
Annual Report 2021
MOVING AHEAD
TOGETHER....
ENHANCE LIFE & GROWTH
STAND HERE
LES GAZ INDUSTRIELS LTD.
UNE VALEUR SÛRE
Est. 1952

moving ahead >>

Moving Ahead Together One Team
Same Direction Trust & Integrity
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Approach Moving Ahead Together
One Team Same Direction Trust & I
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Life & Growth Personalised Approach

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of Les Gaz Industriels Limited and its subsidiary for the year ended June 30, 2021, the contents of which are listed below.

This report was approved by the Board of Directors on October 08, 2021.

Antoine L. Harel
Chairman

Christopher Hart de Keating
Chief Executive Officer

Contents

2 LGI At First Sight

Founded in 1952

- One Stop Shop
- Life saving products
- Listed on Development & Enterprise Market of the Stock Exchange of Mauritius since 2007
- Team 39 14

Insight 2021

- Market Capitalisation: **Rs. 79,647,456**
- Revenue: **Rs. 168,553,759**
- Distributable Reserves: **Rs. 152,565,958**
- Growing Presence: **Madagascar, Seychelles, Kenya**
- Shareholders: **308**

- Power Energy
- Food & Beverages
- Leisure & Hospitality
- Medical
- Laboratories
- Metal Works

moving ahead for everyone's well-being >>

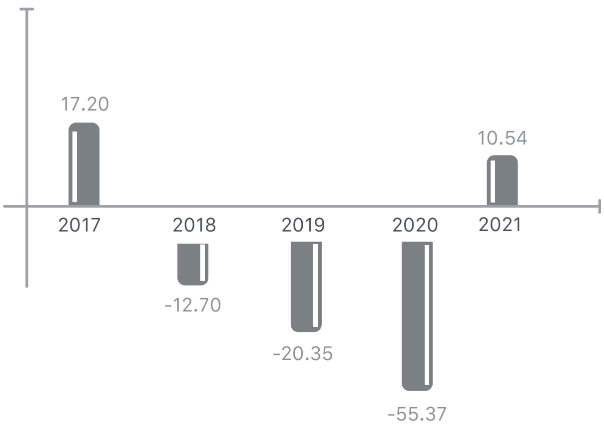
Pulling together our skills has enabled us to meet the medical oxygen needs to fight the 2nd wave of Covid-19 in Madagascar

Air Liquide eole

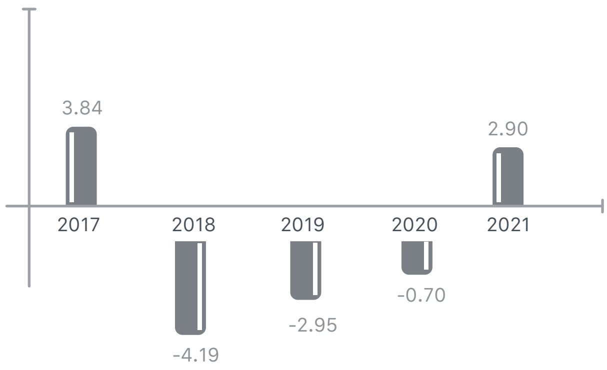
GAZ INDUSTRIELS MADAGASCAR SA
UNE VALEUR SÛRE

4 Financial Highlights

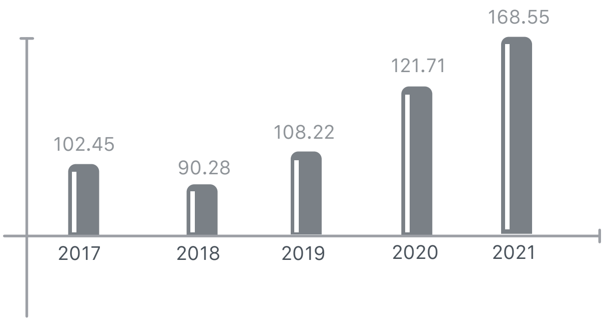
Price Earning Ratio **Number of times**



Earnings per Share **Rs.**

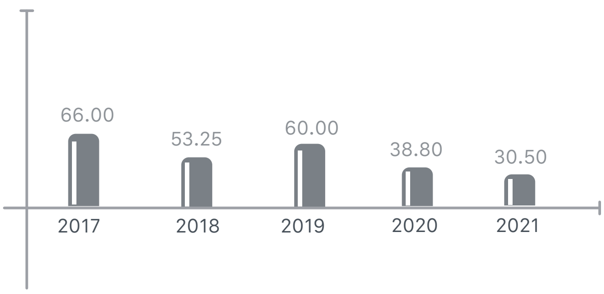


Turnover **Rs. (Million)**

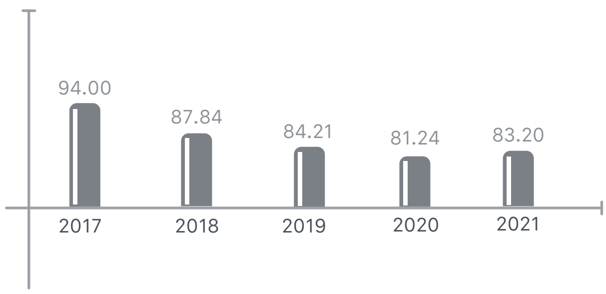


Profit after Taxation **Rs. (Million)**

Market Price per Share **Rs.**



Net Assets per Share **Rs.**



Corporate Information 5

HEAD OFFICE
Pailles Road
G.R.N.W.
P.O.Box 673
Bell Village
Tel: (230) 212 8306
Fax: (230) 212 0235
Hotline: (230) 800 1133
Email: contactus@gaz-industriels.com
Website: www.gaz-industriels.com

REGISTERED OFFICE
18, Edith Cavell Street
Port-Louis
Republic of Mauritius
Tel: (230) 207 3000

SUBSIDIARY
Gaz Industriels Madagascar SA
Lot 4 - Bloc 1, Zone Industrielle Forello
Tanjombato, Antananarivo 101
Madagascar
Tel: (261) 20 22 576 00
Fax: (261) 20 22 576 00
Email: contacternous@gazindmada.com

REGISTRY & TRANSFER OFFICE
Harel Mallac Corporate Services Ltd
18, Edith Cavell Street
Port-Louis
Republic of Mauritius
Tel: (230) 207 3000

SECRETARY
HM Secretaries Ltd
18, Edith Cavell Street
Port-Louis
Republic of Mauritius
Tel: (230) 207 3000

BUSINESS REGISTRATION NUMBER
C07000817

EXTERNAL AUDITORS
Baker Tilly
Chartered Accountants
1st Floor
Cyber Tower 1
Ebene 72201
Republic of Mauritius
Tel: (230) 460 8800
Fax: (230) 460 8819

INTERNAL AUDITORS
PricewaterhouseCoopers Ltd
PwC Centre
Avenue de Telfair, Telfair 80829
Moka
Republic of Mauritius
Tel: (230) 404 5000
Fax: (230) 404 5088

ENGINEERING AUDIT
African Oxygen Limited (AFROX)
Afrox House
23 Webber Street, Selby
Johannesburg,
Republic of South Africa
Tel: (+27) 011 490 0400

BANKERS
The Mauritius Commercial Bank Limited
Sir William Newton Street
Port-Louis
Republic of Mauritius
Tel: (230) 202 5000
Fax: (230) 212 2233

BCP Bank (Mauritius) Limited
Maeva Tower Ltd
9ème Etage
Cnr Silicon Avenue & Bank Street
Cybercity 72201
Tel: (230) 207 8600
Fax: (230) 212 4983

6 Statutory Disclosures

Year Ended June 30, 2021

DIRECTORS

Directors of the Company and of its subsidiary company at the end of the accounting period are as follows:

Les Gaz Industriels Limited

Messrs./Ms. Antoine L. Harel (Chairman)
Laurent Bourgault du Coudray
Christopher Hart de Keating
Marius Johannes Kruger
Catherine McIlraith
Sivavalan Moodley
Michel Guy Rivalland (Alternate to Laurent Bourgault du Coudray)

Gaz Industriels Madagascar SA

Messrs. Antoine L. Harel (Chairman)
Christopher Hart de Keating
Marius Johannes Kruger
Raphaël Jakoba

DIRECTORS' SERVICE CONTRACTS

Mr. Christopher Hart De Keating has a service contract with the Company without expiry date.

None of the other directors has unexpired service contracts with the Company.

DIRECTORS' REMUNERATION

Remuneration and benefits received or due and receivable from the Company and its subsidiary company were as follows:

	From the Company		From Subsidiary	
	2021	2020	2021	2020
	Rs.	Rs.	**Rs.**	Rs.
Executive Directors				
- Christopher Hart de Keating	**3,343,501**	4,016,073	**-**	-
Non-executive Directors				
- Antoine L. Harel (Chairman)	**395,910**	428,903	**-**	-
- Laurent Bourgault du Coudray	**214,650**	232,538	**-**	-
- Marius Johannes Kruger *	**286,200**	387,563	**-**	-
- Catherine McIlraith	**357,750**	310,049	**-**	-
- Sivavalan Moodley *	**143,100**	155,025	**-**	-
	4,741,111	5,530,151	**-**	-

The directors of the subsidiary company did not receive any remuneration and benefits from the subsidiary during the year ended June 30, 2021 (2020: Nil).

The directors do not have any contract of significance with the Company.

* These are Director's nominated by African Oxygen Limited and their remuneration were paid to the latter.

Statutory Disclosures

Year Ended June 30, 2021

DONATIONS

	The Group		The Company	
	2021	2020	2021	2020
	Rs.	Rs.	**Rs.**	Rs.
Donations	**25,000**	70,000	**25,000**	70,000

AUDITORS FEES

	The Group		The Company	
	2021	2020	2021	2020
Audit fees paid to:				
Baker Tilly	**350,000**	380,000	**350,000**	380,000
Etika	**93,805**	86,247	**-**	-
	443,805	466,247	**350,000**	380,000
Fees paid for other services to:				
Baker Tilly	**160,000**	160,000	**160,000**	160,000
PricewaterhouseCoopers Ltd	**375,000**	375,000	**375,000**	375,000
	535,000	535,000	**535,000**	535,000

Approved by the Board of Directors on September 24, 2021 and signed on its behalf by:

Antoine L. Harel
Chairman

Christopher Hart de Keating
Chief Executive Officer

Board of Director's Report

Year Ended June 30, 2021

Dear Shareholders,

The Board of Directors of Les Gaz Industriels Limited ("LGI") is pleased to submit its report for the year ended 30th June 2021.

Resilience amidst a testing economic environment

The second wave of Covid-19 in the country led to a new lockdown in March 2021. This has further impacted businesses, the society at large and individuals. The Mauritian economy was already on course to experience one of its worst contraction since its independence. Although some growth is still expected in 2021, this second lockdown has added to the prevailing uncertainty.

Despite this deterioration in the economic climate and previously reported difficulties in our traditional markets, the group showed remarkable resilience to post improved results. For the year under review the Group recorded an increase in turnover of 51.6% to reach Rs. 192.0m and a profit of Rs. 19.7m compared to a loss of Rs. 2.7m in 2020. Net assets of the Group increased to Rs. 229.8m from Rs. 209.8m.

This performance is the direct result of our diversification strategy to search for new business beyond our shores. Our continued cost-containment measures also contributed to these results.

At 30th June 2021, the Group's distributable reserves at year end was Rs. 162.6m. Net Asset Value per share increased to Rs. 88.02 from Rs. 80.35 at 30th June 2020. In line with the market and the current economic environment, our share price has fallen from Rs. 38.80 in June 2020 to Rs. 30.50 at 30th June 2021. The Board is confident that our current results should favourably affect the share price.

The Group's cash flow increased from 2020 and remains healthy. Our financial position should help the Group steer through the unchartered territory that the whole world has entered.

With regard to dividends, in view of the current year's results and the positive cash-flow, the Board has recommended a final dividend of Rs. 2.00 payable in December 2021.

Pursuing our growth strategies amid challenges ahead

This year has shown our flexibility and adaptability to new realities and situations. We have persevered to attain this position and we shall continue on this path. Our focus will remain on tapping all business opportunities for enhanced growth and sustainability.

Whilst the Covid-19 pandemic has brought about an unprecedented economic crisis it has also created opportunities for the Group to be at the forefront of the fight against the pandemic. In April 2021 our team at Gaz Industriels Madagascar worked relentlessly and achieved uninterrupted production and supply of vital products to the population.

LGI is pursuing its diversification and growth in line with its defined strategies. These are regularly reviewed, with the input of our key staff, in line with the new normal.

During the year under review LGI invested in the shareholding of Industrial and Medical Gases (Seychelles) Limited (IMG) to the tune of 22.5%. With the support of LGI, IMG is establishing itself as a main gas supplier in Seychelles.

Fulfilling our duties towards society

LGI shall move ahead in strict adherence to our Safety, Health, Environment & Quality ("SHEQ") rules. We shall endeavour to share with our partners these rules for the benefit of their people, and society. Furthermore, we continue to share our SHEQ knowledge with our customers to enable them to grow their businesses in a safe environment.

We remain committed to support individuals who require medical oxygen through our homecare services. Our team of dedicated staff cover the whole island to provide this service. The pandemic has revealed to the world how critical our products are topeople & survival. We shall continue to improve our service.

Supporting our immediate environment is also aligned to our values. The Company will provide help to its neighbours as much as possible. We believe that a happy community around us will benefit everyone.

Our future success will only be achieved with the full support the LGI team both in Mauritius and Madagascar. The Board and Management highly value the dedicated team of LGI. We shall continue to promote best employment practices for our staff, and we remain committed to developing their skills and creating opportunities for them. A special word of thanks to our colleagues in Madagascar who did not hesitate to work 24-7 to support the operations and production during the peak of the pandemic there.

Concluding note

The Board would like to extend its thanks and appreciation to the Chief Executive Officer and his team for their dedication and hard work during the year. The Board also wishes to put on record its special gratitude to them for ensuring that critical medical supplies were not disrupted in all our markets, even during the lockdowns.

The Board also thanks our customers in Mauritius and abroad for their loyalty and support. We always endeavour to provide the best services and are continuously looking to improve the way we serve them. We remain committed to them for future developments. Our suppliers continued faith in us is also much appreciated. We are proud to be their trading partners and eager to reinforce our partnerships with them.

