i>(as from 10th May 2023)</i>	2/2
6	Mr Sobeersen Sanmukhiya <i>(as from 10th May 2023)</i>	2/2
7	Mr Satyvanoo Gopal <i>(as from 10th May 2023)</i>	2/2
8	Mr Swaraj Soojhawon <i>(as from 10th May 2023)</i>	2/2
9	Mr Ramanand Kankeea Ellapah <i>(as from 10th May 2023)</i>	2/2
10	Mrs Chitra Jissury <i>(from 10th May 2023 to 11th July 2023)</i>	2/2
11	Mr Vageesh Ramduny <i>(up to 10th May 2023)</i>	8/8
12	Mr Harryduth Ramnarain <i>(up to 19th April 2023)</i>	6/8
13	Mr Thierry Désiré Laval Govinden <i>(up to 10th May 2023)</i>	7/8
14	Mr Emmanuel Lindsay Hope <i>(up to 10th May 2023)</i>	8/8
15	Mr Poonith Mungrooa <i>(up to 10th May 2023)</i>	6/8
16	Mr Gessavah Chengan <i>(up to 10th May 2023)</i>	5/8
17	Mr Deepaksing Ramjeet <i>(up to 10th May 2023)</i>	6/8

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2.8 Interest in Shares and Option Certificates

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

Name of Director	Number of Ordinary Shares		Number of Option Certificates	
	Direct	Indirect	Direct	Indirect
1. Mrs Madoobala Jeetah, OSK	30,000	Nil	Nil	Nil
2. Mr Praveen Kumar Ramburn	15,000	Nil	Nil	Nil
3. Mrs Moheeneec Nathoo	Nil	Nil	Nil	Nil
4. Mr Narainsamy Veeraragoo	Nil	1,000	Nil	Nil
5. Mr Yosundeo Buchoo	30,000	Nil	TWO	Nil
6. Mr Sobeersen Sanmukhiya	77,500	1,026,500	SIX	TWO
7. Mr Ramanand Kankeca Ellapah	1,000	Nil	Nil	Nil
8. Mr Satyvanoo Gopal	15,000	Nil	Nil	Nil
9. Mr Swaraj Soojhawon	9,500	Nil	Nil	Nil
10. Mr Vageesh Ramduny	Nil	30,000	Nil	Nil
11. Mr Harryduth Ramnarain	Nil	Nil	Nil	Nil
12. Mr Gansam Boodram	15,000	Nil	Nil	Nil
13. Mr Deepaksing Ramjeet	5,000	10,000	Nil	ONE
14. Mr Gessavah Chengan	60,000	Nil	Nil	Nil
15. Mr Poonith Mungrooa	15,000	Nil	ONE	Nil
16. Mr Thierry Désiré Laval Govinden	Nil	Nil	Nil	Nil
17. Mr Emmanuel Lindsay Hope	Nil	Nil	Nil	Nil
18. Mr Douvendra Seesurun	Nil	Nil	Nil	Nil

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

2.9 Directors dealings

There were no directors dealing during the year.

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2.10 Access to information to the Directors

All directors receive timely information so that could contribute effectively in board meetings. All Board members have access to the Company Secretary for any further information they require and independent professional advice is available to directors in appropriate circumstances, at the Company's expense. The Company Secretary maintains interests register and which is available for perusal to shareholders upon written request to the Company Secretary. Any related-party transaction and conflict of interest transaction is conducted in accordance with conflict of interest and related party transaction policy and Code of Ethics.

2.11 Committees

The Board is assisted in fulfilling its responsibilities by committees which have been set up by the parent company, Sugar Investment Trust. As per Principle 2 of the Guidance for Groups and Subsidiaries (of the National Code of Corporate Governance), subsidiary companies are not required to have separate sets of Board Committees. As such, the Committees namely the Corporate Governance Committee, Audit & Risk Management Committee, Strategy & Investment Committee and Staff & Remuneration Committee, established by the SIT, assist the Board in discharging its duties and provide support as well as an in-depth focus on particular matters. These Committees operate under clearly defined terms of reference (reviewed by each committee as and when required and any proposed amendments submitted to the Board of the Parent Company for approval). The minutes of proceedings of each committee are recorded and the Committees regularly report and recommend specific matters to the Board for its approval. For the year under review, the Board is satisfied that the Committees have effectively honoured their responsibilities and assisted the Board in dealing with existing and new challenges.

It is to be noted that other committees are set up by the Board on an ad-hoc basis to consider specific matters when necessary.

a) Corporate Governance Committee

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

The Committee has the following responsibilities:

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

CORPORATE GOVERNANCE REPORT

- Considering recommendations regarding the appointment of the Chief Executive Officer of the SIT Group.

The Members of the Corporate Governance Committee are as follows:

- 1) Mrs Divanandum Packiry P. Chinien (Chairperson)
- 2) Mr Kamless Seeam
- 3) Mr Emmanuel Lindsay Hope
- 4) Mr Vageesh Ramduny
- 5) Mrs Madoobala Jeetah, OSK

b) Audit & Risk Management Committee

The Audit & Risk Management Committee (“ARC”) oversees the risk and audit-related issues and reviews and monitors the financial statements of SIT and its subsidiaries including SITLH. It also performs other duties and responsibilities as assigned by the Board.

The ARC meets regularly and mainly consists of non-executive directors. To ensure more independence and objectivity, an external resource person, preferably a Chartered Accountant with a fellow status, is appointed as the Chairperson of the ARC. The Company Secretary and Management executives attend the meetings as and when required.

The Committee has the following responsibilities:

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

CORPORATE GOVERNANCE REPORT

The Committee has satisfied its responsibilities for the year, in compliance with its terms of reference. The Committee members and attendance for year under review were as follows:

No	Members	Attendance
1	Mr Madeven Sooben (Chairperson)	6/6
2	Mrs Madoobala Jeetah, OSK	6/6
3	Mr Thierry Désiré Laval Govinden	6/6
4	Mr Vageesh Ramduny	0/6
5	Mrs Chitra Jissury	2/2

c) Strategy & Investment Committee

The Committee consists of 6 members. Its main objective is to discuss strategic matters and oversee strategic investment of the SIT Group.

The Committee has the following functions:

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

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

No	Members	Attendance
1	Mr Harryduth Ramnarain (Chairperson) (<i>up to 19th April 2023</i>)	2/2
2	Mr Gansam Boodram	2/2
3	Mr Yousouf Oodally	2/2
4	Mr Vageesh Ramduny	0/2
5	Mr Kamless Seeam	2/2
6	Mrs Madoobala Jeetah	2/2
7	Mr Gessavah Chengan	2/2

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d) Staff & Remuneration Committee

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

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

- Advise management on work matters of interest and of concern to staff;
- Determine, agree and develop the Group's general policy on recruitment, remuneration and conditions of employment;
- Co-ordinate its activities with the Chairperson of the Board and the Chief Executive Officer and consult them in formulating the Committee's remuneration policy and specific remuneration packages;
- Raise issues, initiate discussions and make suggestions to arrive at options to address the issues/concerns;
- Share with management staff ideas and suggestions for improvements to increase the Group's operational efficiency and ensure staff welfare;
- Act as a conduit for 2-way communication between staff and management and provide feedback both ways;
- Work such matters of interest/concern and issues/concerns for discussions that contribute towards achieving the Group's Mission and Vision;
- Personnel issues such as recruitment, staff training and development, performance management, grievance procedures, etc.;
- Administrative matters such as procurement, travel, transport, telecommunications, security, etc.;
- Staff relations and communications such as staff and customer satisfaction surveys, enhancing management/staff relationships, staff suggestions, etc.;
- New initiatives to benefit the SIT Group and the staff;
- Strategic issues for the future such as strategic staffing etc.;
- Matters relating to the wellbeing of staff – physical welfare, working conditions, sports and recreation, etc.;
- and
- Any other matters affecting the Group's operational efficiency and staff well-being.

The Committee members and attendance for the year ended 30 June 2023 are as follows:

No	Members	Attendance
1	Mrs Madoobala Jeetah, OSK (<i>Chairperson</i>)	6/6
2	Mr Yousouf Oodally	6/6
3	Mr Thierry Désiré Laval Govinden	6/6
4	Mr Gansam Boodram	6/6
5	Mr Kamless Secam	5/6

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2.12 Senior Management

(a) Profile of Senior Management

Mr Yashwantsingh Ramdharee – Chief Executive Officer

Mr Ramdharee joined the SIT Group on 15th September 2023. He is holder of a BSc in Agriculture, an MSc in E-Business and an MBA with Specialisation in Marketing. He has 34 years of experience in the agro industry and has previously served as Manager at the MCIA (2011 to 2019), Acting Director, Farmers Services Agency (2019 to 2021) and Director at the Farmers Services Agency (2021 to September 2023). Mr Ramdharee has also served as Acting CEO of the MCIA on various occasions.

Mr Mahendra Kumar Ramroop – Chief Finance Officer

Mr Ramroop joined SIT in March 2017 and has vast experience in the field of finance. He has worked in the banking sector for over 18 years. After that he joined the SIC Group and worked in the leisure sector for 7 years. Subsequently, he was assigned responsibilities in Corporate Services and for at least 12 years in Fund Management. Mr Ramroop is a Fellow Member of the Association of Chartered Certified Accountants, UK. He is a member of M.I.P.A. He also holds an MBA with specialisation in Financial Management.

Mr Yajneesh Soobhug – Compliance Officer

Mr Soobhug joined the SIT Group in August 2011 and has occupied various positions until his appointment as Compliance Officer in June 2022. Before joining the SIT Group in August 2011, he had a brief working experience in the BPO sector. Mr Soobhug is holder of an LLB (Hons) from the University of Mauritius and a Diploma in Higher Education in Law from the University of London (International Programme). He has also undertaken a Law Practitioners Vocational Course (Barrister Stream). In addition to his functions as Compliance Officer, Mr Soobhug is also acting as Money Laundering Reporting Officer (MLRO) approved by the Financial Services Commission as well as Integrity Officer for the SIT Group. Mr Soobhug also served as Officer in Charge for the SIT Group from 08th December 2022 to 14th September 2023.

Mr Dayanand (Rakesh) Koobrawa – Team Leader – Administration & Human Resource

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

Mrs Ranjeeta Deerpaul – Accountant

Mrs Deerpaul joined the SIT Group in May 2016 as Accountant. She is a Fellow Member of The Association of Chartered Certified Accountants, UK. Prior to joining the SIT Group, she spent 7 years at KPMG Mauritius where she gained valuable accounting and auditing experience in supervisory positions. She was in charge of various audits of large institutions in the banking, manufacturing and hotel sector. She subsequently moved to London where she worked in a firm of accountants for 2 years. In 2011, she returned to Mauritius and joined Extell Investments Limited (a member of South African based Bravura Group) where she worked for 5 years as Finance Manager. Mrs Deerpaul served as Officer in Charge for the period 07th June 2022 to 07th December 2022.

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Mr Chitlall (Dhiraj) Chintaram – Internal Auditor

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

Mr Oomar Essackjee – Project Executive

Mr Essackjee has been with the SIT Group for 18 years and has occupied various positions in the Land Business Unit. He is holder of a BSc (Hon) in Agriculture, Post Graduate Diploma in Information Technology and an MBA. Since April 2021, Mr Essackjee has been assigned the responsibility on a temporary basis to supervise and oversee the agricultural operation of SIT Land Holdings Ltd.

(b) Senior Management Interests

Senior management holding shares in the Company as at the date of reporting is as follows:

Name	Number of Ordinary Shares		Number of Option Certificate	
	Direct	Indirect	Direct	Indirect
Mr Yashwantsingh Ramdharee	Nil	Nil	Nil	Nil
Mr Mahendra Kumar Ramroop	Nil	Nil	Nil	Nil
Mr Yajneesh Soobhug	Nil	Nil	Nil	Nil
Mr Dayanand (Rakesh) Koobrawa	15,000	Nil	1	Nil
Mr Chitlall (Dhiraj) Chintaram	Nil	Nil	Nil	Nil
Mrs Ranjeeta Deerpaul	Nil	Nil	Nil	Nil
Mr Oomar Essackjee	Nil	Nil	Nil	Nil

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Principle 3: DIRECTOR APPOINTMENT PROCEDURE

“There should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of directors. The search for Board candidates should be conducted, and appointments made, on merit, against objective criteria (to include skills, knowledge, experience, and independence and with due regard for the benefits of diversity on the Board, including gender). The Board should ensure that a formal, rigorous and transparent procedure be in place for planning the succession of all key officeholders.”

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

The Board of Directors was last reconstituted on 10th May 2023 at the last Annual General Meeting.

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

Directors’ induction

The Company has an informal induction to introduce newly appointed directors to the Company’s business. The induction programme meets the specific needs of both the Company and the newly appointed directors, and enables the newly appointed directors to be acquainted and develop a good understanding of the Company.

Principle 4: DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

“Directors should be aware of their legal duties. Directors should observe and foster high ethical standards and a strong ethical culture in their organisation. Conflicts of interest should be disclosed and managed. The Board is responsible for the governance of the organisation’s information, information technology and information security. The Board, committees and individual directors should be supplied with information in a timely manner and in an appropriate form and quality in order to perform to required standards. The Board, committees and individual directors should have their performance evaluated and be held accountable to appropriate stakeholders. The Board should be transparent, fair and consistent in determining the remuneration policy for directors and senior executives”.

4.1 Directors’ duties

The directors are aware of their legal duties as provided under the Companies Act 2001. They exercise their duties with a degree of care, skill and diligence.