Finally, to our shareholders, we say a big thank you for believing in us. The pandemic has put in the limelight our mission, which is to enhance life and growth of our customers.

On behalf of the Board,

Antoine L. Harel
Chairman

October 08, 2021

moving ahead with our team >>

In this challenging context, our people are showing their agility by continuously adapting their ways of working and positively responding to this constantly evolving environment

10 Corporate Governance Report

Year Ended June 30, 2021

INTRODUCTION

Les Gaz Industriels Limited is committed to the highest standard of business integrity, transparency and professionalism to ensure that the activities within the Company are managed ethically and responsibly to enhance business value for all its stakeholders.

The National Code of Corporate Governance for Mauritius ("the Code") adopted in 2016 employs an 'apply and explain approach'. In this report, the Board endeavours to explain how the Company has applied the Code.

GOVERNANCE STRUCTURE

The Company is a Public Interest Entity ("PIE") as defined under the Financial Reporting Act 2004.

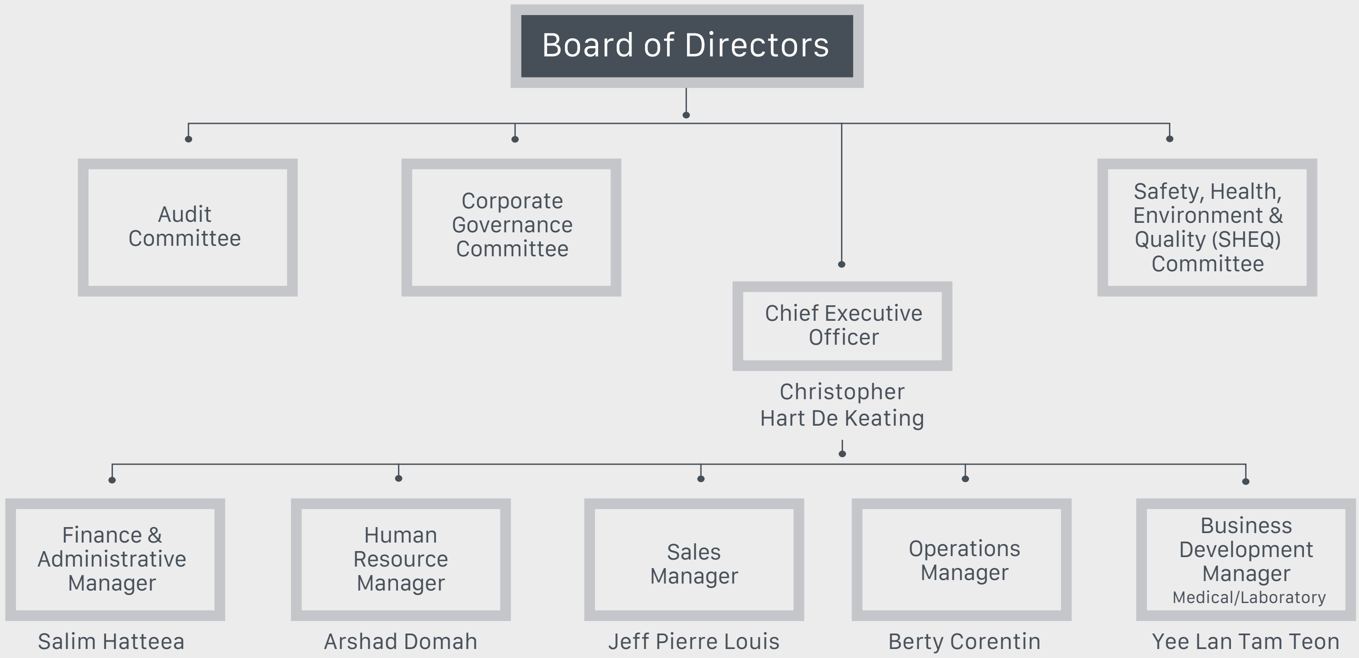
The Company is headed by an effective Board which meets regularly to fulfil its duties and responsibilities as defined in the Company's Memorandum and Articles of Association ("M&A") and in the Companies Act 2001 ("the Act").

The process for the appointment and removal of the directors as well as the latter's duties and responsibilities are clearly defined in the Company's M&A and in the Act. The Company's M&A also provides appropriate framework as to the Board's composition, directors' remuneration and procedures for board meetings. The Board has also adopted a Board Charter which sets forth the roles, responsibilities and composition of the Board. The provisions in the Board Charter are complementary to the requirements regarding the Board and Board members contained in Mauritian legislation and regulations and the Company's M&A. The Board Charter is published on the Company's website.

The Board has set up three board committees namely the Audit Committee, the Corporate Governance Committee and the SHEQ Committee (Safety, Health, Environment and Quality Committee).

The Board of Directors oversees the general operations of the Company, including risk management. It also ensures compliance of all legal and regulatory requirements.

The Board has adopted a delegation of authority matrix to ensure that there is transparency, control and coherence in the functioning of organisation.



Corporate Governance Report

Year Ended June 30, 2021

GOVERNANCE STRUCTURE (CONT'D)

Job description

The job descriptions of the Senior Management members and senior officers of the Company have been reviewed and agreed by the Board.

Code of Ethics

The Company highly values ethics and the Code of Ethics adopted by the Board is at the core of the Company's culture. LGI aims to earn the trust of customers, shareholders, colleagues, suppliers and communities through honesty, performance excellence, good corporate governance and accountability. LGI expects people to respect confidential information, company time and assets. Moreover, the Company believes in open and honest communication, fair treatment and equal opportunities, and supports the fundamental principles of human rights. The effectiveness and efficiency of the Company's Code of Ethics are reviewed regularly by the Board of Directors to ensure the same is applied at all levels. The Code of Ethics is available on our website.

Statement of Accountabilities

The Board of Directors sets the general strategies and policies of the Company, which are then implemented by senior officers with the support of their respective teams. These senior officers are experienced professionals in their fields. The Board also relies on the three specialised committees it has set up, namely the Audit Committee, the Corporate Governance Committee and the Safety, Health, Environment & Quality Committee.

THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

The Board

Les Gaz Industriels Limited has a unitary Board of Directors. The role of the Chairman and that of the CEO are separate. While the Chairman leads the Board and sees to it that the Board acts efficiently, the CEO manages and leads the business.

The Board is responsible for setting the Company's direction through the establishment of strategic objectives and key policies. The Board has the responsibility of discussing and reviewing planning issues, operation and financial performances, acquisitions and disposals, capital expenditure, risk issues, stakeholders' communications and other matters falling within its ambit. It further ensures that proper systems of management and internal controls are in place.

The Directors are entitled to seek independent professional advice at the Company's expense.

Balance

The Board of Directors at June 30, 2021, comprised of one executive member and five non-executive members, of whom two are independent. Board members are of both genders. The Board does not consider it necessary to have more than one executive member in view of the size of LGI and that of the Board. This structure ensures an appropriate and efficient balance of knowledge of the business and independence and objectivity for the effective execution of the Board's responsibilities.

Board meetings and attendance

Board meetings are set well in advance to maximise Directors' attendance. The meetings are prepared by the Chairman, the CEO and the Company Secretary. Board papers are circularised to the Directors generally at least three days before the meetings.

Corporate Governance Report

Year Ended June 30, 2021

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

Board meetings and attendance (cont'd)

During the year under review, the Board of Directors met on six occasions.

Attendance of the Directors to the Board meetings is set out below.

Directors	Board Attendance
Antoine L. Harel	6/6
Catherine McIlraith	6/6
Laurent Bourgault de Coudray	6/6
Christopher Hart De Keating	6/6
Marius Kruger	6/6
Sivavalan Moodley	6/6

Company Secretary

All the Directors have access to the advice and services of HM Secretaries Ltd., the Company Secretary, who is in turn responsible to the Board for ensuring the proper administration of Board proceedings. The Company Secretary provides guidance to Directors on matters of corporate governance and with regard to their responsibilities as Directors with regard to the statutory environment in which the Company operates.

Board Committees

In order to help it carry out its duties and responsibilities, the Board has set up three committees. The Chairpersons of these committees regularly report to the Board on all matters discussed during the committee meetings and the Board proceeds with appropriate decision making.

Audit Committee

The Audit Committee comprises of three members, namely Mrs Catherine McIlraith, Messrs Laurent Bourgault du Coudray and Marius Kruger. The Committee is chaired by Mrs Catherine McIlraith and has met six times during the year under review. The Chief Executive Officer, the Finance and Administrative Manager, as well as the internal and external auditors, attend the Committee's meetings. The Company Secretary acts as secretary to the Committee.

The Committee fulfilled its responsibilities for the year under review, in compliance with its formal terms of reference that were approved by the Board of Directors.

In discharging its responsibilities, the Audit Committee reviews:

- the quality of financial information and other public and regulatory reporting;
- the Company's internal control systems and procedures for identifying business risks;
- the Company's control system for identifying and mitigating risks;
- the Company's policies for preventing or detecting fraud;
- the Company's risk register;
- the Company's policies for ensuring that the Company complies with the relevant regulatory and legal requirements;
- any other duties detailed in the Committee's Terms of Reference approved by the Board of Directors and submits its recommendations to the Board for appropriate decision making.

The Audit Committee is entitled to seek external professional support, if required, at the Company's expense.

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

Corporate Governance Committee

The Corporate Governance Committee presently comprises three members, namely Mr Antoine L. Harel (Chairman), Mrs Catherine McIlraith and Mr Marius Kruger.

The Committee met four times during the financial year under review. The Chief Executive Officer attends the Committee's meetings whenever required. The Company Secretary acts as secretary to the Committee.

The Committee fulfilled its responsibilities for the year under review, in compliance with its formal terms of reference that were approved by the Board of Directors.

The Committee's terms of reference include key areas that are the remit of a nomination and remuneration committee. The Committee also develops the Company's general policy on corporate governance in accordance with the Code.

The Corporate Governance Committee is authorised to obtain, at the Company's expense, professional advice both within and outside the Company in order for it to perform its duties.

Safety, Health, Environment & Quality (SHEQ) Committee

Les Gaz Industriels Limited's (LGI) commitment to sustainable development as a strategic priority encompasses its commitment towards SHEQ. A SHEQ Committee was set up on September 27, 2013 to assist the Board in overseeing the effectiveness of SHEQ management systems within LGI and its subsidiary and to make recommendations to the Board on SHEQ issues.

The SHEQ Committee presently consists of two members namely Messrs Sivavalan Moodley (Chairman) and Christopher Hart de Keating. The Committee met four times during the year under review. The SHEQ Executive, the Operations Manager and the Technical and Development Executives attend the Committee's meetings.

Committee attendance

Directors	Corporate Governance	Audit Committee	SHEQ Committee
Antoine L. Harel	4/4	-	-
Catherine McIlraith	4/4	6/6	-
Laurent Bourgault du Coudray	-	6/6	-
Christopher Hart De Keating	-	-	4/4
Marius Kruger	4/4	6/6	-
Sivavalan Moodley	-	-	4/4

DIRECTORS' APPOINTMENT PROCEDURES

The appointment of Directors is governed by the Company's M&A and the Act. Directors are appointed by the Company's shareholders with the exception of Nominated Directors who shall be two in numbers when the Board comprises of six directors and three when the Board consists of nine members. The Board may, as per the M&A, appoint a director to fill in a casual vacancy.

Board Induction

Newly appointed Directors follow an induction programme to allow them to familiarise themselves with the Company and the Group. The Company Secretary supports the Chairman in this task.

Professional Development

Directors' trainings are organised whenever the need arises to update the Board on the latest trends that can affect the governance, the management and the performance of the Company.

Succession Plan

Succession plan at Board and Management levels is regularly discussed at the Board.

Corporate Governance Report

Year Ended June 30, 2021

DIRECTORS' APPOINTMENT PROCEDURES (CONT'D)

Directors' Profiles and details of external appointments on listed entities and public entities

Antoine L. Harel (64)
Non-Executive Chairman - External - Resident of Mauritius

Antoine L. Harel is a Fellow Member of the Institute of Chartered Accountants in England and Wales. He holds a BA (Hons) degree in Accounting and Computing. He joined Harel Mallac & Co. Ltd in 1987 and launched the Company's Information Technology Division and held the positions of CEO of Harel Mallac & Co. Ltd. from 1998 to 2005. He is since then the Chairman of Harel Mallac & Co Ltd. He was President of the Mauritius Chamber of Commerce & amp; Industry from 1992 to 1993. He chairs the boards of a number of listed and non-listed companies. Antoine L. Harel was first appointed to the Board of LGI in 2003.

External appointments – listed entities:
Harel Mallac & Co. Ltd
The Mauritius Chemical and Fertilizer Industry Limited

Skills, expertise and experience:
Accounting and Finance, Information Technology, Strategy and Corporate Governance

Catherine McIlraith (57)
Independent Non-Executive Director - External - Resident of Mauritius

Catherine McIlraith holds a Bachelor of Accountancy degree from the University of the Witwatersrand, South Africa and has been a member of the South African Institute of Chartered Accountants since 1992. After serving her Articles at Ernst & Young in Johannesburg, she held various senior positions in the Investment Banking industry in South Africa before returning to Mauritius in 2004 to join Investec Bank as Head of Banking until 2010. Catherine McIlraith is a past Chairman and Fellow Member of the Mauritius Institute of Directors ("MIoD"). She is an Independent Non-Executive Director of a number of public and private companies in Mauritius, South Africa and UK. Catherine McIlraith was first appointed to the Board of LGI in 2012.

External appointments – listed entities:
CIEL Limited
Astoria Investments Limited
MUA Limited
Grit Real Estate Income Group Limited
Paradise Hospitality Group Ltd
Barak Fund SPC Limited

Skills, expertise and experience:
Audit and risk, Accounting, Corporate Governance, Banking and Corporate Finance

Christopher Hart de Keating (50)
Executive Director - Internal - Resident of Mauritius

Christopher Hart de Keating is the Chief Executive Officer of LGI since July 2015. He holds a 'Maîtrise Auditet Contrôle de Gestion' from the Université of Paris Dauphine and a diploma in Strategy from HEC Paris. This accomplished leader has a track record of more than 10 years in senior management positions. Before joining LGI, he had a fruitful career in renowned companies of different sectors. Christopher Hart de Keating has been involved in the activity of the cluster Textile Madagascar (as Chairperson in 2009) and is a past President of the Association of Mauritian Manufacturers. Christopher Hart de Keating was first appointed to the Board of LGI in 2015.

External appointments – listed entities:
None

Skills, expertise and experience:
Leadership, Strategy, Management and Economics

Corporate Governance Report

Year Ended June 30, 2021

DIRECTORS' APPOINTMENT PROCEDURES (CONT'D)

Directors' Profiles and details of external appointments on listed entities and public entities (cont'd)

Marius Kruger (51)
Non-Executive Director - External - Non-Resident of Mauritius

Marius Kruger has been working in the industrial gases business for the past 22 years in South Africa. Marius Kruger is based at African Oxygen Limited where he is the Senior Director for all the Linde Operations in Sub-Saharan Africa outside of South Africa. Marius Kruger holds a post graduate degree in Finance and is an associate member of the Chartered Institute of Management Accountants in the United Kingdom. Marius Kruger was first appointed to the Board of LGI in 2015.

External appointments – listed entities:
None

Skills, expertise and experience:
General management, financial audits and advisory services, business planning, financial and management reporting, strategy formulation, implementation and reviews

Laurent Bourgault du Coudray (35)
Independent Non-Executive Director - External - Resident of Mauritius

Laurent Bourgault du Coudray graduated in accounting and finance from Curtin University in Perth, Australia and is a member of the Institute of Chartered Accountants in Australia. He has worked over four years in Perth providing corporate and international tax services before joining United Investments Limited (UIL) in January 2013 where he acted as Project Manager and Business Developer. With a focus on the hospitality sector, Laurent joined in April 2019 one of UIL's investees, namely Attitude Hospitality Management Ltd, as the Chief Business Development Officer.

External appointments – listed entities:
Novus Properties Ltd

Skills, expertise and experience:
Management and Leadership

Sivavalan Moodley (58)
Non-Executive Director - External - Non-Resident of Mauritius

Sivavalan Moodley holds a Diploma in both Safety and Production Management and is a member of the South African National Accreditation audit team for Gas Test Stations. He is a professional with over 30 years expertise in the operation field of the gas industry. He is based in South Africa where he is working as Operations Manager at Afrox Ltd. Sivavalan Moodley is a member of the Afrox EMOC committee & Engineering audit team, and of the N2O global ToE team. He is DRI for Acetylene Directives for the African region.

External appointments – listed entities:
None

Skills, expertise and experience:
Safety risk management, operational experience in gas and gas-related fields and internal logistics

Michel Guy Rivalland (42)
Alternate Director to Laurent Bourgault du Coudray – External – Resident of Mauritius

Michel Guy Rivalland is a graduate in Economics. He started his career at ACMS, as Asset Manager. He was appointed as Director in 2002 and was subsequently appointed CEO of AXYS group in 2006. In July 2010, he was appointed CEO of United Investments Ltd, an investment holding company quoted on the DEM market.

External appointments – listed entities:
United Investments Ltd

Skills, expertise and experience:
Management and Leadership

Corporate Governance Report

Year Ended June 30, 2021

DIRECTORS' APPOINTMENT PROCEDURES (CONT'D)

Senior Management Team

Each member of the Senior Management Team has a job description that defines clearly the position's duties, responsibilities and accountabilities.

The Senior Management Team supports the CEO in implementing the strategy and direction set out by the Board and in managing the day-to-day operations of the Company. The job descriptions of Senior Management members and senior officers of the Company have been reviewed and agreed by the Board.

Profiles of Key Senior Management Officers

Christopher Hart de Keating 1
Chief Executive Officer

Christopher Hart de Keating is the Chief Executive Officer of LGI since July 2015. He holds a 'Maîtrise Auditet Contrôle de Gestion' from the Université of Paris Dauphine and a diploma in Strategy from HEC Paris. This accomplished leader has a track record of more than 10 years in senior management positions. Before joining LGI, he had a fruitful career in renowned companies of different sectors. Christopher Hart de Keatinghas been involved in the activity of the cluster Textile Madagascar (as Chairperson in 2009) and is a past President of the Association of Mauritian Manufacturers.

Salim Hatteea 2
Finance and Administrative Manager

Salim Hatteea joined LGI in December 2015 as Finance and Administrative Manager. He holds a BSc (Hons) in Accounting from the University of Mauritius and is a Fellow of the Association of Chartered Certified Accountants (ACCA). He is also a member of the Mauritius Institute of Professional Accountants (MIPA). Salim Hatteea has acquired extensive experience in his field, having worked in both practice and industry in Mauritius and London, in a career spanning over more than 20 years.

Berty Corentin 3
Operations Manager

Berty Corentin joined LGI in November 2015 as Maintenance Manager and was promoted to Operations Manager in October 2019. Berty has followed several management courses in his academic career and he possesses a strong background in Health and Safety, Quality Management and Supervisory techniques. Berty Corentin has occupied several managerial positions in his work career and he was the general manager of an excavation rental, distribution & construction company before joining LGI.

Jeff Pierre Louis 4
Sales Manager

Jeff Pierre Louis has been a member of the LGI family for 15 years. He knows the company's operations inside out having held various functions, namely Operation Stock Controller and Senior Sales Executive, amongst others. He has a hands-on approach to his tasks and an eagerness to always deliver. Jeff was appointed Sales Manager in February 2021. He holds a Diploma in Information Technology and Gestion Commercial as well as Certificates in Stock Management.

2 1 3 4

Corporate Governance Report
Year Ended June 30, 2021

DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

The Director's duties are set in the Company M&A and in the Act.

The Directors are aware of the provisions of the Act with respect to conflict of interest. At the start of each meeting members are required to declare any interests that may affect the agenda items to be considered at the meeting. Such declarations of interest are recorded in the minutes of the meeting.

The Directors abide by the Company's Code of Ethics and the Company's policies whenever applicable.

Interest of Directors

The interests of Directors and other senior officers in the equity of the Company as at June 30, 2021 are as follows:

	Direct Interest	Indirect Interest
Directors	Number of Ordinary shares	Number of Ordinary shares
Antoine L. Harel	Nil	14,946
Michel Guy Rivalland	Nil	68,418

None of the other directors or senior officers holds direct or indirect interest in the shares of the Company.

The Directors confirm that they have followed the principles set in the DEM rules on restrictions on deals by Directors, with regard to their dealings in the shares of LGI.

During the year under review none of the Directors bought or sold any LGI shares.

Interests Register

An Interests Register, which contains all disclosures of interest required by the Companies Act 2001, is maintained by the Company Secretary and is updated as and when required. The Interests Register can be inspected by any shareholder upon written request made to the Company Secretary.

Related Party Transactions

The Directors confirm that related party transactions are made in the normal course of business and in accordance with the code of ethics. The related party transactions are detailed on pages 85 and 86 of the financial statements.

Information, Information Technology and Information Security Governance

The Board ensures that an appropriate and efficient framework for information management is in place within the Company. Significant emphasis is laid on the confidentiality, integrity, availability and protection of information. IT policies are in place and reviewed periodically. The Company bears all the costs relating to IT.

Board Evaluation

With a view to enhance the Board's effectiveness, the Board's and the committees' performance are evaluated periodically. The evaluation is done in such a way that the Directors can reflect on and evaluate the processes in place for the Board and the Committee meetings, the performance of the Board and its committees and the director's self-performance as a Board member.

Directors' Remuneration

Non-Executive as well as Independent Directors are paid fees in relation to their appointment on the Board and Board Committees. No Directors' fees are paid to the Company's Directors sitting on the Board of the Company's subsidiary.

DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)

Directors' Remuneration (cont'd)

The Directors' remuneration is given on page 6. None of the Directors received remuneration from the subsidiary or for serving as the Company's representatives on boards external to the Group.

Directors' remuneration is reviewed yearly and is periodically benchmarked against market practices as LGI participates in surveys on Directors' remuneration in Mauritius while taking into consideration the industry, the size and the other specificities of LGI.

Remuneration Policy

The Company strives to provide remuneration and incentive arrangements that are market-competitive, consistent with best practice and that support the interests of the shareholders. The reward structure for Directors and senior executives aim at attracting, motivating experienced individuals capable of leading and managing the Company successfully and enhancing shareholder value. Executive and Senior Management remuneration includes base pay and variable performance-related incentives.

Employee Share Option Plan

No employee share option plan is available at Les Gaz Industriels Limited.

RISK GOVERNANCE AND INTERNAL CONTROL

Risk Management

The Directors acknowledge the ultimate responsibility of the Board for the risk management process and the necessity of having the relevant processes in place within LGI. However, management is accountable to the Board for the design, implementation and detailed monitoring of the risk management process. Risk issues relating to safety, health, environment and quality are addressed directly by the Board while the others are discussed at the Audit Committee that makes its recommendations thereon to the Board.

Risk in the widest sense includes market risk, credit risk, liquidity risk, operational risk and commercial risk. The most significant risks currently faced by the Company include those pertaining to the economic environment, the supply chain, regulations, skills and people, technology as well as foreign currency.

LGI has implemented an ongoing risk management process endorsed by the Board to identify and assess risks, develop and implement risk mitigation plans as part of the strategic management process, monitor progress in implementing risk mitigation plans and report company risk management activities to risk governance structure.

- Risk management responsibilities have been defined across LGI.
- The Chief Executive Officer and his management team are responsible for embedding the risk management framework as approved by the Board.

The Company's risk management protocol, including Business Continuity Plan and Disaster Recovery Plan, is being assessed and an updated risk register which encompasses all the potential risks faced by the Company is prepared and updated by Management. This register is presented to and approved by the Board on a quarterly basis.

Management of key risks

Strategic risks

Les Gaz Industriels Limited is operating in a highly competitive industry. There is now fierce competition in our traditional medical gas market, resulting in a loss of revenue. The Company is rolling out its action plan for more diversified revenue streams to reduce exposure on the public medical healthcare sector.

Corporate Governance Report

Year Ended June 30, 2021

RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

Risk Management (cont'd)

Operational risks

Operational risks may result from the execution of the Company's business functions and arise from systems, processes and people through which the Company operates. It includes physical and fraud risks.

Among the physical risks identified are unavoidable events such as riots, cyclones and other natural calamities. Other occurrences such as fire or equipment failure can also cause significant damage and losses. The Company has set up adequate safety and security systems. Besides, the Board has subscribed to appropriate insurance policies for the aforesaid events.

The Company regularly performs internal control audits and employees' education and training to mitigate such risks.

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe. This event is a significant event considering the spread of virus all over the world and re-introduction of lockdown measures in March 2021 and period subsequent to that. Due to this significant event, there could be low to severe direct and indirect effects developing with companies across multiple industries and the world. The Board will continue to monitor the impact COVID-19 has on them and reflect the consequences as appropriate in its accounting and reporting.

Technology risks

Key processes used to develop, deliver and manage our products and services, and support our operations are highly dependent on technology. Thus, the Company's activities may be severely impacted by a failure in the use, integrity or availability of our information systems.

Control processes and systems, as well as extensive back-up systems, have been implemented. The Company also holds employee education programmes on a regular basis. Furthermore, our Employees Handbook, consulted by all the employees, covers the handling of information with a view to mitigating the above-mentioned threats.

Reputational risks

The reputational risks arise from adverse perception on the part of customers, counterparties, shareholders, investors or regulators. To control the reputational risks with the same firmness as risks to our tangible assets, the Company has opted for optimizing the reputation of its brands through implementation of quality systems. Besides, the Company has implemented strong corporate governance practices to enhance transparency and business integrity.

Financial risks

The Company is exposed to various financial risks namely credit, liquidity and currency risks. These may be defined as the risk that cash flows and financial assets are not managed in a cost-effective way. The policies adopted to minimize those risks are summarized below:

Credit risk

Given our current business environment, the credit control procedures have been reinforced to further improve debtors' management.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company finances its operations through cash generated by the business and short-term bank credit facilities. Liquidity risk faced by the Company is mitigated by having diverse sources of finance available to it and maintaining substantial unutilized bank facilities.

RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

Risk Management (cont'd)

Currency risk

The current business environment in which the Company operates is subject to some major foreign currency risks. The Company has remained prudent in its approach with regard to its foreign currency risk and has opened different foreign currency accounts in the main currencies the Company trades namely United States Dollars, Euros, South African Rands and Singapore Dollars. The objective of doing this was to match foreign currency receipts against foreign currency payments so as to minimise the impact of foreign exchange variations. However, the Company shall use forward exchange contracts to hedge large foreign transactions so as to further reduce its foreign currency risks in situations where it does not have sufficient foreign currency to match its foreign commitments.

Other information on financial risks management is given in the Financial Statements.

Compliance Risk

Compliance risks are those risks arising from potential changes in laws and regulations in all territories where Les Gaz Industriels Limited operate. Management continuously monitors any announced changes that can impact the operations of the Company and make any relevant recommendation to the Board to ensure the Company is law compliant.

Internal Control

Internal control is a process designed to provide reasonable assurance regarding the achievement of the Company's objectives and is performed by the Board of Directors, the management and other personnel. It is applicable to, and is built into, various business processes so as to cover all significant enterprise areas.

Systems and processes have been implemented and are regularly reviewed by the internal audit function to ensure that they are effective and are being adhered to. Several reviews were performed by the Internal Audit during the year. Internal audit reports are reviewed by the Audit Committee which makes its recommendations for modifications or upgrading of systems and processes as and when necessary to enhance their effectiveness.

During the year, the Board has not come across any significant deficiencies or risks related to the Company's internal control systems. No fraud was reported by the internal auditors or the Management.

Whistle-blowing

The Company's whistle-blowing policy is reviewed on an annual basis. This service has been outsourced to Transparency Mauritius, a reputable NGO, who handles this function in a professional manner. All employees are encouraged to report anonymously any malpractice or other issues that they might encounter or come across while on duty.

REPORTING WITH INTEGRITY

The Directors are responsible for preparing financial statements that give a true and fair view of the state of affairs of the Company. Those financial statements are in accordance with applicable laws and regulations and comply with International Financial Reporting Standards.

This Annual Report is published on the Company's website.