The Directors are required to:

- *To act in good faith:* At all times, the Directors must act in good faith for the overall interests of the company.
- *Exercise reasonable care and skill:* All Directors must act to exercise reasonable level of care as any prudent person would in the circumstances and on the facts known to them. The required level of knowledge expertise and skill may vary between the Directors be they for instance executive and non-executive. They may rely partially on others when acting collectively for their skills and knowledge in reaching a Board decision.

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- *Exercise their powers as a Director for a proper purpose:* The Director should not abuse any of their executive power to ensure their own position. At all times they should act in good faith for the interest of the company as a whole.
- *Conflict of interest and duties:* At all times the Director must declare any potential conflict of interest of interests. He must not take on any new position that may endanger his existing relationships without the express permission of the officers of the company.

4.2 Interests of directors and conflicts of interest

All directors declare their direct or indirect interests in the shares of the Company, as well as their interests in any transaction undertaken by the Company. In this respect, the Company Secretary maintains an interests register and is available for consultation to shareholders upon written request to the Company Secretary.

4.3 Directors' remuneration

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

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

Directors	Remunerations and other Benefits (Rs)
1. Mrs Madoobala Jeetah, OSK	24,500
2. Mrs Moheenee Nathoo	13,919
3. Mr Narainsamy Veeraragoo	13,919
4. Mr Yosundeo Buchoo	13,919
5. Mr Sobeersen Sanmukhiya	13,919
6. Mr Satyvanoo Gopal	13,919
7. Mr Ramanand Kankeea Ellapah	13,919
8. Mr Swaraj Soojhawon	13,919
9. Mrs Chitra Jissury	13,919
10. Mr Vageesh Ramduny	169,661
11. Mr Gansam Boodram	3,500
12. Mr Poonith Mungrooa	86,581
13. Mr Deepaksing Ramjeet	86,581
14. Mr Gessavah Chengan	86,581
15. Mr Harryduth Ramnarain	77,033
16. Mr Thierry Désiré Laval Govinden	85,081

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17. Mr Douvendra Seesurun	86,081
18. Mr Emmanuel Lindsay Hope	85,081
TOTAL	902,032

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

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

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

4.4 Directors' service contract

The Directors have no service contracts with the Company.

4.5 Information, information technology and information security policy

The Company is responsible for the safety and security measures in place to protect the data it collects, stores and processes in compliance with the Data Protection Act 2017. In this perspective, SITLH has been registered with the Data Protection Office (DPO).

As such, the Board oversees information governance within the organisation and ensures the performance of information and information technology (IT) systems lead to business benefits and create value. An independent IT team has also been appointed who safeguards the IT framework at the SIT. The expenditures on information technology and information security policies are regularly reviewed and monitored and all major expenditures related to IT System are approved by the Board.

Principle 5: RISK GOVERNANCE AND INTERNAL CONTROL

"The Board should be responsible for risk governance and should ensure that the organisation develops and executes a comprehensive and robust system of risk management. The Board should ensure the maintenance of a sound internal control system."

5.1 Risk Management and Internal Control System

The Board is responsible for the governance of risk and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. In this respect, the former audit committee and risk committee were merged into an Audit & Risk Management Committee as from 29 January 2019.

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

CORPORATE GOVERNANCE REPORT

The Board acknowledges that internal control is one of the mechanisms used to reduce risk to an acceptable level. It is the role of Senior Management to oversee the establishment, administration and assessment of the system and processes. The monitoring and review exercise covers all material controls, including financial, operational and compliance. In this respect, internal control systems have been enhanced during the year to reduce risk and mitigate such deficiencies. The Internal Audit Department has implemented a risk register which compiles all identified risks (for all departments under the SIT Group). This risk register acts as a vehicle for capturing all the assessment and decisions made thereof. Regular meetings are held with the Management Team to monitor and review these risks. Emerging risks are taken on board and existing risks are rated according to impact and likelihood. The risk register is also tabled in the ARC which provides its recommendations, if any, for approval of the Board.

During the past years, the internal control systems regarding the operational activities were enhanced to improve the effectiveness of the organisation and as a result, the expenditures of SITLH were significantly reduced. The same internal control systems were in place for the harvest season 2022 and it was noted that the expenditures were again reduced. All areas of the operational activities were covered and no known risks or major deficiencies in the organisation's system were noted during the year under review.

5.2 Identification of key risk managements

A summary of key risk identified and affecting SITLH's ability to create value is as follows:

- Please refer to Note 3 of the Financial Statements for the key financial risks identified for the Company.

- **Shareholders' Data Protection Risk**

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

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

- **Low sugar yield from sugarcane cultivation**

Over the years, the old ratoons have resulted in low yield at both Britannia and Mon Trésor regions. The Company has earmarked approximately 100 ha of land at Riviere du Poste for sugarcane replantation. The Development Bank of Mauritius (DBM) is providing a financial assistance under the 'Revolving Loan Scheme for Replantation of Sugarcane'.

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Principle 6: REPORTING WITH INTEGRITY

“The Board should present a fair, balanced and understandable assessment of the organisation’s financial, environmental, social and governance position, performance and outlook in its annual report and on its website.”

6.1 Preparation of financial statements in a fair manner

The Board is responsible for the preparation of financial statements of the company that fairly present the state of affairs of SITLH and also have to ensure that such accounts adhere to IFRS, IAS and the Companies Act 2001. The Board also considers that the financial statements of the Company, taken as a whole, are fair, balanced and understandable and provide the information necessary for the shareholders and other key stakeholders to assess the Company’s position, performance and outlook.

The Directors are also responsible for keeping adequate accounting records explaining the company’s transactions and disclosing with reasonable accuracy at any point in time the financial position of the Company. They also have the duty to safeguard the assets of the company and to prevent and detect frauds. The Directors have confirmed same as disclosed in the Statement of Directors’ responsibilities.

The Company demonstrates a commitment to operate in a sustainable global economy. The Company strives as well to make decisions that combine long term profitability with ethical behaviour, social justice and environmental care at all times.

6.2 Charitable donations

The Company did not make any donation during the year under review (2022: Rs nil).

6.3 Political donations

The Company, in line with its policy, did not make any political donation during the year under review (2022: Rs nil).

6.4 Carbon Reduction Reporting

In order to reduce its part of CO₂ and other greenhouse gas emissions, the Company has implemented the following measures:

- The carrying out of an Energy Audit Exercise at the Core Building with a view to reduce energy consumption.
- The setting up two solar farms in its residential morcellement project at Aurea- Living Harmony in collaboration with SIT Property Development Ltd. These solar farms is presently converting heat energy into electrical energy during the day and same is being transferred to the CEB Grid.
- The implementation of the VRF (Variable Refrigerant Flow) Air- Conditioning System in its office and at the Core Building.

All the above measures are contributing towards the reduction of the burning of crude oil and charcoal for the production of electricity locally and show that SITLH is committed in providing a green environment to the general public at large.

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6.5 Sustainability reporting

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

6.6 Corporate and Social Responsibility

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

6.7 Material Clauses of the Memorandum and Articles of Association

Article 8.1 of the Memorandum and Articles of Association

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

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

Article 78 of the Memorandum and Articles of Association

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

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

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

6.8 Shareholders' Agreement

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

6.9 Management Agreement

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

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Principle 7: AUDIT

“Organisations should consider having an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board and the management. The Board should establish formal and transparent arrangements to appoint and maintain an appropriate relationship with the organisation’s internal and external auditors”

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

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

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

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

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

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

The Internal Audit Department is headed by the Internal Auditor who reports directly to the Audit & Risk Management Committee and in carrying out his duties and responsibilities, the Internal Auditor issues reports to the Chief Executive Officer and who takes remedial actions immediately. Such reports are made available to the Chairperson of the Audit & Risk Management Committee.

The Board is mindful of the importance of the internal audit function which is key in providing reasonable assurance against material misstatements and losses. As such this responsibility of assessing the internal controls is fulfilled by the Audit & Risk Management Committee on behalf of the Board. For this purpose, the Internal Audit Department have full, free and unrestricted access to management, employees, any of the Company’s financial and operational activities, physical operations and to all information/records considered necessary for the proper execution of internal audit’s work, subject to strict accountability for safekeeping and confidentiality thereof. An internal audit plan is prepared by the Internal Auditor following discussions with Senior Management under the supervision of the Audit & Risk Management Committee which ultimately approves the final audit plan.

The Company as well as the SIT group has a policy to rotate its external auditors after every three financial years. As such, a new external auditor is appointed through bidding process after every three financial years. The last tender was

CORPORATE GOVERNANCE REPORT

launched in June 2021 and Moore Mauritius was appointed as External Auditors for the SIT Group pursuant to section 195(2) of the Companies Act 2001.

The Audit & Risk Management Committee has met with the external auditor once during the year and discussed the critical policies, judgements and estimates with the external auditor. The auditor’s objectivity and independence are assessed by the Audit & Risk Management Committee.

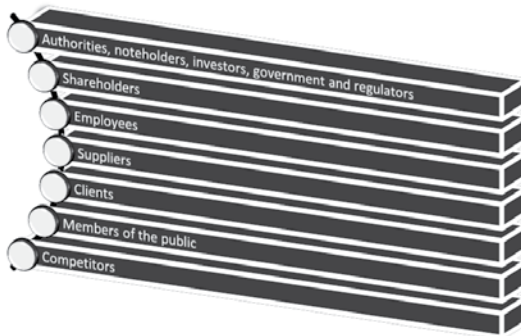
Principle 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

‘The Board should be responsible for ensuring that appropriate dialogue takes place among the organisation, its shareholders and other key stakeholders. The Board should respect the interests.’

SITLH is a public company limited by shares and its shareholding structure is at Section 1.6 of the report.

The Board aims to properly understand the information needs of all shareholders and places great importance on an open and transparent communication with all those involved with the Company. It ensures that shareholders are kept informed on matters affecting the Company. Open lines of communication are maintained to ensure transparency and optimal disclosure. Communication with shareholders and stakeholders has been mainly through the annual report, the published results of the Company, the Annual General Meeting, dividend declarations, press communiqués and the website of the SIT Group. Social Media platforms like Facebook and LinkedIn are also used to reach stakeholders.

KEY STAKEHOLDERS



Engagement with the above-mentioned stakeholders is regularly monitored in order to devise a systematic approach to ensure expectations, decisions, risk/issues and project progress information is delivered to the right person at the right time with the most efficient and effective level of information.

It is to be noted that shareholders are invited annually to attend the Annual General Meeting (“AGM”) to adopt the audited financial statements and to vote on the (re)appointment of directors and external auditors. Shareholders receive the notice of the AGM at least 14 days prior to the meeting. The last AGM of the Company was held on 10th May 2023.

The annual report, which includes the notice to shareholders, is published in full on the Company’s website, www.sit.mu.

CORPORATE GOVERNANCE REPORT

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

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

8.2 Dividend Policy

The Company normally aims to ensure that its shareholders have a consistent return on their investments in the form of stable dividends. Before making any distribution, the Board has a responsibility to ensure that the company satisfies the solvency test in accordance with the provisions of the Companies Act 2001.

8.3 Related party transactions

Please refer to Note 32 of the Financial Statements.

8.4 Future Events

Reporting

Publication of Unaudited Abridged Interim Financial Statements for Quarter ending September 30, 2023	15 November 2023
Publication of Unaudited Abridged Interim Financial Statements for Half year ending December 31, 2023	15 February 2024
Publication of Unaudited Abridged Interim Financial Statements for nine months ending March 31, 2024	15 May 2024
Publication of Abridged Audited Financial Statements for year ending June 30, 2024	30 September 2024

8.5 Employee Share-Option Plan

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



.....
Director



.....
Director

Date: 29 September 2023

STATEMENT OF COMPLIANCE

(Section 75(3) of the Financial Reporting Act 2004)

Name of Public Interest Entity : SIT LAND HOLDINGS LTD
Reporting Period : 01 July 2022 to 30 June 2023

We, the Directors of **SIT LAND HOLDINGS LTD** (‘SITLH’), confirm that throughout the year ended June 30, 2023 to the best of our knowledge, SITLH has partially complied with the principles of the Code of Corporate Governance (the “Code”). The principles that have not been complied with have been highlighted altogether with the reasons for non-compliance:

Principle 1 – Governance Structure

- *Adoption of a Board Charter*

The company currently does not have a Board Charter in place. While the Board of Directors recognizes the importance of a comprehensive Board Charter as a foundational document that outlines the roles, responsibilities, and ethical principles governing our board of directors, the Board has encountered delays in the development and implementation of a Board Charter. The Board is committed to addressing it promptly and is actively working to draft and adopt a robust Board Charter in the coming weeks that aligns with best practices and ensures transparency, accountability, and responsible decision-making. In the absence of a Board Charter, the Board has ensured effectiveness through clear role documentation, committee charters, external expertise, transparency, legal compliance, in-house policies and open communication with all stakeholders.

Principle 2 – The Structure of the Board and its Committees

- *Executive Directors*

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

- *Chairperson of Audit & Risk Management Committee*

The Code provides that the Chairperson of the Audit & Risk Management Committee should be an independent director. However, since none of the directors possess any financial background, the Board of Directors of the Sugar Investment Trust (the ultimate holding company) has deemed it appropriate to appoint an external Chartered Accountant as Chairperson of the Audit & Risk Management Committee to ensure more independence and objectivity.

STATEMENT OF COMPLIANCE

(Section 75(3) of the Financial Reporting Act 2004)

Principle 3 – Director Appointment Procedures

- *Professional development and ongoing education of directors*

The Company did not undertake any professional development and ongoing education of directors during the year under review as the Board of Directors was being reconstituted during the Annual General Meeting. The Company will arrange a professional development programme for the directors in the coming months.