Safety, Health, Environment and Sustainability Reporting

LGI complies with the Occupational Safety and Health Act 2005 and other legislative and regulatory frameworks. It is committed to sustainable development and ensures that its operations are conducted in a way that minimizes its impact on the environment and on the society at large. LGI is fully dedicated to occupational health, safety and environmental management.

It spares no effort to ensure the health and safety of all stakeholders, and the protection of the environment. The Directors recognise that the above issues are fundamental for sustaining the growth of the Company.

Corporate Governance Report

Year Ended June 30, 2021

REPORTING WITH INTEGRITY (CONT'D)

Safety, Health, Environment and Sustainability Reporting (cont'd)

In LGI's dedication to occupational health, safety and environmental management, it will:

- Comply with all occupational health, safety and environment legislations in force in the country;
- Provide and maintain a safe and healthy working environment for the employees, customers and the public at large;
- Train the employees in all aspects of occupational health, safety, fire prevention and emergency procedures;
- Enforce health and safety measures and discipline in the workplace;
- Provide sufficient support and encouragement at all levels in the Company to ensure that continuous improvement is achieved in health, safety and environmental protection;
- Ensure all line managers have responsibility and SHEQ accountability for occupational health, safety and environmental management;
- Promote the principles of Responsible Care to all the employees;
- Help the customers who use the Company's products to do so in a safe and environmentally acceptable manner;
- Learn from incidents and share the lessons with stakeholders.

LGI's Safety, Health, Environment and Quality (SHEQ) policies commits to the safety of people and preservation of the environment.

LGI's vision for SHEQ reflects its corporate commitment to "SHEQ, 100% of our behaviour, 100% of the time".

The safety of employees and contractors, suppliers and the local communities within which operations function, is a prerequisite to any business that the Company undertakes. The protection of the environment is a high priority. LGI is committed to minimise the environmental impact of products, to conserve natural resources, to prevent pollution and to comply with all internal company standards and external regulations.

Company standards cover all operational aspects and activities that could affect the safety and health of people and the environment. Critical SHEQ interventions are tracked and measured by means of leading and lagging indicators. Performance targets are agreed with the business and set at the beginning of the financial year and then monitored and reported to the Top Management.

LGI strives to be a sustainable enterprise that is profitable, cares about the health and welfare of its employees and acknowledges the importance of environmental protection.

Safety, Health, Environment and Quality (SHEQ) is an integral part of how LGI does business, and is encompassed in LGI's spirit as one of our values. LGI is committed to excellence in managing all activities in such a way that it ensures the protection of the health and safety of colleagues, contractors, suppliers, customers and local communities, as well as the protection of the environment.

Sustainability is closely related to issues connected with SHEQ. The inspirational goal of zero harm to people or the environment motivates us at LGI to continually improve performance.

Underpinning this, LGI has a well-developed Integrated Management System Standards (IMSS), which is based on total quality management principles and ensures compliance with the relevant legislative requirements. The system allows for integrated audit risks assessments and management reviews.

Over and above the system, LGI has a series of specific audits namely the Engineering audits done by professional consultants.

Audit findings are then rated based on their potential impact on the business and management has a specific number of days to close these findings, depending on their importance and urgencies.

The protection of the environment is also another important aspect of how we conduct our business. The Company is committed to minimise the environmental impact of its products, to conserve natural resources, to prevent pollution and to comply with all internal company standards and external regulations. Company standards cover all operational aspects and activities that could affect the safety and health of people and the environment.

Corporate Governance Report

Year Ended June 30, 2021

REPORTING WITH INTEGRITY (CONT'D)

Safety, Health, Environment and Sustainability Reporting (cont'd)

LGI's objective is to be profitable in such a manner that it is accountable to the Company's employees, the broader society, communities in which the Company operates and other stakeholders. Engagement with its stakeholders internally and externally is important for developing constructive relationships. LGI works closely with government bodies, communities and industry associations to meet the challenges of sustainable development.

Corporate Social Responsibility

At LGI, we believe that the Corporate Social Responsibility is a continuous commitment to behave ethically and contribute to economic and social development while improving the quality of life of our workforce and their families.

Blending well in our neighbourhood is also very important to us. We have been part of our current neighbourhood since our beginnings in 1952 and we therefore believe in the need to be inclusive and support the local community as much as possible. Beyond pecuniary support, the commitment of our team to contribute in improving our environment and surroundings is central to our social responsibility.

We also provide, through a dedicated Sales Representative, home delivery of medical oxygen to needy people around the island seven days a week. This subsidised service is also part of LGI's contribution to the wellbeing of the Mauritian society.

Donations

Charitable Donations

Charitable donations made by LGI during the year ended June 30, 2021 to one organisation amounted to Rs. 25,000 (2020: Rs. 70,000 to 1 organisation).

Political Contributions

No political contributions were made by LGI or its subsidiary operating in Madagascar during the year under review (2020: Nil).

AUDIT

Internal Audit

The scope of the internal audit function is to maintain and improve the process by which risks are identified and managed. It also helps the Board of Directors to discharge its responsibilities to maintain and strengthen the internal control framework. The internal audit function is performed by Messrs PricewaterhouseCoopers (PWC), Public Accountants, and is led by an engagement partner. The Internal Auditor has unrestricted access to the records, management and employees of LGI.

The internal auditors have a direct reporting line to the Audit Committee and maintain an open and constructive communication channel with the executive management. They also have direct access to the Chairperson of the Audit Committee.

The internal audit plan which is approved by the Audit Committee is based on the principles of risk management to align coverage and effort with the degree of risk attributable to the areas audited.

During the year under review, the Internal Auditor performed the following audit visits during which the system controls listed below have been audited:

(a) Procurement Review
(b) Payroll Review
(c) Follow-up of Open Findings from previous assignments

Corporate Governance Report

Year Ended June 30, 2021

AUDIT (CONT'D)

Internal Audit (cont'd)

Proposed recommendations in respect to issues identified were discussed with management and internal audit reports submitted to the Audit Committee.

Different significant areas are covered by internal audit assignments on a rotation basis, based on 2 or 3 audit assignments yearly. Over time, the Directors do not consider that any significant area within Les Gaz Industriels Limited has been left uncovered. Furthermore, the internal auditors perform a regular review to ensure that recommendations of previous assignments have been put in place.

External Audit

Baker Tilly are the current external auditors of the Company since the financial year 2020. Les Gaz Industriels Limited, being a listed company, adheres to the provisions of the Finance Act relating to auditor's rotation. A tender exercise is done and bidders are interviewed by members of the Audit Committee and the Board before a new auditor is selected.

The external auditors have direct access to the Chairperson and members of the Audit Committee and meetings can be organised between them without the presence of Management. Discussions between the Audit Committee members and external auditors include, but are not limited to, accounting policies and new or amended accounting principles (IFRS and IAS).

The Management Letter issued by the external auditors and their work in general is the subject of discussions within the Audit Committee. The Audit Committee also bases itself on the reports, management letter and feedback given by the external auditors to assess the value added that they bring to the Company.

Non-audit services rendered by external auditor	2021	2020
	Rs.	Rs.
Review of quarterly reporting and corporate governance report	**95,000**	95,000
Income tax compliance services	**65,000**	65,000

The Directors ascertain that the external auditor's objectivity and independence are safeguarded despite these non-audit services provided due to the relative low complexity of the services rendered. In fact, the external auditors are only reviewing reports without having any say in their contents.

RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

The key stakeholders of Les Gaz Industriels Limited, as identified by the Board, are:

- Shareholders
- Employees
- Customers
- Suppliers
- Regulatory authorities
- Providers of finance
- Technical partner

The Board of Directors believes that an efficient flow of information between the Company, its shareholders and other stakeholders is essential in order to achieve an inclusive management approach.

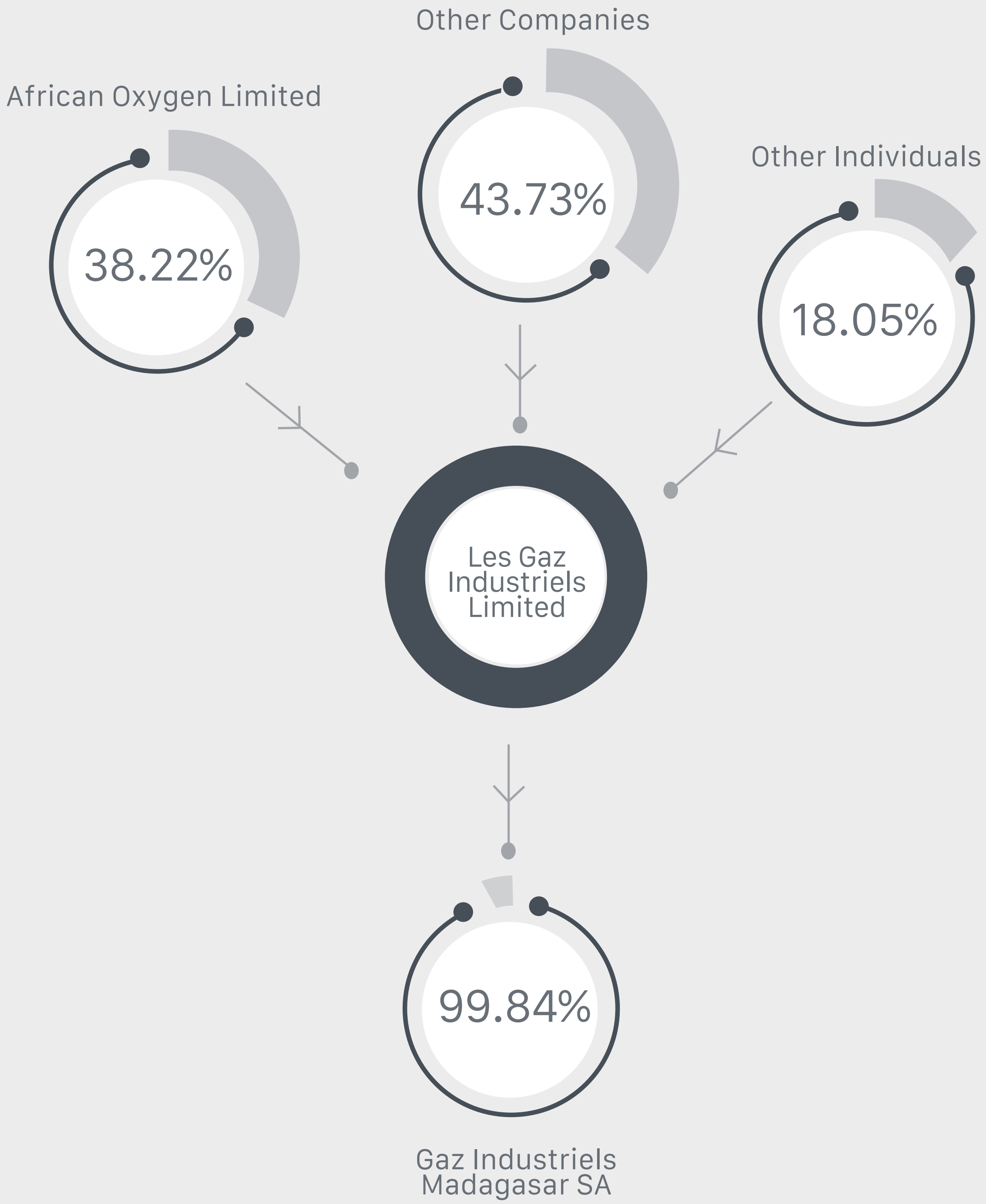
The Company's Annual Meeting of Shareholders provides an opportunity for shareholders to meet and discuss with the Board relating to the Company's performance. LGI values its employees and considers them as brand ambassadors. They are given adequate training to enable them to continuously improve their skills. The Company remains in constant communication with its customers in order to understand their needs and to continuously provide them with the best service level. Regarding suppliers, the Company has developed a cordial relationship with them, especially the critical ones, which results in win-win situations for both parties. African Oxygen Limited (Afrox) is our technical partner and as a subsidiary of world leader Linde Group, it ensures that LGI benefits from the finest advice and guidance relating technical guidance and safety techniques.

Corporate Governance Report
Year Ended June 30, 2021

RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDER (CONT'D)

Shareholding Structure

The stated capital of the Company is made up of 2,611,392 shares with a par value of Rs. 10 per share. The breakdown of the shareholding of the Company and its Subsidiary is illustrated below.



Corporate Governance Report
Year Ended June 30, 2021

RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

Shareholding Profile

Profile of Company's Shareholders as at June 30, 2021

Ownership of ordinary share capital at June 30, 2021 was as follows:

Size of Shareholding	Number of Shareholders	Number of Shares Owned	% Holding
1-500	175	21,637	0.83
501-1,000	38	30,166	1.15
1,001-5,000	61	155,872	5.97
5,001-10,000	14	94,759	3.63
10,001-50,000	14	305,071	11.68
50,001-100,000	1	50,963	1.95
100,001-250,000	2	285,871	10.95
250,001-500,000	2	669,035	25.62
Over 500,000	1	998,018	38.22
Total	**308**	**2,611,392**	**100.00**

Category of Shareholders	Number of Shareholders	Number of Shares Owned	% Holding
Individual	257	471,435	18.05
Insurance and assurance companies	1	10	0.00
Investment and Trust Companies	4	503,022	19.26
Other corporate bodies	46	1,636,925	62.69
Total	**308**	**2,611,392**	**100.00**

Substantial Shareholders

Substantial shareholders are those who exercise at least 5% of voting rights at shareholders' meetings.