Principle 4 – Directors Duties, Remuneration and Performance

- *Board Evaluation and Development*

The SIT Group did not appoint any independent Board Evaluator during the year under review and no Board evaluation and development processes were undertaken. The Company is of the view that its composition is adequately balanced and that the Directors already have the range of skills, expertise and experience to carry out their duties properly. As such, no Board evaluation was warranted or conducted during the financial year.



Director

Date: 29 September 2023



Director

Date: 29 September 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of the Directors of SIT LAND HOLDING LTD ('the Company') in respect of the operations of the Company are set out below:

Financial Statements

The Directors are required by the Mauritius Companies Act 2001 to prepare financial statements for the Company that provide a true and fair view of the financial position as at the end of the financial year and of the result of its operations for the year then ended. The Directors are responsible for the integrity of these annual financial statements and for the objectivity of any other information presented therein.

The Directors confirm that, in preparing these financial statements, they have:

- kept proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company;
- selected suitable accounting policies, in compliance with International Financial Reporting Standards (IFRS) and have applied them consistently;
- safe-guarded the assets of the Company by maintaining appropriate internal control systems and procedures;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on the going concern basis;

Internal Controls

The Directors have an overall responsibility for taking such steps, to set up internal control systems and procedures as per best practices, to safeguard the assets of the Company and to prevent fraud and errors. The Company's internal control systems have been designed to provide the Directors with such reasonable assurance. Such systems ensure that all transactions are authorised and recorded. Any departures from established procedures are detected and corrective action taken.

Risk Management

The Directors are responsible for taking appropriate action to mitigate or eliminate risks associated with the Company's business.



Director



Director

Date: 29 September 2023

COMPANY SECRETARY'S CERTIFICATE

In accordance with section 166(d) of the Mauritius Companies Act 2001, we certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001, except for the filing of audited financial statements and the annual return for the financial year June 30, 2023 since the Annual Meeting of Shareholders has not yet been conducted following restrictions on public gatherings.



.....
SIT CORPORATE AND SECRETARIAL SERVICES LTD
Company Secretary

Date: 29 September 2023

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of SIT LAND HOLDINGS LTD (the "Company"), on pages 43 to 97 which comprise the statement of financial position as at June 30, 2023, 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 financial statements on pages 43 to 97 give a true and fair view of the financial position of the Company as at June 30, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance 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 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, complied with the requirements of the Code.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS (CONT'D)

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, 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.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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
1. Valuation of investment properties	
<p>Investment properties, which are significant assets in the Company's statement of financial position, are valued at Rs. 508,000k (2022: Rs. 490,171k) as at June 30, 2023.</p> <p>The Company measures its investment properties at fair value.</p> <p>The fair values of investment properties are determined by an external independent valuation specialist and management using valuation techniques which involves significant judgements and assumptions.</p> <p>Due to the level of judgment involved in the valuation of investment properties as well as the significance of these assets to the Company's statement of financial position, this is considered to be a key audit matter.</p>	<p>As part of our audit procedures, we:</p> <ul style="list-style-type: none"> ● Observed management's controls and effectiveness of systems in place for the valuation of investment properties; ● Assessed the independent external valuer's competence, capabilities and objectivity; ● Assessed the methodologies used and the appropriateness of the key assumptions based on our knowledge of the property industry; ● Verified on a sample basis the accuracy and relevance of the input data used within the fair value calculations; and ● We have also verified the adequacy of the disclosures in accordance with IAS 40 Investment Property, and IFRS 13 Fair Value Measurement made in the financial statements. <p>Based on our audit procedures, we found investment properties to be properly accounted and disclosed in the financial statements</p>
Refer to notes 6 in the financial statements	

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter
<p>2. Land - Property, Plant and Equipment and Land Inventories</p> <p>At 30 June 2023, total land owned by the Company stretched across:</p> <ul style="list-style-type: none"> - Property, Plant and Equipment ('PPE') - Rs. 240,971k; - Land Inventories - Rs. 93,374k. <p>The Company initially acquired land for cultivation of sugar cane; subsumed under property, plant and equipment. Since the Company has begun diversifying its activities, several plots of land have been sold, transferred to investment property for rental or capital appreciation and transferred to inventory property for such residential property that the Company develops and intends to sell before, or on completion of development.</p>	<p>As part of our audit procedures we:</p> <ul style="list-style-type: none"> ● Obtained the Company's records of land and agreed both the area and cost of land at acquisition to title deeds; ● Verified, on a sample basis, whether land transferred in and out different classes of assets were consistent with either IAS 16, IAS 2 or IFRS 5; ● Reconciled the land area recorded with the land surveyor records for completeness and accuracy; ● Ensured that land pertains to the actual way that the land is used, taking into consideration management's future plan; and
<p>The assessment of net realisable values for land inventories in particular involves assumptions and judgement relating to future market developments and future changes in costs and selling prices.</p> <p>Given the significance of total land on the Company's statements of financial position coupled with the inherent management judgement involved in their classification as either PPE or Land Inventories, we determined this to be a key audit matter.</p>	<ul style="list-style-type: none"> ● Reviewed the appropriateness of land inventory recognition accounting policies and assessed the compliance with the requirements of IAS 2.
<p>Refer to notes 5 and 11 to the financial statements.</p>	

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter
3. Other financial assets at amortised cost	
<p>Other financial assets at amortised cost as at June 30, 2023 amountd to Rs. 214,020k for the Company. IFRS 9 Financial Instruments requires an entity to incorporate reasonable and supportable information about past events, current conditions and future economic scenarios into the assessment of expected credit losses ("ECL"). Such an assessment should be based on information at the reporting date and adjusted for subsequent available information.</p> <p>The determination of ECL, if any, is complex and involves several judgmental assumptions. As a result, the ECL assessment has been identified as a key audit matter.</p>	<p>As part of our audit procedures we:</p> <ul style="list-style-type: none"> ● Assessed the design and operating effectiveness of key controls around the monitoring of recoverability; ● Reviewed management's evaluation of the recoverability of the intercompany balance and ensured whether the related party could repay the amount outstanding (current accounts) at the reporting date based on their highly liquid assets at year end; ● Tested the underlying assumptions used in cash flow forecasts and accuracy of source information stemming from budgets to gauge recoverability in instances where the unrestricted cash position of the borrower at year end was not adequate to repay the full amount due; and ● Ensured there was no management bias during the selection of forward-looking economic scenarios and forward-looking indicators of changes in credit risk used for the ECL assessment.
Refer to note 14 to the financial statements.	

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Other matter

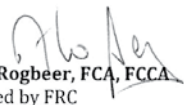
This report is made solely to the members of the Company, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose.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



MOORE

Chartered Accountants

Port Louis,
Mauritius.



Arvin Rogbeer, FCA, FCCA
Licensed by FRC

Date: 29 Septembre 2023

STATEMENT OF FINANCIAL POSITION - JUNE 30, 2023

	Notes	2023 Rs'000	Restated 2022 Rs'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	240,971	240,643
Investment properties	6	508,000	490,171
Intangible assets	7	-	6
Investment in associate	8	445,286	390,234
Investment in jointly controlled entity	9	10	10
Other asset	24(d)	18,989	18,982
		<u>1,213,256</u>	<u>1,140,046</u>
Current assets			
Inventories	10	2,236	1,015
Land inventories	11	93,374	94,166
Consumable biological assets	12	1,532	1,852
Trade receivables	13	6,594	8,907
Other financial assets at amortised cost	14	214,020	218,057
Other current assets	15	1,214	442
Cash and cash equivalents	32(b)	4,342	6,496
		<u>323,312</u>	<u>330,935</u>
Non-current assets classified as held for sale	16	-	-
Total assets		<u>1,536,568</u>	<u>1,470,981</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17	325,025	325,025
Retained earnings		865,405	769,424
Actuarial reserves		(9,911)	(8,425)
Total equity		<u>1,180,519</u>	<u>1,086,024</u>
LIABILITIES			
Non-current liabilities			
Retirement benefit obligations	18	27,402	29,273
Borrowings	21 (c)	6,271	-
		<u>33,673</u>	<u>29,273</u>
Current liabilities			
Trade and other payables	19	319,846	327,720
Dividend payable to shareholders	20	-	24,919
Contract liabilities	24(c)	2,525	3,045
Borrowings	21 (b)	5	-
Current tax liabilities	22	-	-
		<u>322,376</u>	<u>355,684</u>
Liabilities directly associated with non-current assets classified as held for sale	16(c)	-	-
Total liabilities		<u>356,049</u>	<u>384,957</u>
Total equity and liabilities		<u>1,536,568</u>	<u>1,470,981</u>

These financial statements have been approved for issue by the Board of Directors on 29 September 2023.



Madoobala Jeetah, OSK



Satyvanoo Gopal

The notes on pages 47 to 97 form an integral part of these financial statements.
Auditor's report on pages 38 to 42.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME YEAR ENDED JUNE 30, 2023

	Notes	2023 Rs'000	Restated 2022 Rs'000
Revenue	24	61,238	70,047
Cost of sales	25	(58,852)	(69,530)
		<u>2,386</u>	<u>517</u>
Loss arising from changes in fair value of biological assets	12	320	803
Other operating expenses	25	6,131	6,695
		<u>6,451</u>	<u>7,498</u>
Operating loss		(4,065)	(6,981)
Fair value gain on investment properties		24,000	98,977
Other income	26	609	1,009
Finance income	27	9,889	10,558
Profit before finance cost		<u>30,433</u>	<u>103,563</u>
Finance costs	28	(14,338)	(16,247)
Profit from ordinary activities		<u>16,095</u>	<u>87,316</u>
Share of result of associates	8	55,052	77,420
Profit before taxation		<u>71,147</u>	<u>164,736</u>
Taxation	22	-	-
Profit for the year		<u>71,147</u>	<u>164,736</u>
Other comprehensive income:			
<u>Items that will not be reclassified to profit or loss:</u>			
Remeasurement of post employment benefit obligations	18	(1,486)	(1,042)
Other comprehensive income for the year		<u>(1,486)</u>	<u>(1,042)</u>
Total comprehensive income for the year		<u>69,661</u>	<u>163,694</u>
Profit per share (Rs.)	31	<u>0.21</u>	<u>0.50</u>

The notes on pages 47 to 97 form an integral part of these financial statements.
Auditor's report on pages 38 to 42.

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED JUNE 30, 2023

	Notes	Share capital Rs'000	Actuarial reserves Rs'000	Retained earnings Rs'000	Total Rs'000
At July 1, 2022		325,025	(8,425)	769,424	1,086,024
Profit for the year		-	-	71,147	71,147
Other comprehensive income for the year		-	(1,486)	-	(1,486)
Total comprehensive income for the year		-	(1,486)	71,147	69,661
Dividend	20	-	-	24,834	24,834
At June 30, 2023		325,025	(9,911)	865,405	1,180,519
At July 1, 2021		325,025	(7,383)	378,786	696,428
Profit for the year		-	-	164,736	164,736
Other comprehensive income for the year		-	(1,042)	-	(1,042)
Effect of prior year adjustments		-	-	238,903	238,903
Total comprehensive income for the year		325,025	(8,425)	782,425	1,099,025
Dividend	20	-	-	(13,001)	(13,001)
At June 30, 2022		325,025	(8,425)	769,424	1,086,024
At July 1, 2020		325,025	(7,897)	46,462	363,590
Profit for the year		-	-	332,324	332,324
Other comprehensive income for the year		-	514	-	514
Total comprehensive income for the year		-	514	332,324	332,838
At June 30, 2021		325,025	(7,383)	378,786	696,428

The notes on pages 47 to 97 form an integral part of these financial statements.
Auditor's report on pages 38 to 42.

STATEMENTS OF CASH FLOWS - YEAR ENDED JUNE 30, 2023

	Notes	2023 Rs'000	2022 Rs'000
Cash flow from operating activities			
Cash used in operating activities	32(a)	(7,859)	(6,537)
Tax paid		-	(337)
Interest received		23	15
Net cash used in operating activities		(7,836)	(6,859)
Cash flow from investing activities			
Acquisition of Property, Plant and Equipment	5	(499)	(11)
Acquisition of Joint Venture	9	-	(10)
Net cash used in investing activities		(499)	(21)
Cash flow from financing activities			
Dividend paid to shareholders		(85)	(138)
Proceeds from loan		6,266	-
<i>Cash received in advance of performance:</i>			
-Deposit on Land Inventory earmarked to be sold	24(c)(i)	-	1,735
-Advance payment on Lease	24(c)(ii)	-	635
-Deposit on Non-Current assets held for sale	16(c)	-	-
Net cash generated from financing activities		6,181	2,232
Decrease in cash and cash equivalents		(2,154)	(4,648)
Movement in cash and cash equivalents			
At July 1,		6,496	11,144
Decrease		(2,154)	(4,648)
At June 30,	32(c)	4,342	6,496

The notes on pages 47 to 97 form an integral part of these financial statements.
Auditor's report on pages 38 to 42.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

1. GENERAL INFORMATION

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

The principal activities of the Company are:

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

These financial statements will be submitted for consideration 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 SIT Land Holdings Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). Where necessary, comparative figures have been amended to conform with change in presentation in the current year. The financial statements are prepared under the historical cost convention, except that:

- (i) relevant financial assets and financial liabilities are carried at amortised cost; and
- (ii) consumable biological assets are stated at fair value.