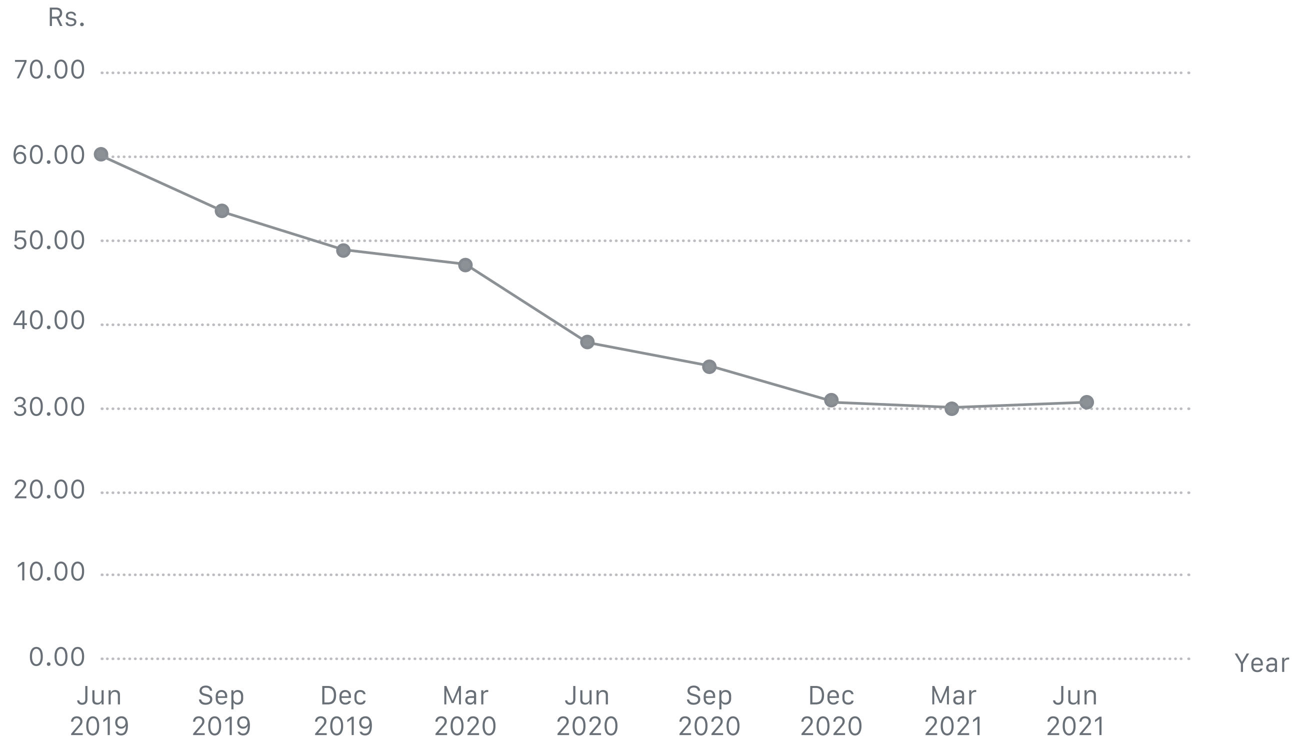
The substantial shareholders of Les Gaz Industriels Limited as at June 30, 2021 are detailed below.

Name of Shareholder	Number of Shares Owned	% Holding
African Oxygen Limited	998,018	38.22
United Investments Ltd	503,015	19.26
Brista & Cie	332,320	12.72

Corporate Governance Report
Year Ended June 30, 2021

RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

Share Price Information



Dividend Policy

No formal dividend policy has been determined by the Board. Dividends are distributed after considering the Company's performance and profitability, gearing, investment needs, capital expenditure requirements and growth opportunities.

The dividend per share, dividend cover and dividend yield over the past years are given in the table below:

Financial Year	Interim / Final	Date Declared	Dividend per Share	Dividend Cover	Dividend Yield
			(Rs.)	(times)	(%)
2016	Interim	June 03, 2016	1.50	3.22	2.14
2016	Final	September 21, 2016	1.20	4.02	1.71
2017	Final	September 01, 2017	2.70	1.42	4.09
2018	-	-	0.00	0.00	0.00
2019	Final	September 26, 2019	1.20	(2.46)	2.00
2020	-	-	0.00	0.00	0.00
2021 *	Final	September 24 , 2021	2.00	2.90	6.56

* On September 24, 2021 the Board of Directors declared a final dividend of Rs. 2.00 per share for the financial year ended June 30, 2021.

Corporate Governance Report
Year Ended June 30, 2021

RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

Material Clauses of the Company's M&A

The Company's M&A do not provide any ownership restriction or pre-emption right and other material clause that needs to be disclosed. A copy of the Company's M&A is available on the Company's website.

Shareholders' Agreement Affecting the Governance of the Company by the Board

To the knowledge of the Board, there has been no such agreement with any of its Shareholders for the year under review.

Shareholder Information

Forthcoming annual meeting

A proxy form is enclosed for those shareholders unable to attend.

Calendar of planned events

Planned Events	Month
Publication of condensed results for first quarter to 30 September 2021	November 2021
Consider declaration of dividend – Interim	November 2021
Annual Meeting of Shareholders	December 2021
Publication of condensed results for half year to 31 December 2021	February 2022
Publication of condensed results for third quarter to 31 March 2022	May 2022
Consider declaration of dividend – Final	May 2022
Financial year end	June 30
Publication of condensed audited results for year ended 30 June 2022	September 2022

Third Party Management Agreement

There was no agreement between third parties and the Company or its subsidiary during the year under review.

Website

LGI has a website on which the Annual Report is published, as well as other info relating to our business and corporate governance. We aim to continually improve our website to include corporate governance information not already available.

Statement Of Directors' Responsibilities

The Directors acknowledge their responsibilities for:

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

(ii) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS);

(iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

The Directors report that:

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

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

a) International Financial Reporting Standards have been adhered to.

b) The Code of Corporate Governance has been adhered to. Reasons have been provided where there has not been compliance.

(iii) the annual report is published in full on the Company's website.

Signed on behalf of the Board of Directors:

Antoine L. Harel
Chairman

Christopher Hart de Keating
Chief Executive Officer

moving ahead with our overseas neighbours >>

Madagascar


Kenya


Mayotte

Les Gaz Industriels LTD

Thanks to our production plant based in Mauritius, we have the opportunity to supply gas solutions to our regional and African neighbours

Statement Of Compliance

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

Name of PIE: Les Gaz Industriels Limited

Reporting Period: Year end June 30, 2021

We, the Directors of Les Gaz Industriels Limited, confirm that to the best of our knowledge, the Company has complied with all of its obligations and requirements under the Code of Corporate Governance.

In order to comply with the provisions of the Code, LGI will revamp its website to communicate with its shareholders and stakeholders.

Antoine L. Harel
Chairman

Christopher Hart de Keating
Chief Executive Officer

September 24, 2021

Secretary's Certificate

Year Ended June 30, 2021

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

For HM Secretaries Ltd
SECRETARY

September 24, 2021

Value Added Statement

Year Ended June 30, 2021

	2021	2020	2019	2018	2017
	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue	**168,553,759**	121,708,291	108,221,580	90,282,290	102,447,835
Paid to suppliers for materials and services	**(121,611,295)**	(82,212,627)	(74,346,835)	(61,158,050)	(47,421,954)
Value added	**46,942,464**	39,495,664	33,874,745	29,124,240	55,025,881
Distributed as follows:					
Salaries, wages and other benefit to employees	**27,733,870**	30,558,770	29,998,306	30,559,430	32,105,002
Government taxes on earnings					
Taxation	**1,543,089**	607,407	805,954	(1,715,038)	1,453,957
Providers of capital					
Dividend to shareholders	**-**	3,133,670	-	7,050,758	3,133,670
Retained to ensure future growth					
Depreciation	**10,097,365**	10,163,460	10,773,008	11,232,227	11,451,595
Profit retained for the year	**7,568,140**	(4,967,643)	(7,702,523)	(18,003,137)	6,881,657
	17,665,505	5,195,817	3,070,485	(6,770,910)	18,333,252
Total wealth distributed and retained	**46,942,464**	39,495,664	33,874,745	29,124,240	55,025,881

Distributed as follows:	2021	2020	2019	2018	2017
	Rs.	Rs.	Rs.	Rs.	Rs.
Salaries, wages and other benefit to employees	**27,733,870**	30,558,770	29,998,306	30,559,430	32,105,002
Government taxes on earnings	**1,543,089**	607,407	805,954	(1,715,038)	1,453,957
Providers of capital	**-**	3,133,670	-	7,050,758	3,133,670
Retained to ensure future growth	**17,665,505**	5,195,817	3,070,485	(6,770,910)	18,333,252
	46,942,464	39,495,664	33,874,745	29,124,240	55,025,881
Paid to suppliers for materials and services					
Cost of sales	**121,740,288**	79,248,283	58,212,630	55,409,372	47,796,303
Selling and distribution expenses	**19,364,260**	20,517,227	21,003,867	19,973,159	19,410,895
Administrative expenses	**21,906,145**	27,443,751	25,804,977	27,064,671	25,556,277
Less staff cost	**(27,733,870)**	(30,558,770)	(29,998,306)	(30,559,430)	(32,105,002)
Less depreciation	**(10,097,365)**	(10,163,460)	(10,773,008)	(11,232,227)	(11,451,595)
Other operating income	**(1,590,958)**	(2,362,592)	(1,163,465)	(1,068,881)	(47,750)
Share of (profit)/loss from Joint Venture	**(55,383)**	(43,861)	21,484	9,341	43,773
Finance costs	**(1,322,037)**	(673,545)	(872,438)	(858,463)	(1,780,947)
Exceptional item	**(599,785)**	(1,194,406)	12,111,094	2,420,508	-
	121,611,295	82,212,627	74,346,835	61,158,050	47,421,954

moving ahead with motivation >>

Despite the current context, we are positively determined to achieve our objectives thanks to our deeply anchored Mission "To enhance life and growth"

Independent Auditor's Report

To The Shareholders of Les Gaz Industriels Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Les Gaz Industriels Limited (the "Company") and its subsidiary (together the "Group") which comprise the consolidated and separate statement of financial position as at 30 June 2021, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements on pages 38 to 87 gives a true and fair view of the financial position of the Group and the Company as at 30 June 2021, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in compliance with the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key audit matters (continued)

The key audit matter	How the matter was addressed in our audit
Recoverability of amount receivable from related parties The Group has trade and other receivables from related parties amounting to Rs 25,478,477. The Group uses an Expected Credit Loss (ECL) model to determine the size of the impairment allowance for trade and other receivables. The ECL methodology incorporates the expected future credit losses due to forward looking macro-economic variables. The Group's ECL model uses certain judgements and assumptions such as: • The probability of trade and other receivables becoming past due and subsequently defaulting (probability of default 'PD'), • The magnitude of the likely loss if there is default (loss given default 'LGD'); • The expected exposure in the event of a default (exposure at default 'EAD') • The determination of the Group's definition of default; • The criteria for assessing significant increase in credit risk (SICR); • The rate of recovery on trade and other receivables that are past due and in default; • The incorporation of forward-looking information used in determining the expected credit losses on the amount receivable. Due to the significance of trade and other receivables to the financial position of the Group and the level of judgement applied in determining the ECL, the expected credit loss allowance on loans and advances was considered a key audit matter.	Our audit procedures included the following: • Assessing and testing the design and operating effectiveness of the controls over credit origination and monitoring; • Obtained and assessed historical information as well as collections post the financial reporting date of amount receivable in order to determine the risk of defaults and whether a significant increase in credit risk has occurred. We also considered the appropriateness of forward looking factors used to determine expected credit losses; • Assessing whether the Group's credit policies are aligned with IFRS 9, Financial Instruments; • Using available external and independent information to challenge management's assumptions and judgements in determining expected credit losses; • Verified the computation of the ECL for accuracy; • Assessing the adequacy of the disclosures in respect of ECL as required in terms of IFRS 9, Financial Instruments.

Independent Auditor’s Report

To The Shareholders of Les Gaz Industriels Limited

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

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

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS and comply with the requirements of Mauritius Companies Act 2001, and for such internal control as the directors determines are necessary to enable the preparation of the consolidated and separate 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 Group’s and 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 intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s and Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

This opinion has been prepared for and only for the Company’s shareholders, as a body, in accordance with Section 205 of the Mauritius Companies Act 2001 and for no other purposes.

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of 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 Group and the Company to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

To The Shareholders of Les Gaz Industriels Limited

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

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

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

Other information

The directors are responsible for the other information. The other information comprises statutory disclosures and secretary's certificate.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interest in the Company or of its subsidiary other than in our capacity as auditor and tax adviser of the Company.

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

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

Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report. Our responsibility is to report on the extent of the compliance with the Code of Corporate Governance as disclosed in the corporate governance report and on whether the disclosure is consistent with the requirement of the Code.

The directors have given explanations on the principles of the Code which have not been complied with.

In our opinion, except for areas non–application of the Code for which directors have given satisfactorily explanation, the disclosure in the financial statements is consistent with the principles of the Code.

Baker Tilly.

Baker Tilly

Vivek Gujadhur, FCCA
Licensed by FRC

Date: September 24, 2021

Statements Of Financial Position

As At June 30, 2021

	Notes		The Group		The Company	
			2021	2020	2021	2020
ASSETS			**Rs.**	Rs.	**Rs.**	Rs.
Non-current assets						
Property, plant and equipment	5		**232,180,977**	239,748,214	**228,090,957**	235,308,874
Intangible assets	6		**98,741**	220,157	**98,741**	220,157
Investment in subsidiary	7		**-**	-	**4,416,107**	4,416,107
Investment in associate	8		**2,126,250**	-	**2,126,250**	-
Investment in joint venture	23		**19,655**	-	**19,655**	-
			234,425,623	239,968,371	**234,751,710**	239,945,138
Current assets						
Inventories	9		**17,292,784**	20,271,333	**13,693,424**	18,816,489
Trade and other receivables	10		**49,672,290**	20,069,650	**42,999,368**	18,846,796
Financial assets at amortised cost	11		**2,794,331**	3,251,872	**4,298,652**	6,084,095
Prepayments			**833,469**	941,195	**833,469**	941,195
Cash and cash equivalents	28(b)		**44,048,142**	22,021,553	**34,228,526**	20,299,116
			114,641,016	66,555,603	**96,053,439**	64,987,691
Total assets		Rs.	**349,066,639**	306,523,974	**330,805,149**	304,932,829
EQUITY AND LIABILITIES						
Capital and reserves						
Stated capital	12		**26,114,079**	26,114,079	**26,114,079**	26,114,079
Revaluation and other reserves	13		**41,119,351**	41,617,976	**38,584,498**	41,909,649
Retained earnings			**162,610,145**	142,092,601	**152,565,958**	144,138,025
Owners' interest			**229,843,575**	209,824,656	**217,264,535**	212,161,753
LIABILITIES						
Non-current liabilities						
Deferred tax liabilities	14		**22,370,402**	23,594,872	**22,370,402**	23,594,872
Retirement benefit obligations	15		**16,959,083**	13,574,736	**16,959,083**	13,574,736
			39,329,485	37,169,608	**39,329,485**	37,169,608
Current liabilities						
Trade and other payables	16		**77,884,996**	53,500,015	**72,471,500**	49,611,017
Current tax liabilities	17(a)		**2,008,583**	992,195	**1,739,629**	952,951
Borrowings	18		**-**	5,037,500	**-**	5,037,500
			79,893,579	59,529,710	**74,211,129**	55,601,468
Total liabilities			**119,223,064**	96,699,318	**113,540,614**	92,771,076
Total equity and liabilities		Rs.	**349,066,639**	306,523,974	**330,805,149**	304,932,829

These financial statements have been approved for issue by the Board of Directors on September 24, 2021.