New and Revised International Financial Reporting Standards (“IFRSs”)

New Standards, Amendments to published Standards and Interpretation effective in the reporting period

In the current year, the following new and revised standards and interpretation issued by the IASB became mandatory for the financial year under review:

- 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.
- IAS 37 - Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous.
- 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).
- IFRS 3 - Reference to the Conceptual Framework (Amendments to IFRS 3)

Management has assessed the impact of these new and revised standards and interpretation and concluded that none of the above has an impact on these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Standards and amendments to existing standards that are not yet effective and have not been adopted early by the Company

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

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

- IAS 1 (Amendments) - Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)
- IFRS 17 Insurance Contracts - Effective on 1 January 2023.
- IAS 7 Statement of Cash Flows - Amendments regarding supplier finance arrangements (effective 1 January 2024)
- IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors- Amendments regarding the definition of accounting estimates (effective 1 January 2023)
- IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction (effective 1 January 2023)
- IAS 12 - Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (effective 1 January 2023)
- IFRS 7 & IAS 7 - Financial Instruments: Disclosures - Amendments regarding supplier finance arrangements (effective 1 January 2024)
- IFRS 16 - Leases - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions (effective 1 January 2024)

Annual improvements to IFRS standards 2018-2020 (effective for annual periods beginning on or after 1 January 2022)

- IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter,
- IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities,
- IFRS 16 Leases - Lease incentives, and
- IAS 41 Agriculture - Taxation in fair value measurements.

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Financial assets

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Company elects to renegotiate the terms of trade receivables due from customers with which it has a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income.

The Company's financial assets measured at amortised cost comprise trade and other receivables, amount due from related party and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash in hand, cash at bank, and – for the purpose of the statement of cash flows - bank overdraft. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

2.3 Financial liabilities

The company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Financial liabilities (cont'd)

Financial liabilities include the following items:

- Bank borrowings which are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs as well as any interest payable while the liability is outstanding.
- Trade payables and other short-term liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2.4 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. Any 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).

2.5 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

3. FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risk factors, including:

- credit risk;
- liquidity risk; and
- price risk

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

Credit risk

Credit risk arises from cash and cash equivalents and credit exposures to customers, including outstanding receivables and amounts due from related parties.

Credit risk is managed on a Company basis.

Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customer is regularly monitored by line management.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/ or regions.

The table below shows the credit concentration at the end of the reporting period.

<u>Counterparty</u>	<u>2023</u>	<u>2022</u>
	<u>%</u>	<u>%</u>
2 major counterparties	98%	95%
Others (diversified risk)	2%	5%
	<u>100%</u>	<u>100%</u>

The Company does not set a credit limit for each customer. The Company has policies in place to ensure that investment properties are rented to customers with an appropriate credit history.

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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

Liquidity risk (cont'd)

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from 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 into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

	Less than 1 year Rs'000	Between 1 and 2 years Rs'000	Between 2 and 5 years Rs'000	Over 5 years Rs'000	Total Rs'000
At June 30, 2023					
Bank overdraft	5	-	-	-	5
Amount due to related party (Note 33)	306,434	-	-	-	306,434
At June 30, 2022					
Bank overdraft	-	-	-	-	-
Amount due to related party (Note 33)	314,924	-	-	-	314,924

Price risk

The Company is exposed to price risk with respect to sugar proceeds which is determined by the Mauritius Sugar Syndicate.

Foreign exchange risk

The Company is not exposed to foreign exchange risk as transactions are effected in Mauritian Rupee only.

3.2 Fair value estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 Capital risk management

The Company's objectives when managing capital are:

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

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

Consistently with others in the industry, the Company monitors capital on the basis of the gearing ratio which is the net debt divided by total equity plus net debt. Net debt is calculated as total debts (as shown in the statement of financial position) less cash and cash equivalents. Total equity is calculated as equity as shown in the statement of financial position.

During 2023, the Company's strategy, which was unchanged from 2022, was to maintain the gearing ratio at the lower end in order to secure access to finance at a reasonable cost.

The debt-to-capital ratios at June 30, 2023 and 2022 were as follows:

	Notes	Restated	
		2023	2022
		Rs'000	Rs'000
Borrowings	21	5	-
Amount due to related party	19	306,434	314,924
Contract liabilities	24(c)	2,525	3,045
Liabilities associated with non-current assets held for sale	16(c)	-	-
Total debt		308,964	317,969
Less cash and cash equivalents		(4,342)	(6,496)
Net debt		304,622	311,473
Total equity		1,180,519	1,086,024
Net debt		304,622	311,473
Total equity plus net debt		1,485,141	1,397,497
Gearing ratio		21%	22%

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (CONT'D)

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.

Judgements

- Note 8 Investment in associate: whether the Company has significant influence over an investee;
- Note 9 Investment in jointly controlled entity: whether the Company has significant influence over a jointly controlled operation;
- Note 37 Going concern: Whether the Company as a whole has adequate resources to continue in operation for a period of 12 months from the date of approval of the financial statements;

Assumptions and estimation uncertainties

- Note 5 Property, plant and equipment: determining the useful life, residual value and economic viability of property and, plant and equipment;
- Note 6 Investment properties: the fair value is determined by the Company using valuation methods which reflect the market conditions;
- Note 7 Intangible assets: determining the useful life, residual value and economic viability of intangible assets;
- Note 8 Investment in associate: the fair value is determined by the Company using valuation methods which involve the use of judgement and estimates;
- Note 9 Investment in jointly controlled entity: the fair value is determined by the Company using valuation methods which involve the use of judgement and estimates;
- Note 12 Consumable biological assets: determining the fair value of biological assets on the basis of significant unobservable inputs;
- Note 13 Trade receivables: measurement of ECL allowance for trade receivables: key assumptions in determining the weighted-average loss rate;
- Note 14 Amount due from related party: measurement of ECL allowance for amount due from related party: key assumptions in determining the inputs to the ECL model;
- Note 18 Retirement benefit obligations: measurement of defined benefit assets/obligations: key actuarial assumptions;
- Note 23 Deferred income taxes: recognition of deferred tax assets/liabilities: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (CONT'D)

Critical accounting estimates and assumptions (cont'd)

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 how 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 group view of possible near term market changes that cannot be predicted with any certainty.

More details are in respective applicable notes below to the financial statements:

- Note 13 Trade and receivables: measurement of ECL allowance for trade receivables: key assumptions in determining the weighted-average loss rate;
- Note 18 Retirement benefit obligations: measurement of defined benefit assets/obligations: key actuarial assumptions.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

5. PROPERTY, PLANT AND EQUIPMENT

(a) Accounting policy

Property, plant and equipment held for use of plantation or for administrative purposes, are 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. All repair and maintenance are charged to profit or loss during the financial period in which they are incurred.

Bearer plants

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

Depreciation is calculated on the straight-line method to write off their cost to their residual values over their estimated useful lives. It is applied at the following rates:

	Years
Bearer plants	7 years
Computer equipment	3 years
Motor vehicles	5 years
Furniture & fittings	10 years
Tools & equipment	4 years
Plant & machinery	5 years

Land is not depreciated.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively, 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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

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

(b) As at June 30, 2023

Notes	Land Rs'000	Computer equipment Rs'000	Motor vehicles Rs'000	Plant and machinery Rs'000	Furniture and fittings Rs'000	Tools and equipment Rs'000	Bearer plants Rs'000	Total Rs'000
COST								
At July 1,	240,383	419	7,207	450	381	6,089	-	254,929
Additions	-	-	-	-	34	-	465	499
Transfer to investment property	-	-	-	-	-	-	-	-
Transfer to other assets	-	-	-	-	-	-	-	-
Disposals	-	-	(35)	-	-	-	-	(35)
At June 30,	240,383	419	7,172	450	415	6,089	465	255,393
DEPRECIATION								
At July 1,	-	394	7,114	308	381	6,089	-	14,286
Charge for the year	-	14	62	90	2	-	-	168
Impairment losses	-	-	-	-	-	-	-	-
Disposal	-	-	(32)	-	-	-	-	(32)
At June 30,	-	408	7,144	398	383	6,089	-	14,422
NET BOOK VALUE								
At June 30,	240,383	11	28	52	32	-	465	240,971

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

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

(c) As at June 30, 2022

Notes	Land Rs'000	Computer equipment Rs'000	Motor vehicles Rs'000	Plant and machinery Rs'000	Furniture and fittings Rs'000	Tools and equipment Rs'000	Bearer plants Rs'000	Total Rs'000
COST								
At July 1,	264,388	408	7,207	450	381	6,089	-	278,923
Additions	-	11	-	-	-	-	-	11
Transfer to investment property	(5,023)	-	-	-	-	-	-	(5,023)
Transfer to other assets	(18,982)	-	-	-	-	-	-	(18,982)
At June 30,	240,383	419	7,207	450	381	6,089	-	254,929
DEPRECIATION								
At July 1,	-	349	7,050	218	381	6,089	-	14,087
Charge for the year	-	45	64	90	-	-	-	199
Impairment losses	-	-	-	-	-	-	-	-
At June 30,	-	394	7,114	308	381	6,089	-	14,286
NET BOOK VALUE								
At June 30,	240,383	25	93	142	-	-	-	240,643

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

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

- (d) Depreciation charge for the year amounts to **Rs.169k** (2022: Rs.199k) and was recognised in Cost of Sales (Note 25).
- (e) Impairment of bearer plants

The recoverable amount of the bearer plants, which is based on value in use, is measured by future cash flows of sugar crops. Continuous fall in sugar prices have led to persistent losses in sugar crop segment (Note 36) amounting to **Rs.6,667k** (2022: Rs.14,257k). Management does not anticipate that sugar price will improve drastically. Hence, on a prudence basis, bearer plants were impaired. No further addition was recognised in 2023 since future economic benefits are not expected.

The impairment loss has been disclosed as an exceptional item (Note 29).

- (f) The Company has pledged all its freehold land under property, plant and equipment to secure general banking facilities granted to its Holding Company (Note 33).
- (g) Critical accounting estimates and assumptions

Property, plant and equipment are depreciated over their useful lives 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.

Property, plant and equipment are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

6. INVESTMENT PROPERTIES

	2023	Restated 2022
	Rs'000	Rs'000
At July 1,	490,171	417,238
Acquisitions	-	-
Increase in fair value	17,829	72,933
At June, 30	<u>508,000</u>	<u>490,171</u>

- (a) Details of the Company's investment properties measured at fair value and information about the fair value hierarchy as at June 30, 2023 are as follows:

<u>June 30, 2023</u>	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000
At July 1,	-	490,171	490,171
Transfer from Property Plant and Equipment	-	-	-
Transfer from Held For Sale	-	-	-
Transfer to land inventories	-	(6,171)	(6,171)
Increase in value	-	24,000	24,000
Total	-	<u>508,000</u>	<u>508,000</u>

<u>June 30, 2022</u>	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000
At July 1,	-	417,238	417,238
Transfer from Property Plant and Equipment	-	5,023	5,023
Transfer from Held For Sale	-	1,884	1,884
Transfer to land inventories	-	(32,951)	(32,951)
Increase in value	-	98,977	98,977
Total	-	<u>490,171</u>	<u>490,171</u>

There were no transfers between levels during the year.

- (b) Level 3 - Valuation method:

The leasehold land and the building and structures on the leasehold land of the Company have been valued by Aestima Ltd represented by the Chartered Valuation Surveyor, S. M. Ikhlaas Belath, M.R.I.C.S. on June 30, 2023.

As at June 30, 2023, the fair value of the investment properties was based on its market value, which is defined as intended to mean the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

6. INVESTMENT PROPERTIES (CONT'D)

- (c) The market value of the land was derived using the following approach:
- (i) The Sales Comparison Approach involves the estimation of the value of a property by comparing it to similar properties recently sold on the open market. The sales comparison approach is mainly used for value estimates of simple forms of property, such as vacant land and single-family homes, where the properties are homogeneous and the adjustments are few in number and relatively simple to compute.
- (ii) The Depreciated Replacement Cost Approach estimates the value by computing the current cost of replacing a property and subtracting any depreciation resulting from one or more of the following factors: physical deterioration, functional obsolescence and external (or economic) obsolescence. The value of the land, as though it were vacant and available, is then added to the depreciated value of the premises in order to produce a total value estimate; and
- (iii) The Income Capitalisation Approach takes a property's forecast net operating income and allocates these future benefits to the mortgage and equity components, based on market rates of return and loan to value ratios which is capitalised at an appropriate rate of return to produce a capital value.
- (iv) Change in status occurs when the rental contracts are not renewed and the use of the freehold land is, hence, regarded as held for capital appreciation.
- (d) There was a change in accounting policy from the cost model to the fair value model for investment properties of the company. The change in accounting policy should be made retrospectively as per IAS 8, meaning that the financial statements for prior periods have been restated to reflect the fair value measurement.
- (e) The change in accounting policy was applied consistently to all investment properties held by the company. Furthermore, no depreciation were charged on leasehold land for year 2023 and 2022, hence no reversal was performed.
- (f) On the basis of current economic and property environment, the Directors are satisfied that the carrying amounts of the investment properties reflect the fair values as at June 30, 2023.
- (g) Land under Food Security Sceme and 11 A Scheme consist of agricultural land of an extent of 200 Arpents (844,174.2 square metres) excised from an original plot of land of an extent of 1,387 Ha 9043 sqare metres. The site is currently under crop cultivation.
- (h) Land put on lease to small planters situated along Grand Bois road, mainly used for agricultural purposes.
- (i) The following amounts have been recognised in profit or loss :

Notes	2023	2022
	Rs'000	Rs'000
Leases of agricultural land	24(b)(iv) <u>1,705</u>	<u>1,037</u>

No operating expenses relating to investment properties were incurred during the year (2022: nil).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

6. INVESTMENT PROPERTIES (CONT'D)

(j) The Company has pledged all its investment properties to secure general banking facilities granted to its Holding Company (Note 33).

(k) Minimum lease payments receivable on leases of investment properties are as follows:

	2023	2022
	Rs'000	Rs'000
Within 1 year	-	635

(l) Critical accounting estimates and assumptions

As part of the revaluation process, the use of judgement to determine the fair value of properties is necessary. Land is valued on the basis of recently transacted properties of similar nature in that specific region and residual value method as appropriate. The value of land is increased in line with Consumer Price Index when its fair value is not reassessed by an external independent certified practising valuer.

7. INTANGIBLE ASSETS

(a) Accounting policy

Computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives of 3 years.

(b) At June 30,

		Computer software	
		2023	2022
		Rs'000	Rs'000
COST			
At July 1 & June 30,		1,615	1,615
AMORTISATION			
At July 1,		1,609	1,599
Charge for the year	25(iv)	6	10
At June 30,		1,615	1,609
NET BOOK VALUE			
At June 30,		-	6

(c) **Critical accounting estimates and assumptions**

Intangible assets are amortised over their useful lives 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.

Intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

8. INVESTMENT IN ASSOCIATE

(a) Accounting policy

An associate is an entity over which the Company has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights.

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

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's share of the 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 adopted 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 is reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

(b) <u>SIT Property Development Ltd</u>	2023	Restated 2022
	Rs'000	Rs'000
At July 1,	390,234	312,814
Share of profit/(loss)	55,052	77,420
At June 30,	Rs. 445,286	390,234

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

8. INVESTMENT IN ASSOCIATE (CONT'D)

(c) The results of the following associate, which is unlisted, has been included in the financial statements:

Company name	Year end	Nature of business	Country of incorporation and operation	Current assets		Non-current assets		Current liabilities		Non-current liabilities		Revenue		Profit		Proportion of ownership interest		
				Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Direct %	Indirect %	
2023																		
SIT Property Development	June 30,	Property Development	Republic of Mauritius	1,126,081	1,203,075	1,423,766	19,504	177,717	112,352								49.0	-
2022 (Restated)																		
SIT Property Development	June 30,	Property Development	Republic of Mauritius	1,124,807	1,117,810	1,449,158	19,925	296,227	158,000								49.0	-

(d) The above entity is accounted for using the equity method.

(e) Reconciliation of the above summarised financial information to the carrying amount recognised in the financial statements.

	SIT Property Development Ltd	
	2023	2022
	Rs. 000	Rs. 000
Operating net assets	773,534	615,534
Profit/(loss) for the year	112,352	158,000
Closing net assets	885,886	773,534
Ownership interest (%)	49	49
	434,084	379,032
Unrecognised loss*	-	-
Carrying value	434,084	379,032

*Loss was not recognised with respect to the revision of accumulated amortization of a leasehold land, disclosed as right of use, in SIT Property Development Ltd. While the fair value exceeds its book value amount, the directors are of the opinion that this is not an objective evidence of impairment. Critical judgement was used in estimating the contract period.

(f) Critical accounting estimates and assumptions

The fair value of securities not quoted in an active market may be determined by the Company using valuation techniques including third party transaction values, earnings, net asset value or discounted cash flows, whichever is considered to be appropriate. The Company would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

9. INVESTMENT IN JOINTLY CONTROLLED ENTITY

(a) Accounting policy

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Company as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

When the Company transacts with a joint operation (such as a sale or contribution of assets), the gains and losses resulting from the transactions are recognised in the Group's financial statements only to the extent of other parties' interests in the joint operation.

When the Company transacts with a joint operation (such as a purchase of assets), the Company does not recognise its share of the gains and losses until it resells those assets to a third party.

(b) Le Bouchon Development Company Ltd

Following a Shareholder's Agreement ('the agreement') between SIT Land Holdings Limited ('the Company') and Curzon Investments (Le Bouchon) Limited ('the customer' or 'joint venturer'), Le Bouchon Development Company Ltd was set up on March 05, 2020, as a special purpose vehicle in the Republic of Mauritius.

The primary activity of Le Bouchon Development Company ('SPV') is real estate activities with (rental of) own or leased property (Excluding Multi-purpose hall and Exhibition Centre). The sole purpose of setting up the Company is to construct a smart city on a portion of land situated at le Bouchon. On March 21, 2022, the earmarked land was transferred from the Company to the SPV.

At June 30, 2023, management made an assessment that Le Bouchon Development Company Ltd is subject to substantive and protective rights. Even though SIT Land Holdings Limited has 100% shares, management is of the opinion that the entity should not be consolidated as the agreement does not give SIT Land Holdings Limited the ability to use its power to affect the SIT Land Holdings Limited's returns from its involvement with the investee.

The rights stipulates that there are matters which requires unanimous consent which are as follows:

- carry on any activity or business other than the Projects Activities as documented in the agreement;
- purchase, lease, acquire, take options over, exchange or otherwise deal in any real property other than the Land at Le Bouchon, as described in the agreement and accompanying documents
- do or permit or suffer to be done any act whereby the Company may be wound up voluntarily;
- carry out any transaction having effect or an alteration in the share capital, the creation of a class or category of shares or a variation in the rights attached to the Shares;

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

9. INVESTMENT IN JOINTLY CONTROLLED ENTITY (CONT'D)

(b) Le Bouchon Development Company Ltd (Cont'd)

The rights stipulates that there are matters which requires unanimous consent which are as follows (Cont'd):

- make any appointment, replacement, revocation of the members of the Board of Directors and/or a change in the composition of the Board of Directors beyond the parameters set out in the Agreement,
- pay fees or emoluments to the Board of Directors or to any director, save and except for independent directors.

Furthermore, Curzon Investments (Le Bouchon) Limited have a material right to obtain further shares up to 80% of the investee which will vest automatically if the latter starts construction and pay for the shareholding in the future. SIT Land Holdings Limited does not have the power to influence or intervene in such rights.

Having no other purpose than to carry the project stated above, the investment is classified as a joint venture whereby the major economic decisions related to the investee requires the unanimity from the directors appointed by both parties.

	2023	2022
	Rs'000	Rs'000
At July 1,	10	-
Acquisition of investment	-	10
Share of result	-	-
At June 30,	<u>10</u>	<u>10</u>

Name of jointly controlled entity	Principal activity	Proportion of interest and voting rights held	
		2023	2022
		%	%
Le Bouchon Development Company Ltd	Real estate activities with (rental of) own or leased property (Excluding Multi-purpose hall and Exhibition Centre)	<u>100%*</u>	<u>100%*</u>

- a. Le Bouchon Development Company Ltd is a private company and there is no quoted market price available for its shares.

The above jointly controlled entity is accounted for using the equity method.

* Classification of Le Bouchon Development Company Ltd as a joint venture

Le Bouchon Development Company Ltd is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the Company itself. The entity, however, is classified as a jointly controlled entity on the basis of a joint arrangement exist and decisions about the relevant activities require the unanimous consent of both parties sharing control, being SIT Land Holdings Ltd and Curzon Investments (Le Bouchon) Limited.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

9. INVESTMENT IN JOINTLY CONTROLLED ENTITY (CONT'D)

(c) Summarised financial information

Summarised financial information in respect of the Company's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs, adjusted for equity accounting purposes such as fair value adjustments made at the time of acquisition and adjustments for differences in accounting policies.

Summarised statement of financial position of Le Bouchon Development Company Ltd

	2023	2022
	Rs'000	Rs'000
Current assets	<u>2,030</u>	<u>1,260</u>
Non-current assets	<u>19,646</u>	<u>19,327</u>
Current liabilities	<u>21,891</u>	<u>20,609</u>
Non-current liabilities	<u>-</u>	<u>-</u>

The above amounts of assets and liabilities include the following :

Cash and cash equivalents	<u>53</u>	<u>9</u>
Current financial liabilities (excluding trade and other payables and provisions)	<u>-</u>	<u>-</u>
Non-current financial liabilities (excluding trade and other payables and provisions)	<u>-</u>	<u>-</u>

Summarised statement of profit or loss and other comprehensive income of Le Bouchon Development Company Ltd

Revenue*	<u>-</u>	<u>-</u>
Profit/(loss) for the year*	<u>(191)</u>	<u>(30)</u>
Other comprehensive income for the year*	<u>-</u>	<u>-</u>
Total comprehensive income for the year*	<u>(191)</u>	<u>(30)</u>

* Le Bouchon Development Company Ltd obtained its Smart City Scheme Certificate on 19th July 2023, which is in itself a milestone in the development of the project. SITLH is liaising with the relevant authorities for securing the Pas Geometriques of an extent of 20A59P, which is an important component

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

9. INVESTMENT IN JOINTLY CONTROLLED ENTITY (CONT'D)

(c) Summarised financial information (Cont'd)

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

Reconciliation of summarised financial information

	Le Bouchon Development Company Ltd	
	2023	2022
	Rs. 000	Rs. 000
Operating net assets	(215)	6
Loss for the year	(191)	(30)
Closing net liabilities	(406)	(24)
Ownership interest (%)	100	100
	(406)	(24)
Unrecognised loss*	53	34
Carrying value	(353)	10

* Loss is restricted to nil and further restricted to cash at bank of Rs.52k. Impairment of was not recognised since the project is being kick started after the obtention of the smart city certificate and future positive cashflows are expected.

(d) Commitments and contingent liabilities

The parties to the jointly controlled entity has agreed to provide such additional funds as the SPV may require from time to time to carry out projects.

(e) Critical accounting estimates and assumptions

Significant judgements and assumptions are made in determining whether an entity has joint control and the type of joint arrangement. In considering the classification, management considers whether control exists, the nature and structure of the relationship and other facts and circumstances.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

10. INVENTORIES

(a) Accounting policy

Consumables comprise fertilizers and herbicides and are stated at the lower of cost and net realisable value. Cost is determined under the weighted average cost method. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale.

(b) <u>As at June 30</u>	<u>2023</u>	<u>2022</u>
	<u>Rs'000</u>	<u>Rs'000</u>
Consumables	<u>2,236</u>	<u>1,015</u>

11. LAND INVENTORIES

Land acquired or earmarked for development with a view to sell in the ordinary course of business, is held as land inventory, and is measured at the lower of cost and net realisable value.

When land inventory is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of inventory property recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale.

(a) <u>As at June 30</u>	<u>2023</u>	<u>2022</u>
	<u>Rs'000</u>	<u>Rs'000</u>
Inventory properties, at cost	<u>93,374</u>	<u>94,166</u>
Extent of land	<u>Arpent 118.08</u>	<u>73.98</u>

(b) The cost of land inventories recognised as expense and included in cost of sales amounted to **Rs.7,091k** (2022: Rs.11,803k).

(c) The Company has pledged all its land inventories to secure general banking facilities granted to its Holding Company.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

12. CONSUMABLE BIOLOGICAL ASSETS

- (a) Consumable biological assets comprise of palm trees and herbaceous plants and are measured at fair value less costs to sell, which is the present value of the expected net cash flows discounted at the relevant market determined pre-tax rate.

(b) As at June 30, 2023

	Notes	Plants in	Total
		nursery	
		Rs'000	Rs'000
At July 1,		1,852	1,852
Decreases due to harvest	25(i)	-	-
Decrease in fair value		(320)	(320)
At June 30,		1,532	1,532

(c) As at June 30, 2022

	Notes	Plants in	Total
		nursery	
		Rs'000	Rs'000
At July 1,		3,080	3,080
Decreases due to harvest	25(i)	(425)	(425)
(Decrease)/increase in fair value		(803)	(803)
At June 30,		1,852	1,852

The fair value measurements for nursery plants have been categorised as Level 3 fair values based on the inputs to the valuation techniques used.

- (d) Valuation techniques and significant unobservable inputs

Nursery plants are valued using the future selling price of different type of plants.

- (e) Critical Accounting estimates

The fair value of consumable biological assets has been arrived at by discounting the present value of the expected net cash flows at the relevant market determined pre-tax rate. The harvesting costs and other direct expenses are based on yearly budgets.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

13. TRADE RECEIVABLES

(a) Accounting policy

Trade receivables are recognised initially at fair value and subsequently measured at amortised costs using the effective interest method, less loss allowance.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before June 30, 2023 or July 01, 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP as the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

On that basis, the loss allowance as at June 30, 2023 was determined as per Note 13(c) & (d) below.

(b) As at June 30,

	Notes	2023	2022
		Rs'000	Rs'000
Receivable from Mauritius Sugar Syndicate		6,450	6,876
Receivable from lessees		206	538
Excess miles receivable from related party	33	-	1,573
Receivable from customers		-	-
Total trade receivables, gross		6,656	8,987
Less: provision for impairment	13(e)	(62)	(80)
Total trade receivables, net		6,594	8,907

(c) At June 30, 2023

Expected credit loss:	Gross carrying amount - trade receivables	Expected loss rate	Loss allowance
	Rs'000	%	Rs'000
Current	6,450	0.1%	6
More than 30 days past due	40	15.0%	6
More than 60 days past due	-	0.0%	-
More than 90 days past due	-	0.0%	-
More than 120 days past due	166	30.1%	50
Total	6,656		62

(d) At June 30, 2022

Expected credit loss:	Gross carrying amount - trade receivables	Expected loss rate	Loss allowance
	Rs'000	%	Rs'000
Current	8,576	0.1%	8
More than 30 days past due	127	7.9%	10
More than 60 days past due	127	11.0%	14
More than 90 days past due	127	14.2%	18
More than 120 days past due	30	100.0%	30
Total	8,987		80

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

13. TRADE RECEIVABLES (CONT'D)

(e) Impairment of trade receivables

The closing loss allowances for trade receivables as at June 30, reconcile to the opening loss allowances as follows:

<i>Provision for for impairment</i>	Notes	2023	2022
		Rs'000	Rs'000
As at July 1,		80	726
Recognised in profit or loss during the year	25(v)	62	80
Written off during the year as uncollectible		(80)	(726)
At June 30,		62	80

(i) An amount of **Rs.80k** (2022: 726k) was directly written off as uncollectible receivable during the year.