Antoine L. Harel
Chairman

Christopher Hart de Keating
Chief Executive Officer

The notes on pages 43 to 87 form an integral part of these financial statements.
Auditor's Report on pages 34 to 37

Statements of Profit or Loss
Year Ended June 30, 2021

	Notes		The Group		The Company	
			2021	2020	2021	2020
			Rs.	Rs.	**Rs.**	Rs.
Revenue	19		**191,987,516**	126,626,062	**168,553,759**	121,708,291
Cost of sales	20		**(126,087,729)**	(79,673,824)	**(121,740,288)**	(79,043,283)
Gross profit			**65,899,787**	46,952,238	**46,813,471**	42,665,008
Other income	21		**1,591,162**	2,374,281	**1,590,958**	2,362,592
Selling and distribution expenses	20		**(21,716,876)**	(22,674,114)	**(19,364,260)**	(21,052,826)
Administrative expenses	20		**(25,999,501)**	(30,548,394)	**(21,906,145)**	(27,113,151)
			19,774,572	(3,895,989)	**7,134,024**	(3,138,377)
Finance income	22		**1,322,037**	662,922	**1,322,037**	673,545
Profit/(loss) from ordinary activities			**21,096,609**	(3,233,067)	**8,456,061**	(2,464,832)
Share of profit from joint venture	23		**55,383**	43,861	**55,383**	43,861
Profit/(loss) before exceptional items			**21,151,992**	(3,189,206)	**8,511,444**	(2,420,971)
Exceptional items	24		**599,785**	1,194,406	**599,785**	1,194,406
Profit/(loss) before taxation	25		**21,751,777**	(1,994,800)	**9,111,229**	(1,226,565)
Taxation	17(b)		**(2,094,026)**	(689,376)	**(1,543,089)**	(607,407)
Profit/(loss) for the year		Rs.	**19,657,751**	(2,684,176)	**7,568,140**	(1,833,972)
Profit/(loss) per share	26	Rs.	**7.53**	(1.03)		

The notes on pages 43 to 87 form an integral part of these financial statements.
Auditor's Report on pages 34 to 37

Statements Of Profit Or Loss And Other Comprehensive Income

Year Ended June 30, 2021

	Notes	The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	**Rs.**	Rs.
Profit/(loss) for the year		**19,657,751**	(2,684,176)	**7,568,140**	(1,833,972)
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of post employment benefit obligations	13	**(2,900,421)**	(3,262,787)	**(2,900,421)**	(3,262,787)
Deferred tax relating to components of other comprehensive income	13	**435,063**	489,418	**435,063**	489,418
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	13	**2,826,526**	(1,946,480)	**-**	-
Other comprehensive income/(loss) for the year		**361,168**	(4,719,849)	**(2,465,358)**	(2,773,369)
Total comprehensive income/(loss) for the year	Rs.	**20,018,919**	(7,404,025)	**5,102,782**	(4,607,341)

The notes on pages 43 to 87 form an integral part of these financial statements.
Auditor's Report on pages 34 to 37

Statements Of Changes in Equity

Year Ended June 30, 2021

	Note	Share Capital	Share Premium	Translation Reserve	Revaluation Surplus	Actuarial losses reserve	Retained Earnings	Total
THE GROUP		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance at July 1, 2020		26,113,920	159	(291,673)	54,098,505	(12,188,856)	142,092,601	209,824,656
Profit/(loss) for the year		-	-	-	-	-	19,657,751	19,657,751
Revaluation reserve - release to retained earnings		-	-	-	(859,793)	-	859,793	-
Other comprehensive income for the year		-	-	2,826,526	-	(2,465,358)	-	361,168
Total comprehensive income for the year		-	-	2,826,526	(859,793)	(2,465,358)	(579,065)	(1,077,690)
Dividends	27	-	-	-	-	-	-	-
Balance at June 30, 2021	Rs.	**26,113,920**	**159**	**2,534,853**	**53,238,712**	**(14,654,214)**	**162,610,145**	**229,843,575**
Balance at July 1, 2019		26,113,920	159	1,654,807	55,813,691	(9,415,487)	146,195,261	220,362,351
Loss for the year		-	-	-	-	-	(2,684,176)	(2,684,176)
Revaluation reserve - release to retained earnings		-	-	-	(1,715,186)	-	1,715,186	-
Other comprehensive income for the year		-	-	(1,946,480)	-	(2,773,369)	-	(4,719,849)
Total comprehensive income for the year		-	-	(1,946,480)	(1,715,186)	(2,773,369)	(968,990)	(7,404,025)
Dividends	27	-	-	-	-	-	(3,133,670)	(3,133,670)
Balance at June 30, 2020	Rs.	26,113,920	159	(291,673)	54,098,505	(12,188,856)	142,092,601	209,824,656

	Note	Share Capital	Share Premium	Revaluation Surplus	Actuarial losses reserve	Retained Earnings	Total
THE COMPANY		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance at July 1, 2020		26,113,920	159	54,098,505	(12,188,856)	144,138,025	212,161,753
Profit/(loss) for the year		-	-	-	-	7,568,140	7,568,140
Revaluation reserve - release to retained earnings		-	-	(859,793)	-	859,793	-
Other comprehensive income for the year		-	-	-	(2,465,358)	-	(2,465,358)
Total comprehensive income for the year		-	-	(859,793)	(2,465,358)	8,427,933	5,102,782
Dividends	27	-		-	-	-	-
Balance at June 30, 2021	Rs.	**26,113,920**	**159**	**53,238,712**	**(14,654,214)**	**152,565,958**	**217,264,535**
Balance at July 1, 2019		26,113,920	159	55,813,691	(9,415,487)	147,390,481	219,902,764
Loss for the year		-	-	-	-	(1,833,972)	(1,833,972)
Revaluation reserve - release to retained earnings		-	-	(1,715,186)	-	1,715,186	-
Other comprehensive income for the year		-		-	(2,773,369)	-	(2,773,369)
Total comprehensive income for the year		-	-	(1,715,186)	(2,773,369)	(118,786)	(4,607,341)
Dividends	27	-	-	-	-	(3,133,670)	(3,133,670)
Balance at June 30, 2020	Rs.	26,113,920	159	54,098,505	(12,188,856)	144,138,025	212,161,753

The notes on pages 43 to 87 form an integral part of these financial statements.
Auditor's Report on pages 34 to 37

Statements Of Cash Flows

Year Ended June 30, 2021

	Notes	The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
Cash flows from operating activities					
Cash generated from operations	28(a)	29,457,898	13,900,767	23,785,935	12,809,003
Income tax paid		(1,132,391)	(1,103,884)	(1,132,391)	(1,061,159)
Interest received		-	-	-	-
Interest paid		-	(192,025)	(84,526)	(192,025)
Net cash generated from operating activities		28,325,507	12,604,858	22,569,018	11,555,819
Investing activities					
Purchase of property, plant and equipment		(4,751,202)	(2,453,272)	(4,751,202)	(2,441,424)
Purchase of intangible assets		-	(107,693)	-	(107,693)
Proceeds from sale of property, plant and equipment		3,275,345	3,369,457	3,275,344	3,369,457
Investments in associate		(2,126,250)	-	(2,126,250)	-
Net cash (used in)/from investing activities		(3,602,107)	808,492	(3,602,108)	820,340
Financing activities					
Dividends paid		-	(3,133,670)	-	(3,133,670)
Proceeds from short-term borrowings		-	-	-	-
Payment on borrowings		(5,037,500)	(7,538,049)	(5,037,500)	(7,538,049)
Loan received		-	5,037,500	-	5,037,500
Net cash used in financing activities		(5,037,500)	(5,634,219)	(5,037,500)	(5,634,219)
Net increase in cash and cash equivalents		19,685,900	7,779,131	13,929,410	6,741,940
Movement in cash and cash equivalents					
At July 1,		22,021,553	16,411,104	20,299,116	13,557,176
Increase		19,685,900	7,779,131	13,929,410	6,741,940
Effect of foreign exchange rate changes		2,340,689	(2,168,682)	-	-
At June 30,	28(b) Rs.	44,048,142	22,021,553	34,228,526	20,299,116

The notes on pages 43 to 87 form an integral part of these financial statements.
Auditor’s Report on pages 34 to 37

1. GENERAL INFORMATION

Les Gaz Industriels Limited is a public company incorporated and domiciled in Mauritius. The principal activity of the Company and the subsidiary company is the manufacture and distribution of medical and industrial gases (in bulk and in cylinders) and of welding electrodes. The Company also provides welding and cutting equipment and accessories as well as installation of gas reticulation. The address of its registered office is 18, Edith Cavell Street, Port Louis and its place of operations is at Pailles Road, G.R.N.W.

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

2. SUMMARY OF 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 Statement of compliance

The financial statements of Les Gaz Industriels Limited comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB"). The financial statements include the consolidated financial statements of the parent company and its subsidiary company (The Group) and the separate financial statements of the parent company (the Company).

2.2 Functional and presentation currency

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

2.3 Basis of measurement

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 freehold land and buildings are carried at revalued amounts and plant and machinery are stated at deemed cost.

2.4 Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 4.

2.5 Changes in accounting policies

The following standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning on 1 July 2020 were adopted by the Group. However, these did not have a material impact on the Group's financial statements:

Notes to the Financial Statements

Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Changes in accounting policies (cont'd)

New and amended standards and interpretations effective for the current year

Definition of Material – Amendments to IAS 1 and IAS 8

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

The amendments did not have any major impact on the Group and the Company's consolidated and separate financial statements.

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes have been made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards have applied the revised Framework from 1 July 2020. These entities have considered whether their accounting policies are still appropriate under the revised Framework.

Definition of a Business – Amendments to IFRS 3

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

Covid-19-related Rent Concessions – Amendments to IFRS 16

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Changes in accounting policies (cont'd)

New and amended standards and interpretations effective for the current year (cont'd)

Covid-19-related Rent Concessions – Amendments to IFRS 16 (cont'd)

Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

The amendments did not have any major impact on the Group and the Company's consolidated and seperate financial statements.

New or amended standards and interpretations issued but not yet effective for the year ended 30 June 2021

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 June 2021 and which have not been adopted in these consolidated and seperate financial statements. Those which may be relevant to the Group and the Company are set out below. The Group and the Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Classification of Liabilities as Current or Non-current – Amendments to IAS 1

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

The amendment is effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted. The amendments are to be applied retrospectively from the effective date. The directors have not yet assessed the impact the standard will have on the Group's and Company's consolidated and seperate financial statements.

Annual Improvements to IFRS Standards 2018–2020

IFRS 9 Financial Instruments - The amendment clarifies that for the purpose of performing the ''10 per cent test" for derecognition of financial liabilities — in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- IFRS 16 Leases — amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IFRS 1 First-time Adoption of International Financial Reporting Standards — allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Changes in accounting policies (cont'd)

New or amended standards and interpretations issued but not yet effective for the year ended 30 June 2021 (cont'd)

Annual Improvements to IFRS Standards 2018–2020 (cont'd)

- IAS 41 Agriculture — removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted. The directors have not yet assessed the impact the standard will have on the Group's and the Company's consolidated and seperate financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

The International Accounting Standards Board (IASB) has published 'Definition of Accounting Estimates (Amendments to IAS 8) to help entities to distinguish between accounting policies and accounting estimates.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The Board clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The amendments are effective for annual periods beginning on or after 1 January 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

The directors have not yet assessed the impact the standard will have on the Group's and the Company's consolidated and seperate financial statements.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The International Accounting Standards Board (IASB) has issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) amends IAS 1 in the following ways:

- An entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;

Notes to the Financial Statements

Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Changes in accounting policies (cont'd)

New or amended standards and interpretations issued but not yet effective for the year ended 30 June 2021 (cont'd)

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (cont'd)

- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1.

The amendments are applied prospectively. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2.

The directors have not yet assessed the impact the standard will have on the Group and the Company's financial statements.

Property, plant and equipment: Proceeds before intended use - Amendments to IAS 16

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

2.6 Property, plant and equipment

Land and buildings, held for use in the production or supply of goods or for administrative purposes, are stated at their fair value, based on periodic, but at least triennial valuations by external independent valuers, less subsequent depreciation for buildings. Plant and machinery is stated at deemed cost less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Increases in the carrying amount arising on revaluation are credited to other comprehensive income. Decreases that offset previous increases of the same asset are charged against revaluation surplus directly in equity; all other decreases are charged to profit and loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Property, plant and equipment (cont'd)

Properties in the course of construction for production, or for administrative purposes or for purposes not yet determined are carried at cost including professional fees less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

	Per annum
Buildings	2% - 25%
Plant and machinery	2% - 7.5%
Motor vehicles	20%
Furniture and fittings	10%
Office equipment	25%

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. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

2.7 Intangible assets

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 life of 4 years.

Costs associated with developing or maintaining computer software are recognised as an expense as incurred.

The carrying amount of each intangible asset is reviewed annually and adjusted for permanent impairment where it is considered necessary.

2.8 Investment in subsidiary company

Separate financial statements

In the separate financial statements, investment in subsidiary company is carried at cost. The carrying amount is reduced to recognise any impairment in the value of the investment.

Consolidated financial statements

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Notes to the Financial Statements

Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Investment in subsidiary company (cont'd)

Consolidated financial statements (cont'd)

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss as a bargain purchase gain. Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest. Non controlling interests represent only 0.1% and therefore has not been recognised being immaterial.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.

Unrealised losses are also eliminated. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.9. Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non controlling interests in the subsidiaries of the associate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Investment in associate (cont'd)

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.10 Interest in joint venture

The interest in the jointly controlled entity is accounted for by the equity method. The investment is initially recognised at cost and adjusted by post-acquisition changes in the Group's share of the net assets of the joint venture less any impairment in the value of individual investments.

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

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

2.11 Financial instruments

Recognition and initial measurement

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

Classification and subsequent measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at amortised cost and at fair value through other comprehensive income.

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

Financial assets at amortised costs

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial instruments (cont'd)

Financial assets at amortised costs (cont'd)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's and the Company's continuing recognition of the assets.

Assessment whether contractual cash flows are solely payments of principal and interest ("SPPI")

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

In assessing whether the contractual cash flows are SPPI, the Group and the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group and the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's and the Company's claim to cash flows from specified assets (e.g. non-recourse features).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial instruments (cont'd)

Business model assessment (cont'd)

Assessment whether contractual cash flows are solely payments of principal and interest ("SPPI") (cont'd)

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

- Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. These include trade and other payables and borrowings. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

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

The Group and the Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group and the Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group and the Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Impairment of financial assets

The Company recognises loss allowances for ECLs on following categories of financial assets:

- financial assets measured at amortised cost; and
- debt investments measured at FVOCI.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group and the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group and the Company assesses whether the financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

Notes to the Financial Statements

Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Impairment of financial assets (cont'd)

Credit-impaired financial assets (cont'd)

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance of ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

2.13 Current and deferred income tax

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

Current tax

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

Deferred tax

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

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

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

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads but excludes borrowing costs. 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.

Notes to the Financial Statements

Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Retirement benefit obligations

(i) Defined contribution plans

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

Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitle them to the contributions.

(ii) 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 comprises 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 Group 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.

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

2.16 Foreign currencies

(i) Functional and presentation currency

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

Notes to the Financial Statements

Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Foreign currencies (cont'd)

(ii) Transactions and balances

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

Foreign exchange gains and losses that relate to cash and cash equivalents are recognised in profit or loss within finance income or cost.

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

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

(iii) Group company

The results and financial position of the subsidiary that has a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at the closing rates at the date of that statement of financial position.
(b) income and expenses for each statement representing profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions dates, in which case income and expenses are translated at the dates of the transactions); and
(c) all resulting exchange differences are recognised in other comprehensive income.

On the disposal of a foreign operation, the cumulative amount of the exchange differences deferred in the separate components of equity relating to that foreign operation is recognised in profit or loss as part of the gain or loss on disposal.

2.17 Share capital

Ordinary shares are classified as equity.

2.18 Borrowings

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

2.19 Trade and other payables

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

2.20 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Revenue recognition

(a) Revenue from contracts with customers

Performance obligations and timing of revenue recognition

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

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.

Allocating amounts to performance obligations

For most contracts, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). 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).

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.

(b) Other revenues earned by the Group are 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).

2.22 Segment reporting

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

2.23 Exceptional item

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 Group. They are material items of expense that have been shown separately due to the significance of their nature or amount.

2.24 Dividend distribution

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

Notes to the Financial Statements

Year Ended June 30, 2021

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to the following financial risks:

- Currency risk;
- Credit risk; and
- Liquidity risk

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

(a) Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, ZAR, Singaporean dollar and the US dollar. Foreign exchange risk arises mainly from future commercial transactions. The Group has bank accounts denominated in foreign currencies to hedge its exposure to foreign currency risk when future commercial transactions crystallise.

The carrying amounts of the Group's and the Company's financial assets and financial liabilities are denominated in the following currencies:

		The Group		The Company	
		2021	2020	2021	2020
Financial assets		**Rs.**	Rs.	**Rs.**	Rs.
Euro		**1,896,475**	100,270	**1,896,475**	100,270
Mauritian Rupees		**25,335,605**	30,171,990	**27,544,544**	30,171,989
Singaporean dollar		**14,396**	29,214	**14,396**	29,214
US Dollar		**49,409,224**	9,158,956	**49,409,224**	9,158,956
South African Rand		**1,155,481**	654,763	**1,155,481**	654,763
Malaysian Ringgit		**1,512**	1,376	**1,512**	1,376
Malagasy Ariary		**18,701,716**	5,226,231	**1,504,560**	5,113,164
Seychelles Rupees		**354**	275	**354**	275
	Rs.	**96,514,763**	45,343,075	**81,526,546**	45,230,007
Financial liabilities					
Great British Pound		**-**	537,402	**-**	537,402
Mauritian Rupees		**17,266,863**	17,735,246	**17,266,863**	18,467,362
Singaporean dollar		**109,592**	256,821	**109,592**	256,821
US Dollar		**25,448,170**	5,796,999	**25,448,170**	5,796,999
South African Rand		**579,142**	97,819	**579,142**	97,819
Malagasy Ariary		**5,413,496**	4,621,114	**-**	-
	Rs.	**48,817,263**	29,045,401	**43,403,767**	25,156,403

Prepayments and deposits amounting to Rs. 833,469 and Rs. 29,067,733 (2020: Rs. 941,195 and Rs. 29,492,114) for Group and Rs. 833,469 and Rs. 29,067,733 (2020: Rs. 941,195 and Rs. 29,492,114) for Company have been not been included in financial assets and financial liabilities, respectively.

Sensitivity analysis

A strengthening of the above foreign exchanges against the Mauritian rupee at 30 June 2021 would affect the results of the Group and the Company by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant, and is applied against the gross statement of financial position exposure at the reporting date.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(a) Currency risk (cont'd)

Sensitivity analysis (cont'd)

	Increase or decrease		THE GROUP		THE COMPANY	
	2021	2020	2021	2020	2021	2020
	%	%	Rs.	Rs.	Rs.	Rs.
Appreciation of Euro	**13%**	12%	**246,542**	12,032	**246,542**	12,032
Depreciation of Euros	**-13%**	-12%	**(246,542)**	(12,032)	**(246,542)**	(12,032)
Appreciation of GBP	**20%**	10%	**-**	(53,740)	**-**	(53,740)
Depreciation of GBP	**-20%**	-10%	**-**	53,740	**-**	53,740
Appreciation of USD	**6%**	13%	**1,437,663**	437,054	**1,437,663**	437,054
Depreciation of USD	**-6%**	-13%	**(1,437,663)**	(437,054)	**(1,437,663)**	(437,054)
Appreciation of South African Rand	**28%**	-7%	**161,375**	(38,986)	**161,375**	(38,986)
Depreciation of South African Rand	**-28%**	7%	**(161,375)**	38,986	**(161,375)**	38,986
Appreciation of Malaysian Ringgit	**10%**	9%	**151**	124	**151**	124
Depreciation of Malaysian Ringgit	**-10%**	-9%	**(151)**	(124)	**(151)**	(124)
Appreciation of Malagasy Ariary	**8%**	7%	**1,063,058**	42,358	**120,365**	357,921
Depreciation of Malagasy Ariary	**-8%**	-7%	**(1,063,058)**	(42,358)	**(120,365)**	(357,921)

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. Credit risk is managed on a Group basis. For banks and financial institutions, only independently rated parties are accepted.

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 customers is regularly monitored by line management.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Notes to the Financial Statements

Year Ended June 30, 2021

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(b) Credit risk (cont'd)

Exposure to credit risk (cont'd)

	The Group		The Company	
	2021	2020	2021	2020
	Rs.	Rs.	**Rs.**	Rs.
Trade and other receivables	**49,672,290**	20,069,650	**42,999,368**	18,846,796
Financial assets at amortised cost	**2,794,331**	3,251,872	**4,298,652**	6,084,095
Cash and cash equivalents	**44,048,142**	22,021,553	**34,228,526**	20,299,116
	96,514,763	45,343,075	**81,526,546**	45,230,007

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

(c) Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group 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.

THE GROUP	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	Rs.	Rs.	Rs.	Rs.
At June 30, 2021				
Trade and other payables	**48,817,263**	-	-	-
	48,817,263	-	-	-
At June 30, 2020				
Borrowings	5,037,500	-	-	-
Trade and other payables	24,007,901	-	-	-
	29,045,401	-	-	-

THE COMPANY	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	Rs.	Rs.	Rs.	Rs.
At June 30, 2021				
Trade and other payables	**43,403,767**	-	-	-
	43,403,767	-	-	-
At June 30, 2020				
Borrowings	5,037,500	-	-	-
Trade and other payables	20,118,903	-	-	-
	25,156,403	-	-	-

Notes to the Financial Statements

Year Ended June 30, 2021

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(d) Cash flow and fair value interest rate risk

At June 30, 2021, if interest rates on rupee-denominated borrowings had been 10 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been Rs. Nil (2020: Rs.4,282) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

3.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

The fair value of instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required for fair value an instrument are observable, the instrument is included in Level 2.

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 Group for similar financial instruments.

3.3 Capital risk management

The Group's and the Company's objectives when managing capital are:

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

The Group and the Company sets the amounts of capital in proportion to risk. The Group and the Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	**Rs.**	Rs.
Total debt		**-**	5,037,500	**-**	5,037,500
Less: Cash and cash equivalents		**(44,048,142)**	(22,021,553)	**(34,228,526)**	(20,299,116)
Net debt	Rs.	**(44,048,142)**	(16,984,053)	**(34,228,526)**	(15,261,616)
Total equity	Rs.	**229,843,575**	209,824,656	**217,264,535**	212,161,753
Debt-to-capital ratio		**N/A**	N/A	**N/A**	N/A

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Pension benefits

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

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to 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.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 15.

(b) Revaluation of property, plant and equipment

The Group measures land and buildings at revalued amounts with changes in fair value being recognised in profit or loss. The Group engaged valuation specialists to determine fair value as at April 30, 2013. The land and building is revalued at a reasonable frequency as determined by the board of directors.

(c) Asset lives and residual values

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

(d) Depreciation policies

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

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

Notes to the Financial Statements

Year Ended June 30, 2021

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

4.1 Critical accounting estimates and assumptions (cont'd)

(e) Revenue recognition

Management exercises judgement in assessing whether significant risks and rewards have been transferred to the customer to permit revenue to be recognised.

Revenue arising from maintenance and repair work in progress is recognised on the percentage of completion basis.

(f) Impairment of assets

Property, plant and equipment and 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.

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

5. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and machinery	Motor vehicles	Furniture, fittings and Office equipment	Total
(a) **THE GROUP**	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) **COST/VALUATION**						
At July 1, 2020	32,113,831	45,723,440	216,487,987	11,663,073	42,699,643	348,687,974
Additions	-	635,790	504,320	1,782,957	1,828,135	4,751,202
Disposals	(945,215)	-	(1,282,522)	-	(112,639)	(2,340,376)
Foreign exchange difference	-	-	233,674	-	-	233,674
At June 30, 2021	**31,168,616**	**46,359,230**	**215,943,459**	**13,446,030**	**44,415,139**	**351,332,474**
DEPRECIATION						
At July 1, 2020	-	13,678,644	56,022,643	8,859,355	30,379,118	108,939,760
Charge for the year	-	1,503,161	5,314,885	956,168	2,715,663	10,489,877
Disposal adjustments	-	-	(239,367)	-	(107,839)	(347,206)
Foreign exchange difference	-	-	69,066	-	-	69,066
At June 30, 2021	**-**	**15,181,805**	**61,167,227**	**9,815,523**	**32,986,942**	**119,151,497**
NET BOOK VALUES						
At June 30, 2021 Rs.	**31,168,616**	**31,177,425**	**154,776,232**	**3,630,507**	**11,428,197**	**232,180,977**
Cost	**6,454,796**	**19,098,030**	**215,943,459**	**13,446,030**	**44,415,139**	**299,357,454**
Valuation	**24,713,820**	**27,261,200**	**-**	**-**	**-**	**51,975,020**
At June 30, 2021	**31,168,616**	**46,359,230**	**215,943,459**	**13,446,030**	**44,415,139**	**351,332,474**

Notes to the Financial Statements
Year Ended June 30, 2021

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

	Land	Buildings	Plant and machinery	Motor vehicles	Furniture, fittings and Office equipment	Total
(a) **THE GROUP**	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(ii) **COST/VALUATION**						
At July 1, 2019	33,999,425	45,688,440	217,519,062	11,676,073	44,866,076	353,749,076
Additions	-	35,000	526,991	-	1,891,281	2,453,272
Disposals	(1,885,594)	-	(1,833,512)	(13,000)	(4,057,714)	(7,789,820)
Foreign exchange difference	-	-	275,446	-	-	275,446
At June 30, 2020	32,113,831	45,723,440	216,487,987	11,663,073	42,699,643	348,687,974
DEPRECIATION						
At July 1, 2019	-	12,177,512	52,329,974	7,945,886	31,737,136	104,190,508
Charge for the year	-	1,501,132	5,374,401	926,469	2,658,257	10,460,259
Disposal adjustments	-	-	(1,734,975)	(13,000)	(4,016,275)	(5,764,250)
Foreign exchange difference	-	-	53,243	-	-	53,243
At June 30, 2020	-	13,678,644	56,022,643	8,859,355	30,379,118	108,939,760
NET BOOK VALUES						
At June 30, 2020 Rs.	32,113,831	32,044,796	160,465,344	2,803,718	12,320,525	239,748,214
Cost	6,540,218	18,462,240	216,487,987	11,663,073	42,699,643	295,853,161
Valuation	25,573,613	27,261,200	-	-	-	52,834,813
At June 30, 2020	32,113,831	45,723,440	216,487,987	11,663,073	42,699,643	348,687,974