(f) Critical Accounting estimates

The loss allowances for financial assets are based on assumptions about risks of default and expected loss rates. The Company uses judgement in making these assumptions and selecting inputs to impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting year.

14. OTHER FINANCIAL ASSETS AT AMORTISED COST

(a) Accounting policy

Other financial assets at amortised costs include those assets held with a view of collecting contractual cash flows and contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue, are subsequently carried at amortised cost using the effective interest rate method less any provision from impairment.

Fair value of other financial assets at amortised cost

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Impairment and risk exposure

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. No risk allowances were recognised during the year ended June 30, 2023 (2022: Nil).

All of the financial assets at amortised cost are denominated in Mauritian rupee. As a result, there is no exposure to foreign currency risk.

(b) As at June 30,

	Notes	2023	2022
		Rs'000	Rs'000
Amount due from related parties, gross	33	214,020	218,057

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

15. OTHER CURRENT ASSET

(a) Accounting policy

These amounts generally arise from transactions outside the usual operating activities of the Company. Collateral is not normally obtained.

Due to the short-term nature of the current receivables, their carrying amount is considered to be similar to the same as their fair value.

(b) <u>As at June 30,</u>	2023	2022
	Rs'000	Rs'000
Prepayments	217	279
VAT receivable	927	93
Other receivables	70	70
	<u>1,214</u>	<u>442</u>

16. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

(a) Accounting policy

Non-current assets classified as held for sale relates to land earmarked for future sale, development projects and investment earmarked for sale during the coming year. They are measured at the lower of carrying amount and fair value less costs to sell if the carrying amount is recovered principally through sales. This condition is regarded as met only when the sales are highly probable and the asset is available for immediate sale in their present condition.

(b) <u>Land classified as held for sale</u>	Notes	2023	2022
		Rs'000	Rs'000
At July 01,		-	7,699
Transfer from investment properties	6	-	-
Released to profit or loss	25(ii)	-	(5,815)
Transfer to investment properties	6(b)	-	(1,884)
At June 30,		<u>-</u>	<u>-</u>

(c) **Contract liabilities directly associated with non-current assets classified as held for sale:**

<i>Deposit for land classified as held for sale</i>	Notes	2023	2022
		Rs'000	Rs'000
At July 01,		-	400
Released to profit or loss	24(b)(iii)	-	(400)
Cash received in advance of performance		-	-
At June 30,		<u>-</u>	<u>-</u>

17. SHARE CAPITAL

(a) Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new share are shown in equity as deduction, net of tax, from proceeds. Where the company purchases its equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued.

When such shares are subsequently reissued, any net consideration received, is included in equity attributable to the company's equity holders.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

17. SHARE CAPITAL (CONT'D)

(b) As at June 30,

	Note	Number of	2023 & 2022
		shares	
		No.	Rs'000
Ordinary share capital (nearest thousands)	17 (c)	<u>325,000,000</u>	<u>325,000</u>
Founder share	17 (d)	<u>1</u>	<u>25</u>
Total			<u>325,025</u>

- (c) The total authorised number of ordinary share is **325,000 shares** (2022: 325,000 shares) with a par value of **Rs.1 per share** (2022: Rs.1 per share). All issued shares are fully paid. Fully paid ordinary shares carry one vote per share and carry a right to dividends and rank pari passu in all respects at general meetings.
- (d) The 1 founder share (2022: 1) carries the same right to distribution of 25,000 ordinary shares. The founder share carry and hold the power to cast whether on a poll or otherwise, such number of votes as amounts to an absolute majority of the votes that may cast at general meetings.

18. RETIREMENT BENEFIT OBLIGATION

(a) **Accounting policy**

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 statements of financial position in respect of defined benefit pension plan 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.

The Company determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined 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.

Unfunded plan

Artisans and labourers of sugar companies are entitled to a gratuity on death or retirement, based on years of service. This item is not funded. The benefits accruing under this item are calculated by an actuary and have been accounted for in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

18. RETIREMENT BENEFIT OBLIGATION (CONT'D)

(a) Accounting policy (Cont'd)

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 (2018-Employment Rights Act 2008) is calculated by a qualified actuary and provided for. The obligations arising under this item are not funded.

(i) Summary of balances

- Amount recognised in the statements of financial position as non-current liabilities:

	Notes	2023 Rs'000	2022 Rs'000
Net defined pension benefit liability	18(ii)	<u>27,402</u>	<u>29,273</u>

- Amount charged to profit or loss:

	Notes	2023 Rs'000	2022 Rs'000
Defined pension benefits	18(vi)	<u>1,466</u>	<u>1,669</u>

- Amount (credited)/charged to other comprehensive income:

		2023 Rs'000	2022 Rs'000
Defined pension benefits	18(vii)	<u>1,486</u>	<u>1,042</u>

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

	Notes	2023 Rs'000	2022 Rs'000
Present value of defined benefit obligations	18(iv)	29,683	30,631
Fair value of plan assets	18(v)	<u>(2,281)</u>	<u>(1,358)</u>
Net liability in the statements of financial position	18(i)	<u>27,402</u>	<u>29,273</u>

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

	Notes	2023 Rs'000	2022 Rs'000
At July 1,		29,273	30,963
Charged to profit or loss		1,466	1,669
(Credited)/charged to other comprehensive income		1,486	1,042
Benefits paid out		(4,818)	(4,388)
Less: Employer contributions		(5)	(13)
At June 30,	18(i)	<u>27,402</u>	<u>29,273</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

18. RETIREMENT BENEFIT OBLIGATION (CONT'D)

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

Notes	2023	2022
	Rs'000	Rs'000
At July 1,	30,631	32,687
Interest expense	714	910
Current service cost	794	806
Employee contributions	2	5
Benefits paid	(4,121)	(4,756)
Liability experience gain/(loss)	2,227	764
Liability (gain)/loss due to change in financial assumptions	(564)	215
At June 30,	18(ii) 29,683	30,631

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

Notes	2023	2022
	Rs'000	Rs'000
At July 1,	1,358	1,724
Interest income	42	47
Employer contributions	4,823	4,401
Employee contributions	2	5
Benefits paid	(4,121)	(4,756)
Return on plan assets excluding interest (income)/expense	177	(63)
At June 30,	18(ii) 2,281	1,358

(vi) The amounts charged/(credited) to profit or loss are as follows:

Notes	2023	2022
	Rs'000	Rs'000
Current service cost	794	806
Employer contribution	-	-
Net interest on net defined benefit liability	672	863
Total included in employee benefit expense	1,466	1,669

(vii) The amounts charged/(credited) to other comprehensive income are as follows:

Notes	2023	2022
	Rs'000	Rs'000
Return on plan assets below/(above) interest income	(202)	63
Liability experience gain	2,227	764
Liability (gain)/loss due to change in financial assumptions	(564)	215
Change in effect of asset ceiling	25	-
Total included in other comprehensive income	1,486	1,042

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

18. RETIREMENT BENEFIT OBLIGATION (CONT'D)

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

Notes	2023	2022
	Rs'000	Rs'000
Discount rate	4.8%	2.5%
Future salary increases (staff/workers)	4.5%	2.2%
Future pension increases	0%	0%
Average retirement age	60	60

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

	Increase	Decrease
	Rs'000	Rs'000
June 30, 2023		
Discount rate (1% movement)	845	788
June 30, 2022		
Discount rate (1% movement)	1,086	1,002

(b) Critical Accounting estimates

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

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

19. TRADE AND OTHER PAYABLES

(a) Accounting policy

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

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

(b) As at June 30,

Notes	2023	2022
	Rs'000	Rs'000
Trade payables	4,051	1,618
SIFB premium payable	-	-
Other payables	5,231	7,928
Advance on rentals	1,247	-
Provision for bonus	2,658	3,025
Provision for audit fees	225	225
Amount due to holding company	33	297,592
Amount due to other related company	33	17,332
	319,846	327,720

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

20. DIVIDEND PAYABLE TO SHAREHOLDERS

	Notes	2023	2022
		Rs'000	Rs'000
At July 01,		24,919	12,056
Declared during the year		-	13,001
Reversal of unclaimed dividend		(24,834)	
Paid		(85)	(138)
At June 30,	33	<u>-</u>	<u>24,919</u>

- (i) Rule 71 of the SIT Rules and Article 132 of the Memorandum & Articles of Association provide that all dividends unclaimed for a period of 5 years after having been declared shall be forfeited and shall revert to the companies. Dividends amounting to MUR 24.9 m were unclaimed and unpaid at 30 June 2023 and have been reversed in line with provisions of the SIT Rules and Memorandum & Articles of Association.

21. BORROWINGS

(a) Accounting policy

Borrowings are recognised initially at fair value being their issue proceeds net of direct issue costs. Borrowings are subsequently measured at amortised cost using the effective interest rate which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried on the statement of financial position.

(b) Disclosed as current liabilities:

	2023	2022
	Rs'000	Rs'000
Bank overdrafts	<u>5</u>	<u>-</u>

Borrowings which are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

(c) Disclosed as non - current liabilities:

	2023	2022
	Rs'000	Rs'000
Loan from DBM	<u>6,271</u>	<u>-</u>

Borrowings classified as non -current liabilities relate to a loan from the Development Bank of Mauritius (DBM) as part of the "Revolving loan scheme" for the replantation of sugar cane on 237 Arpents at Rivere du Poste.

Amount of loan	: Rs. 12,800,000 /-
Purpose of loan	: Replantation of Sugar Cane on 237 Arpents at Riviere du Poste
Interest rate	: 2.5% per annum, it starts running on sums withdrawn from the Special Deposit account
Repayment of loan	: Repayment over a period of 4 years of 4 consecutive equated annual payments. First repayment installment falling due on 31 December 2023.
Security	: Pledge of 14% of crop proceeds in favour of DBM Ltd.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

22. TAXATION

(a) Accounting policy

Income tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period.

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

(b) Amounts recognised in the statements of financial position:

	2023	2022
	Rs'000	Rs'000
At July 1,	-	-
Tax paid	-	-
Current tax on the adjusted profit for the year at 15% (2022: 15%)	-	-
Tax loss utilised	-	-
	-	-
Tax loss utilized	-	-
At June 30,	-	-
<u>Analysed as follows:</u>		
- Current tax liabilities	-	-

(c) Amounts recognised in the statements of profit or loss:

	2023	2022
	Rs'000	Rs'000
Charged for the year	-	-
	-	-

(d) Tax reconciliation

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

	2023	2022
	Rs'000	Rs'000
Loss profit before taxation	71,147	164,736
Tax calculated at a rate of 15% (2022: 15%)	10,672	24,710
Income not subject to tax	(1,458)	(1,458)
Expenses not deductible for tax purposes	708	655
Payments deductible for tax purposes	(723)	(658)
Excess of depreciation over annual allowance	41	56
Tax loss not recognised	(9,240)	(21,211)
Tax charge	-	2,094

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

23. DEFERRED INCOME TAX

(a) Accounting policy

Deferred income taxes are calculated on all temporary differences under the liability method at 17% (2022: 17%).

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

The directors are of the opinion that deferred tax asset should not be recognised in the financial statements as the Company has incurred exceptional gains in current year due to the changes in fair value of the investment properties and certainty of consistent future profits can be inferred.

(b) Reconciliation of amounts which would have been in the statements of financial position if deferred tax was recognised:

	2023	2022
	Rs'000	Rs'000
Deferred tax assets	<u>19,022</u>	<u>22,412</u>

(c) Reconciliation of movement on the deferred income tax account is as follows:

	2023	2022
	Rs'000	Rs'000
At July 01,	22,412	23,339
Charge	<u>(3,390)</u>	<u>(927)</u>
At June 30,	<u>19,022</u>	<u>22,412</u>

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

Deferred tax assets

	Accelerated tax depreciation	Tax losses	Retirement benefit obligations	Provision for doubtful debts	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 01, 2021	141	17,811	5,264	123	23,339
(Charge)/credit	<u>(30)</u>	<u>(500)</u>	<u>(288)</u>	<u>(109)</u>	<u>(927)</u>
At June 30, 2022	111	17,311	4,976	14	22,412
(Charge)/credit	<u>(98)</u>	<u>(2,912)</u>	<u>(318)</u>	<u>(62)</u>	<u>(3,390)</u>
At June 30, 2023	<u>13</u>	<u>14,399</u>	<u>4,658</u>	<u>(48)</u>	<u>19,022</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

23. DEFERRED INCOME TAX (CONT'D)

- (e) Unused tax losses at the end of the reporting date that were available for offset against future profits were as follows:

	2023	2022
	Rs'000	Rs'000
Unused tax losses	<u>84,699</u>	<u>101,827</u>

No deferred tax asset has been recognised in respect of the above tax losses due to unpredictability of future profit streams. The tax losses expire on a rolling basis over 5 years except for unutilized capital allowance amounting to **Rs.4,725k** (2022: Rs.4,176k).

24. REVENUE

(a) Accounting policy

- (1) Revenue from contracts with customers

(i) *Performance obligations and timing of revenue recognition*

Sugar proceeds

The majority of the revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has been transferred to the customer. This is generally when the goods are delivered to the customer.

Sugar, molasses, bagasse and distillers/bottlers proceeds are recognised based on the total production of the crop year. There is limited judgement needed in identifying the point control passes: once crop has been harvested and processed into sugar, molasses, bagasse and distillers/bottlers and delivered to the Mauritius, Sugar Syndicate, the Company will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term, with revenue recognised typically on an over time basis.

Sales of land

Revenue is recognised at a point in time when ownership of the land is actually transferred to the customer.

(ii) *Determining the transaction price*

Revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some land transfer taxes).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

24. REVENUE (CONT'D)

(a) Accounting policy (Cont'd)

(1) Revenue from contracts with customers (Cont'd)

(iii) Allocating amounts to performance obligations

Sugar prices are based on the recommendations made to all sugar companies by the Mauritius Chamber of Agriculture after consultation with the Mauritius Sugar Syndicate. Any differences between the recommended prices and the final prices are reflected in profit or loss of the period in which they are established.

For most contracts, there is a fixed unit price for each product sold or services rendered. Therefore, there is no judgement involved in allocating the contract price to each unit ordered or service rendered in such contracts (it is the total contract price divided by the number of units ordered or service rendered). Where a customer orders more than one product line, the Company is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

The costs of fulfilling contracts do not result in the recognition of a separate asset because:

- such costs are included in the carrying amount of inventory for contracts involving the sale of goods; and
- for service contracts, revenue is recognised over time by reference to the stage of completion meaning that control of the assets is transferred to the customer on a continuous basis as work is carried out. Consequently, no asset for work in progress is recognised.

Practical Exemptions

The Company has taken advantage of the practical exemptions:

- not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less; and
- expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

(2) Other revenues earned by the Company is recognised on the following bases:

- Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).
- Other income is recognised as it accrues unless collectability is in doubt.

(3) Contract balances

A contract liability is the obligation to transfer services to a customer for which the Company has received full or partial consideration. In cases where the customer pays consideration before the Company transfers goods/services, a contract liability is recognised when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognised as revenue when the Company performs under the contract. The Company also derives income from sales of land options. A land option gives the customer the option to buy a property in the future against an upfront payment. The proceeds are treated as a contract liability as no performance obligation is delivered at that time until the customer buys the land or the option period expires.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

24. REVENUE (CONT'D)

(a) Accounting policy

(4) Costs of obtaining long-term contracts and costs of fulfilling contracts

In addition to the contract balances, as disclosed above, the Company has also recognised an asset in relation to costs to fulfil a long-term contract ('Le Bouchon Contract'). This is presented within 'Other assets' in the statement of financial position.

The costs relate directly to the contract, generate resources that will be used in satisfying the contract and are expected to be recovered. They were therefore recognised as an asset from costs to fulfil a contract.

(5) Remaining performance obligations

The vast majority of the Company's contracts are for the delivery of goods within the next 12 months for which the practical expedient in paragraph 121(a) of IFRS 15 applies. However, Le Bouchon Contract for the sales of land have been entered into for which both:

- the original contractual period was until construction date is announced and 4 years thereafter; and
- the Company's right to consideration does not correspond directly with the performance.

(b) Revenue from contracts with customers

	Notes	2023	2022
		Rs'000	Rs'000
Sugar proceed	(i)	44,993	37,944
Sales of goods	(ii)	421	425
Sales of real estates	(iii)	14,119	30,641
Rental income from investment properties	(iv)	1,705	1,037
Total revenue from contracts with customers		61,238	70,047

A. Disaggregation of revenue from contracts with customers:

	Agro	Land Sales	Land Rental
(1) 2023	Rs'000	Rs'000	Rs'000
<i>Product type</i>			
Sugar proceed	44,993	-	-
Sales of goods	421	-	-
Sales of real estates	-	14,119	-
Rental income from investment properties	-	-	1,705
	45,414	14,119	1,705
<i>Contract counterparties</i>			
Syndicate	44,993	-	-
Direct consumers	421	14,119	1,705
	45,414	14,119	1,705
<i>Timing of revenue recognition:</i>			
Over time	-	-	1,705
At a point in time	45,414	14,119	-
	45,414	14,119	1,705

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

24. REVENUE (CONT'D)

(b) Revenue from contracts with customers (Cont'd)

A. Disaggregation of revenue from contracts with customers (Con'td):

	Agro Rs'000	Land Sales Rs'000	Land Rental Rs'000
(2) 2022			
<i>Product type</i>			
Sugar proceed	37,944	-	-
Sales of goods	425	-	-
Sales of real estates	-	30,641	-
Rental income from investment properties	-	-	1,037
	38,369	30,641	1,037
<i>Contract counterparties</i>			
Syndicate	37,944	-	-
Direct consumers	425	30,641	1,037
	38,369	30,641	1,037
<i>Timing of revenue recognition:</i>			
Over time	-	-	1,037
At a point in time	38,369	30,641	-
	38,369	30,641	1,037

a. All of the Company's revenue arises principally in Mauritian territories during 2022 and 2021.

(i) Revenue from sugar proceeds:

	Notes	2023 Rs'000	2022 Rs'000
<i>Current year crop:</i>			
Sugar		36,817	28,057
Molasses		3,316	3,784
Bagasses		4,754	5,523
SIFB compensation		106	70
<i>Previous year crop:</i>			
Sugar		-	510
Total revenue from sugar proceeds	24(b)	44,993	37,944

(ii) Revenue from the sales of goods:

	Notes	2023 Rs'000	2022 Rs'000
Sales of nursery plants		421	425
Total revenue from sales of goods	24(b)	421	425

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

24. REVENUE (CONT'D)

(b) Revenue from contracts with customers (Cont'd):

(iii) Revenue from the sales of real estates:

Sales of agricultural land:

Amounts included in contract liabilities recognised as revenue:

Deposit on land inventory earmarked to be sold

Deposit on non-current asset held for sale

Direct receipts from:

Sales of land inventory

Sales of non-current asset held for sale

Total revenue from the sale of real estates

Notes	2023	2022
	Rs'000	Rs'000
24(c)(i)	-	700
16	-	400
a.	7,030	9,501
a.	7,089	20,040
24(b)	14,119	30,641

a. Receipts from sales of land is recognised net of land transfer taxes which amount to **Rs.743k** (2022: Rs.1,613k).

(iv) Rental income from investment properties:

Amounts included in contract liabilities recognised as revenue:

Amortization of advance payments on rentals

Direct receipts from:

Lease of agricultural land

Total rental income from investment properties

Notes	2023	2022
	Rs'000	Rs'000
24(c)(ii)	635	40
	1,070	997
6(e)	1,705	1,037

(c) Liabilities related to contracts with customers:

Analysis of contract liabilities

Deposit on land earmarked to be sold

Advance payment on rentals

Notes	Contract liabilities	
	2023	2022
	Rs'000	Rs'000
24(c)(i)	2,525	2,410
24(c)(ii)	-	635
	2,525	3,045

(i) *Deposit on land earmarked to be sold*

At July 01,

Released to profit or loss

Cash received in advance of performance

At June 30,

Notes	2023	2022
	Rs'000	Rs'000
	2,410	1,375
24(b)(iii)	115	(700)
	-	1,735
24(c)	2,525	2,410

a. Deposit on land is release to profit of loss when ownership of the land is actually transferred to the customer.

(ii) *Advance payments on lease*

At July 01,

Amortization of advance payment

Cash received in advance of performance

At June 30,

Notes	2023	2022
	Rs'000	Rs'000
	635	40
24(b)(iv)	(635)	(40)
	-	635
24(c)	-	635

a. Advance payments on lease is amortized over the period to which it pertains.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

24. REVENUE (CONT'D)

(d) Other assets

Costs of obtaining long-term contracts and costs of fulfilling contracts:

At July 01,

Transfer from Property, plant and equipment

Costs during the year

At June 30,

Notes	2023	2022
	Rs'000	Rs'000
	18,982	-
5		18,982
	7	
	18,989	18,982

- a. During the year 2022, the Company entered into a contract with Curzon ('the customer') and transferred a portion of land to a jointly controlled entity (See Note 9(b)). Performance obligation is satisfied when the start of the construction of a smart city is announced. As at June 30, 2023, no date was announced but both parties remained committed to the completion of the project. The cost of the land will be recovered when a construction date is announced and the Company obtain rights for consideration. The total consideration of the land is USD50M. Payment for the land shall be as follows:

- USD20m following announcement with 4 consecutive annual payment of USD5m.
- USD10m retained in consideration of 20% shares and voting rights of retained in the joint venture.

25. EXPENSES

(a) Analysis of expenses

Cost of sales

Other operating expenses

Notes	2023	2022
	Rs'000	Rs'000
25(b)	58,852	69,530
25(c)	6,131	6,695
	64,983	76,225

(b) Cost of sales

Cultivation costs

Employee benefit expenses

Cost of land sold

Depreciations and amortization

Total cost of sales

(i)	24,139	19,551
(iii)	27,447	32,063
(ii)	7,091	17,707
(iv)	175	209
	58,852	69,530

(c) Other operating expenses

Administrative expenses

Total other operating expenses

(v)	6,131	6,695
	6,131	6,695

(i) CULTIVATION COSTS

Consumables used in crop cultivation

Harvest cost

SIFB Premium

Consumable biological asset sold

Other cultivation cost

Total cultivation costs

Notes	2023	2022
	Rs'000	Rs'000
10(c)	13,132	7,199
	7,831	7,902
	3,171	3,637
12	-	425
	5	388
	24,139	19,551

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

25. EXPENSES (CONT'D)

(ii) COST OF LAND SOLD

Cost of land inventory sold

	Notes	2023 Rs'000	2022 Rs'000
- Land inventories	11(b)	7,091	11,803
- Non-current assets held for sale	16	-	5,815
Other direct expenses		-	89
Total cost of land sold		7,091	17,707

(iii) EMPLOYEE BENEFIT EXPENSES

	Notes	2023 Rs'000	2022 Rs'000
Wages and salaries		22,713	26,431
Social security costs		2,162	1,956
Retirement benefit obligations		764	1,656
Other staff costs		1,808	2,020
Total employee benefits expenses		27,447	32,063

(iv) DEPRECIATION AND AMORTISATION

	Notes	2023 Rs'000	2022 Rs'000
Depreciation on property, plant and equipment	5	169	199
Amortisation of intangible assets	7	6	10
		175	209

(v) ADMINISTRATIVE EXPENSES

	Notes	2023 Rs'000	2022 Rs'000
Management fees	33	1,000	1,000
Directors fees		896	962
Motor vehicle running expenses		78	269
General expenses		117	236
Licenses		365	340
Office,garage and fuel		311	439
Audit fees		225	225
Professional fees		81	118
Advertising expenses		287	125
Software expenses		79	105
Printing,postage and stationery		937	1,385
Provision for doubtful debts	13(e)	62	80
Receivable written off	13(e)(i)	3	78
Irrecoverable VAT written off		-	372
Penalty		-	738
Other expenses		1,690	223
		6,131	6,695

- a. The Company has elected to apply the exemption under IFRS 16 for leases within 12 months duration.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

26. OTHER INCOME

	Notes	2023 Rs'000	2022 Rs'000
Refund of excess miles	33	587	727
Other operating income		-	282
Profit on disposal of asset		22	-
		<u>609</u>	<u>1,009</u>

27. FINANCE INCOME

	Notes	2023 Rs'000	2022 Rs'000
Interest on current account with related parties	33	9,866	10,542
Interest on bank account		23	16
		<u>9,889</u>	<u>10,558</u>

28. FINANCE COSTS

	Notes	2023 Rs'000	2022 Rs'000
Interest on current account	33	14,338	16,247

29. EXCEPTIONAL ITEMS

	Notes	2023 Rs'000	2022 Rs'000
Impairment of bearer plants	5(e)	-	-

30. PROFIT BEFORE TAXATION

	Notes	2023 Rs'000	2022 Rs'000

Profit before taxation is arrived at after

(i) crediting:

- Share of result of associates	8	55,053	77,420
- Finance income	27	9,889	10,558

(ii) and charging:

- Depreciation on property, plant and equipment	5	169	199
- Amortization on intangible assets	7	6	10
- Cost of land inventory recognised as expenses	25(ii)	7,091	17,707
- Impairments of bearer plants	29	-	-
- Share of result of associates	8	55,053	77,420
- Employee benefit expense	25(iii)	27,447	32,063

31. EARNINGS PER SHARE

	Notes	2023 Rs'000	2022 Rs'000
Profit/(loss) attributable to equity holders of the Company		<u>69,661</u>	<u>163,694</u>
Number of ordinary shares (including founder share equivalent to shares) in issue	17	<u>325,025,000</u>	<u>325,025,000</u>
Earnings per share (Rs.)		<u>0.21</u>	<u>0.50</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

32. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Cash generated from operations	Notes	2023	Restated 2022
		Rs'000	Rs'000
Profit before taxation		71,147	164,736
<i>Adjustments:</i>			
Depreciation on property, plant and equipment	5	168	199
Amortisation of intangible assets	7	6	10
Profit on disposal	26	22	-
Fair value gain on investment properties		(24,000)	(98,977)
<i>Advance recognised as revenue:</i>			
- Deposit on land inventory earmarked to be sold	24(c)(i)	115	(700)
- Amortization of advance payment on lease	24(b)(iv)	(635)	(40)
- Deposit on non-current assets held for sale	16(c)	-	(400)
<i>Cost of land inventory sold</i>			
- Land inventories	11(b)	7,091	11,803
- Non-current assets held for sale	16	-	5,815
Impairment of bearer plants	5(c)	-	-
Share of results of associate	8	(55,052)	(77,420)
Benefits paid out	18	(4,818)	(4,388)
Retirement benefit charge	18	764	1,656
Changes in fair value of consumable biological asset	12	320	803
Consumable biological asset sold	12	-	425
Finance income	27	(9,889)	(10,558)
Interest expense	28	14,338	16,247
		(423)	9,211
Changes in working capital:			
- Inventories		(429)	262
- Trade receivables		2,315	22,072
- Other financial assets at amortised cost	(i)	13,903	(152)
- Other current assets		(772)	(1)
- Trade and other payables	(i)	(22,453)	(37,929)
Cash generated from operations		(7,859)	(6,537)

- (i) Changes in working capital of trade and other payable and other financial assets at amortised cost exclude non-cash movement in interest accrued amounting to **Rs.14,580k** (2022: Rs.16,247k) and **Rs.9,866k** (2022: Rs.10,542k) respectively.

(b) **Cash and cash equivalents**

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

	2023	2022
	Rs'000	Rs'000
Cash in hand and at bank	4,342	6,496

- (c) **Cash and cash equivalents and bank overdrafts include the following for the purpose of the statements of cash flows:**

	2023	2022
	Rs'000	Rs'000
Cash at bank	4,332	6,486
Cash in hand	10	10
	4,342	6,496
Bank overdrafts	(5)	-
As at June 30,	4,337	6,496

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

33. RELATED PARTY TRANSACTIONS

	Management fees charge	Excess miles income	Finance income	Finance costs	Share of (loss)/profit	Amount owed by related parties	Amount owed to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) 2023							
<u>Trading transactions</u>							
Holding company	1,000	-	-	14,338	-	-	274,728
Fellow subsidiaries	-	-	-	-	-	-	-
Associates	-	-	9,866	-	55,053	211,371	-
Joint venture	-	-	-	-	-	-	-
Enterprise over which directors have significant influence	-	587	-	-	-	2,649	31,706
	<u>1,000</u>	<u>587</u>	<u>9,866</u>	<u>14,338</u>	<u>55,053</u>	<u>214,020</u>	<u>306,434</u>
(b) 2022							
<u>Trading transactions</u>							
Holding company	1,000	-	-	16,247	-	-	297,592
Fellow subsidiaries	-	-	-	-	-	-	-
Associates	-	-	10,542	-	20,010	215,089	-
Joint venture	-	-	-	-	-	319	-
Enterprise over which directors have significant influence	-	727	-	-	-	2,649	17,332
	<u>1,000</u>	<u>727</u>	<u>10,542</u>	<u>16,247</u>	<u>20,010</u>	<u>218,057</u>	<u>314,924</u>

(c) Outstanding amounts payable to group companies and amounts receivables from group companies at year end are unsecured and interest free, and settlement occurs in cash except for the following:

- (i) Amount due to holding company carry interest rate of 5% (2022: 5%).
- (ii) Amount due from associated company carry interest rate of 5% (2022: 5%).

(d) Except as disclosed in Note 34, there has been no other guarantee received or provided for any amounts receivable from related company and amounts payable to related company.

(e) Dividend payable to shareholders amounted to **Rs. NIL** (2022: Rs.24,919m). Dividend amounting to **Rs.85k** (2022: Rs.138k) was paid to shareholders during the year.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

33. RELATED PARTY TRANSACTIONS (CONT'D)

(e) Key management personnel compensation, including directors remuneration and benefits:

	2023	2022
	Rs'000	Rs'000
Directors fees	<u>896</u>	<u>962</u>

34. CONTINGENCIES

	2023	2022
	Rs'000	Rs'000
Garantees offered on behalf of related parties	<u>339,000</u>	<u>370,859</u>

Freehold land held by the Company was offered as collateral for loan granted to the Holding Company. The collateral above are the market value of the assets on the date of grant.

35. HOLDING COMPANY

The holding company of SIT Land Holding Ltd is, Sugar Investment Trust, which is incorporated in Mauritius. The address of its registered office is Ground Floor, NG Tower, Cybercity, Ebène. The Company is controlled by Sugar Investment Trust through a founder share which gives ultimate voting right over the ordinary capital shareholders.

36. SEGMENT INFORMATION

Segment information presented relates to operating expenses incurred. segments that engage in business activities for which revenues are earned.

The Company's reportable segments are strategic business units that offer different products and services. They are managed separately because each business unit requires different technology and marketing strategies.

Operating segments that do not meet any of the quantitative thresholds of 10% reported revenue or profit or assets are included if management believes that information about these would be useful to users to better appraise financial information.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Company evaluates the performance on the basis of profit or loss from operations before tax expense.

The Company's customer base is highly diversified, with no individually significant customers. Other entity wide disclosures such as revenue from external customers per service/product type and extent of reliance on major customers have not disclosed due to excessive cost involved.

Operating segments that do not meet any of the quantitative thresholds of 10% reported revenue or profit or assets are included in the unallocated category. Product description of segments are as follows:

- (i) Agro - Sugar cane plantation and sales of herbaceous plants
- (ii) Land sales - Sales of agricultural land
- (iii) Rental - Rental of agricultural land
- (iv) Investment Holding - Investment in other entities involved in land and construction
- (v) Corporate Office - Administration of SIT Land Holdings Ltd

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

36. SEGMENT INFORMATION (CONTD)

(a) **2023**

	Agro Rs'000	Land Sales Rs'000	Land Rental Rs'000	Investment Holding Rs'000	Corporate office Rs'000	Total Rs'000
Segment revenues	45,414	14,119	1,705	-	-	61,238
Segment (loss)/profit	(6,667)	7,028	1,705	-	-	2,066
Segment (loss)/profit	(6,667)	7,028	1,705	-	-	2,066
Unallocated corporate expenses	-	-	-	-	(6,131)	(6,131)
Operating (loss)/profit	(6,667)	7,028	1,705	-	(6,131)	(4,065)
Other income	-	-	-	-	609	609
Fair value gain on investment property	-	-	-	-	24,000	24,000
Finance income	-	-	-	-	9,889	9,889
Finance costs	-	-	-	-	(14,338)	(14,338)
Share of result of associates	-	-	-	55,052	-	55,052
(Loss)/profit before taxation	(6,667)	7,028	1,705	55,052	14,029	71,147
Taxation	-	-	-	-	-	-
(Loss)/profit for the year	(6,667)	7,028	1,705	55,052	14,029	71,147
Segment assets	270,178	93,374	508,144	656,667	8,205	1,536,568
Segment liabilities	40,589	2,525	-	-	312,935	356,049

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2022

36. SEGMENT INFORMATION (CONT'D)

(b) 2022

	Agro Rs'000	Land Sales Rs'000	Land Rental Rs'000	Investment Holding Rs'000	Corporate office Rs'000	Total Rs'000
Segment revenues	38,369	30,641	1,037	-	-	70,047
Segment (loss)/profit	<u>(14,257)</u>	<u>12,934</u>	<u>1,037</u>	<u>-</u>	<u>-</u>	<u>(286)</u>
Segment (loss)/profit	(14,257)	12,934	1,037	-	-	(286)
Unallocated corporate expenses	-	-	-	-	(6,695)	(6,695)
Operating (loss)/profit	(14,257)	12,934	1,037	-	(6,695)	(6,981)
Other income	-	-	-	-	1,009	1,009
Fair value gain in investment property	-	-	-	-	98,977	98,977
Finance income	-	-	-	-	10,558	10,558
Finance costs	-	-	-	77,420	(16,247)	(16,247)
Share of result of associates	-	-	-	-	-	77,420
(Loss)/profit before taxation	(14,257)	12,934	1,037	77,420	87,602	164,736
Taxation	-	-	-	-	-	-
(Loss)/profit for the year	(14,257)	12,934	1,037	77,420	87,602	164,736
Segment assets	269,906	94,166	491,664	605,323	9,922	1,470,981
Segment liabilities	41,844	2,410	635	-	340,068	384,957

(c) Operating segments are components of the Company about which separate financial information is available. The primary geographic market of the Company is mainly in Mauritius.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

37. GOING CONCERN

The Company incurred an operating loss of Rs.4,065k (2022: operating loss of Rs.6,981k) and a total profit of Rs.71,147k (2022: Rs.164,736k) during the year ended June 30, 2023.

The Company has several operating segments, namely, agro, land sales and land rental and also run a corporate office.

Agro

The Agro segment consist mainly of sugar plantation. The quantity of sugar extracted from sugar cane is dependent on climatic conditions for crop yields while sugar prices is largely influenced on the competitive and other economic forces prevailing in international markets. With the prevailing low prices, cost reductions measures have been implemented. While SIFB compensation obtained amounted to a negligible amount of Rs.105k (2022: Rs70k) the loss has decreased from Rs.14,257k in financial year 2022 to Rs.5,903k in financial year 2023.

Land sales

The land sales segment comprises agricultural land earmarked to be sold. The segment has been the main support of the Company with profit generated amounting to Rs.7,028k (2022: Rs.12,934k).

Land rental

The land rental division consist of agricultural land held for capital appreciation or is rented. Revenue has increased by 64.4% representing a jump from Rs.910k in 2022 to Rs.1,037k 2023. This is mainly attributed to recovery from the Covid-19 effect.

For the purpose of assessing the appropriateness of the preparation of the Company's Financial Statements on a going concern basis, multiple scenarios of increasing severity have been prepared.

The forecasts consider the current cash position, the availability of banking facilities and an assessment of the principal areas of risk and uncertainty.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

38. CHANGES IN ACCOUNTING POLICIES - INVESTMENT PROPERTY

Impact on the financial statements (cost to fair value model)

- (a) The company has adopted a change in accounting policy to measure its investment properties at fair value in accordance with International Accounting Standard (IAS) 40.

In preparing the financial statements for the year ended June 30, 2023, the company identified all necessary corrections and restatements that ought to be made to the financial statements, presentation and disclosures of certain transactions and balances, in accordance with International Accounting Standard, IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

During the year ended June 30, 2023, the following balances were restated retrospectively and the effect of the restatements are summarised as follows:

Statement of financial position

June 30, 2022

		2022		
		As previously reported	Prior year adjustments	Restated balance
		Rs. 000's	Rs. 000's	Rs. 000's
Investment properties:				
	Land under Food Security scheme and 100 A scheme	25,116	374,884	400,000
	Land put on lease to small planters	5,023	78,977	84,000
	Belle Rive	6,171	-	6,171
		<u>36,310</u>	<u>453,861</u>	<u>490,171</u>
	IP Valuation effect on retained earnings -			
(c)	6	<u>19,250</u>	<u>453,861</u>	<u>473,111</u>

Statement of profit or loss and other comprehensive income

June 30, 2022

		2022		
		As previously reported	Prior year adjustments	Restated balance
		Rs. 000's	Rs. 000's	Rs. 000's
	Fair value gain on investment properties	-	98,977	98,977

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

38. CHANGES IN ACCOUNTING POLICIES - INVESTMENT PROPERTY (CONT'D)

Impact on the financial statements (cost to fair value model) - (cont'd)

June 30, 2021

		2021		
		As previously reported	Prior year adjustments	Restated balance
		Rs. 000's	Rs. 000's	Rs. 000's
Statement of financial position				
Investment properties:	5			
Land under Food Security scheme and 100 A scheme		25,116	354,884	380,000
Land put on lease to small planters		-	-	-
Ile D'Ambre		4,287	-	4,287
Belle Rive		32,951	-	32,951
		<u>62,354</u>	<u>354,884</u>	<u>417,238</u>
IP Valuation effect on retained earnings - (c)	6	<u>230,902</u>	<u>354,884</u>	<u>585,786</u>

Statement of profit or loss and other comprehensive income

June 30, 2021

		2021		
		As previously reported	Prior year adjustments	Restated balance
		Rs. 000's	Rs. 000's	Rs. 000's
Fair value gain on investment properties		<u>-</u>	<u>354,884</u>	<u>354,884</u>

- (b) The above adjustments have no impact on the statement of cash flows for year ended 2022 and 2021.
- (c) Retained earnings were adjusted to record the net effect of all other adjustments noted. The movement disclosed in this note relate to IP valuation effect on retained earnings only.
- (d) This change in accounting policy has been consistently applied to all investment properties held by the company. The movement from 2021 to 2022, reflecting an increase in fair value, was determined based on market value. Market value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction.
- (e) Reason for change from cost model to fair value model
- (i) The reason for changing from the cost model to the fair value model under IAS 40 was to provide more relevant and reliable information about the investment property's current value in the market. The fair value model captures these changes in a more timely and accurate manner compared to the cost model.
- (ii) Fair value measurement reflects the market's expectations of future cash flows, which can be influenced by factors such as rental rates, occupancy levels, and market demand.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2023

38. CHANGES IN ACCOUNTING POLICIES - INVESTMENT PROPERTY (CONT'D)

- (ii) By using a consistent approach to fair value measurement, financial statements of different entities can be more easily compared, facilitating a better understanding of the relative value and performance of investment properties across the industry.
- (f) Significant inputs and assumptions used in determining the fair value

The latest valuation surveyors report issued on 07 September 2023 by Aestima Ltd was assumed to be the fair value of the investment properties as at June, 30, 2023.



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