	Land	Buildings	Plant and machinery	Motor vehicles	Furniture, fittings and Office equipment	Total
(b) **THE COMPANY**	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) **COST/VALUATION**						
At July 1, 2020	32,113,831	45,723,440	211,125,164	11,663,073	42,699,643	343,325,151
Additions	-	635,790	504,320	1,782,957	1,828,135	4,751,202
Disposals	(945,215)	-	(1,282,522)	-	(112,639)	(2,340,376)
At June 30, 2021	**31,168,616**	**46,359,230**	**210,346,962**	**13,446,030**	**44,415,139**	**345,735,977**
DEPRECIATION						
At July 1, 2020	-	13,678,644	55,099,161	8,859,355	30,379,117	108,016,277
Charge for the year	-	1,503,161	4,800,957	956,168	2,715,663	9,975,949
Disposal adjustments	-	-	(239,367)	-	(107,839)	(347,206)
At June 30, 2021	**-**	**15,181,805**	**59,660,751**	**9,815,523**	**32,986,941**	**117,645,020**
NET BOOK VALUES						
At June 30, 2021 Rs.	**31,168,616**	**31,177,425**	**150,686,211**	**3,630,507**	**11,428,198**	**228,090,957**
Cost	**6,540,218**	**19,098,030**	**210,346,962**	**13,446,030**	**44,415,139**	**293,846,379**
Valuation	**24,628,398**	**27,261,200**	**-**	**-**	**-**	**51,889,598**
At June 30, 2021	**31,168,616**	**46,359,230**	**210,346,962**	**13,446,030**	**44,415,139**	**345,735,977**

Notes to the Financial Statements

Year Ended June 30, 2021

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

	Land	Buildings	Plant and machinery	Motor vehicles	Furniture, fittings and Office equipment	Total
(b) THE COMPANY	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(ii) COST/VALUATION						
At July 1, 2019	33,999,425	45,688,440	212,443,533	11,676,073	44,866,076	348,673,547
Additions	-	35,000	515,143	-	1,891,281	2,441,424
Disposals	(1,885,594)	-	(1,833,512)	(13,000)	(4,057,714)	(7,789,820)
At June 30, 2020	32,113,831	45,723,440	211,125,164	11,663,073	42,699,643	343,325,151
DEPRECIATION						
At July 1, 2019	-	12,177,512	51,945,897	7,945,886	31,737,136	103,806,431
Charge for the year	-	1,501,132	4,888,238	926,469	2,658,256	9,974,095
Disposal adjustments	-	-	(1,734,974)	(13,000)	(4,016,275)	(5,764,249)
At June 30, 2020	-	13,678,644	55,099,161	8,859,355	30,379,117	108,016,277
NET BOOK VALUES						
At June 30, 2020 Rs.	32,113,831	32,044,796	156,026,003	2,803,718	12,320,526	235,308,874
Cost	6,540,218	18,462,240	211,125,164	11,663,073	42,699,643	290,490,338
Valuation	25,573,613	27,261,200	-	-	-	52,834,813
At June 30, 2020	32,113,831	45,723,440	211,125,164	11,663,073	42,699,643	343,325,151

(c) The Company's plant and machinery were last revalued at June 30, 2005 by Consultec Ltd, an independent valuer. Valuations were made on the basis of open market value. The gain in revaluation net of deferred income taxes was credited to revaluation surplus in shareholders' equity (note 13). It is no longer the Company's policy to revalue plant and machinery. The revalued amount at June 30, 2005 is considered to be the 'Deemed Cost.

(d) The Company's freehold land and buildings were revalued on April 30, 2013 by Gexim Real Estate Ltd, an independent valuer. Valuations were made on the basis of open market value. The revaluation surplus net of deferred income taxes was credited to revaluation surplus in shareholders' equity (note 13).

(e) Details of the Group's and the Company's land and buildings and plant and machinery measured at fair value and information about the fair value hierarchy as at June 30, 2021 are as follows:

		The Group		The Company	
		2021	2020	2021	2020
		Level 2	Level 2	Level 2	Level 2
		Rs.	Rs.	**Rs.**	Rs.
Land	Rs.	**31,168,616**	32,113,831	**31,168,616**	32,113,831
Buildings	Rs.	**31,177,425**	32,044,796	**31,177,425**	32,044,796
Plant and machinery	Rs.	**154,776,232**	160,465,344	**150,686,211**	156,026,003

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

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

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
Freehold land and buildings					
Cost		53,454,167	53,539,589	53,454,167	53,539,589
Accumulated depreciation	Rs.	(15,341,772)	(13,838,611)	(15,341,772)	(13,838,611)
Net book value		38,112,395	39,700,978	38,112,395	39,700,978

(g) If plant and machinery were stated on the historical cost basis, the amounts would be as follows:

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
Plant and machinery					
Cost		221,085,480	221,863,682	221,085,480	216,776,305
Accumulated depreciation	Rs.	(102,835,005)	(97,759,487)	(102,835,005)	(97,019,584)
Net book value		118,250,475	124,104,195	118,250,475	119,756,721

(h) Depreciation charge for the year has been included in:

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
Cost of sales		7,327,249	7,373,376	7,327,249	7,373,376
Selling and distribution expenses		1,387,091	1,331,774	1,387,090	1,331,774
Administrative expenses		1,775,537	1,755,109	1,261,610	1,268,945
	Rs.	10,489,877	10,460,259	9,975,949	9,974,095

(i) Bank borrowings were secured by fixed charge on the assets of the Group including property, plant and equipment.

6. INTANGIBLE ASSETS

		The Group		The Company	
		2021	2020	2021	2020
Computer software		Rs.	Rs.	Rs.	Rs.
(a) **COST**					
At July 1,		11,465,612	11,472,919	11,465,612	11,472,919
Additions		-	107,693	-	107,693
Disposal		-	(115,000)	-	(115,000)
At June 30,		11,465,612	11,465,612	11,465,612	11,465,612
AMORTISATION					
At July 1,		11,245,455	11,171,090	11,245,455	11,171,090
Charge for the year		121,416	189,365	121,416	189,365
Depreciation reversed on disposal		-	(115,000)	-	(115,000)
At June 30,		11,366,871	11,245,455	11,366,871	11,245,455
NET BOOK VALUES	Rs.	98,741	220,157	98,741	220,157

(b) Amortisation charge of Rs. Nil (2020: Rs. 779) has been included in cost of sales, Rs.121,416 (2020: Rs. 188,586) in administrative expenses and Rs. Nil (2020: Rs. Nil) in selling and distribution expenses.

Notes to the Financial Statements

Year Ended June 30, 2021

7. INVESTMENT IN SUBSIDIARY COMPANY - COST

	2021	2020
	Rs.	Rs.
THE COMPANY		
At July 1,	**4,416,107**	4,416,107
Amount receivables from subsidiary converted into investment	**-**	-
Impairment losses	**-**	-
At June 30,	**4,416,107**	4,416,107

(a) Details of the subsidiary company are as follows:

Name of Company	Class of shares held	Year end	Stated Capital	Proportion of direct ownership interest		Country of incorporation and operation	Main business
				2021	2020		
			Rs.				
Gaz Industriels Madagascar SA	Ordinary	June 30,	1,021,227	**99.84%**	99.9%	Madagascar	Production and sale of gases

The directors have assessed the carrying value of the investments at the reporting date and concluded that these investments are not impaired.

8. INVESTMENT IN ASSOCIATE - COST

	2021	2020
	Rs.	Rs.
THE GROUP AND THE COMPANY		
At July 1,	**-**	-
Additions during the year	**2,126,250**	-
At June 30,	**2,126,250**	-

(a) Details of the associate company are as follows:

Name of Company	Class of shares held	Year end	Stated Capital	Proportion of direct ownership interest		Country of incorporation and operation	Main business
				2021	2020		
			SCR				
Industrial & Medical Gases (Seychelles) Limited	Ordinary	December 31,	5,000,000	**22.5%**	-	Seychelles	Production and sale of gases

The directors have assessed the carrying value of the investments at the reporting date and concluded that these investments are not impaired as the company is currently in its start-up phase.

The entity is a newly incorporated company and started its activities late 2020. The first audited financial statements of the entity will be as at 31 December 2021. As at 30 June 2021, the entity had minimal transactions and hence no share of profit or loss has been accounted as per IAS 28 “Investments in Associates and Joint Ventures” as the directors considered the share of loss/profit to be immaterial. Consequently, no summarised financial information in respect of the Group’s associate has been presented.

Notes to the Financial Statements

Year Ended June 30, 2021

9. INVENTORIES

	The Group		The Company	
	2021	2020	2021	2020
	Rs.	Rs.	**Rs.**	Rs.
Finished goods	**15,409,137**	14,580,650	**11,809,777**	13,125,806
Raw materials	**776,437**	204,096	**776,437**	204,096
Spare parts	**1,107,210**	5,486,587	**1,107,210**	5,486,587
Rs.	**17,292,784**	20,271,333	**13,693,424**	18,816,489

(a) The cost of inventories recognised as expense and included in cost of sales amounted to Rs. 104,964,767 (2020: Rs. 52,168,348) and Rs. 100,591,955 (2020: Rs. 52,467,381) for the Group and for the Company respectively.

10. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2021	2020	2021	2020
	Rs.	Rs.	**Rs.**	Rs.
Trade receivables	**58,460,661**	31,124,948	**51,223,404**	28,426,237
Expected credit loss	**(8,788,371)**	(11,055,298)	**(8,224,036)**	(9,579,441)
Trade receivables net of provision Rs.	**49,672,290**	20,069,650	**42,999,368**	18,846,796

Trade receivables may be analysed as follows:	The Group		The Company	
	2021	2020	2021	2020
	Rs.	Rs.	**Rs.**	Rs.
- To third parties	**32,982,184**	26,267,380	**25,744,927**	23,568,669
- To related parties (note 30)	**25,478,477**	4,857,568	**25,478,477**	4,857,568
Rs.	**58,460,661**	31,124,948	**51,223,404**	28,426,237

(i) Impairment of trade receivables

The Group 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, 2021 or July 1, 2020 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 Group has identified the GDP of Mauritius, where it sells most of its goods and services, to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Notes to the Financial Statements

Year Ended June 30, 2021

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(i) Impairment of trade receivables (cont'd)

On that basis, the loss allowance as at June 30, 2021 in compliance with IFRS 9 was determined as follows for trade receivables:

THE GROUP At June 30, 2021	Current	More than 1 day past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Expected loss rate	2.70%	5.17%	20.81%	45.49%	66.91%	
Gross carrying amount - trade receivables	15,613,303	32,940,787	661,860	141,012	9,103,699	58,460,661
Less: specific provision	-	-	-	-	(5,850,000)	(5,850,000)
Carrying amount	15,613,303	32,940,787	661,860	141,012	3,253,699	52,610,661
Loss allowance	(790,573)	(1,704,297)	(137,702)	(64,143)	(241,656)	(2,938,371)
Net carrying amount Rs.	14,822,730	31,236,490	524,158	76,869	3,012,043	49,672,290

THE GROUP At July 1, 2020	Current	More than 1 day past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Expected loss rate	3.80%	18.55%	31.30%	58.24%	100.00%	
Gross carrying amount - trade receivables	9,623,450	8,124,303	1,229,354	608,501	11,539,340	31,124,948
Less: specific provision	-	-	-	-	(5,850,000)	(5,850,000)
Carrying amount	9,623,450	8,124,303	1,229,354	608,501	5,689,340	25,274,948
Loss allowance	(1,751,462)	(412,424)	(384,788)	(354,391)	(2,302,233)	(5,205,298)
Net carrying amount Rs.	7,871,988	7,711,879	844,566	254,110	3,387,107	20,069,650

THE COMPANY At June 30, 2021	Current	More than 1 day past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Expected loss rate	2.70%	5.17%	20.81%	45.49%	66.91%	
Gross carrying amount - trade receivables	8,376,046	32,940,787	661,860	141,012	9,103,699	51,223,404
Less: specific provision	-	-	-	-	(5,850,000)	(5,850,000)
Net Carrying amount	8,376,046	32,940,787	661,860	141,012	3,253,699	45,373,404
Loss allowance Rs.	(226,238)	(1,704,297)	(137,702)	(64,143)	(241,656)	(2,374,036)
Net carrying amount	8,149,808	31,236,490	524,158	76,869	3,012,043	42,999,368

Notes to the Financial Statements

Year Ended June 30, 2021

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(i) Impairment of trade receivables (cont'd)

On that basis, the loss allowance as at June 30, 2021 in compliance with IFRS 9 was determined as follows for trade receivables:

THE COMPANY At July 1, 2020		Current	More than 1 day past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Expected loss rate		3.98%	18.55%	31.30%	58.24%	100.00%	
Gross carrying amount - trade receivables		6,924,739	8,124,303	1,229,354	608,501	11,539,340	28,426,237
Less: specific provision		-	-	-	-	(5,850,000)	(5,850,000)
Carrying amount		6,924,739	8,124,303	1,229,354	608,501	5,689,340	22,576,237
Loss allowance		(275,605)	(412,424)	(384,788)	(354,391)	(2,302,233)	(3,729,441)
Net carrying amount	Rs.	6,649,134	7,711,879	844,566	254,110	3,387,107	18,846,796

The closing loss allowances for trade receivables as at June 30, 2021 reconcile to the opening loss allowances as follows:

		The Group		The Company	
		Trade Receivables		Trade Receivables	
		2021	2020	2021	2020
		Rs.	Rs.	**Rs.**	Rs.
Loss allowance as at July 1, (IFRS 9)		**11,055,298**	10,401,551	**9,579,441**	8,925,694
Loss allowance recognised in profit or loss during the year		**-**	653,747	**-**	653,747
Unused amounts reversed		**(2,266,927)**	-	**(1,355,405)**	-
Receivables written off during the year		**-**	-	**-**	-
At June 30	Rs.	**8,788,371**	11,055,298	**8,224,036**	9,579,441

In previous years, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables, the estimated impairment losses were recognised in a separate provision for impairment.

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

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	**Rs.**	Rs.
Mauritian Rupee		**7,855,791**	8,574,433	**7,855,791**	8,574,433
US Dollar		**34,452,688**	7,991,654	**35,143,577**	7,991,654
Malagasy Ariary		**7,363,811**	3,503,563	**-**	2,280,709
	Rs.	**49,672,290**	20,069,650	**42,999,368**	18,846,796

Notes to the Financial Statements

Year Ended June 30, 2021

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(i) Impairment of trade receivables (cont'd)

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

In previous years, trade receivables were recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables was established when there was objective evidence that the Group would not be able to collect all amounts due according to the original terms of receivables.

11. FINANCIAL ASSETS AT AMORTISED COST

	The Group		The Company	
	2021	2020	2021	2020
	Rs.	Rs.	**Rs.**	Rs.
Receivable from related parties (note 30)	**-**	-	**1,504,321**	2,832,223
Work-in-progress (see note (a) below)	**1,510,586**	1,697,659	**1,510,586**	1,697,659
Other receivables (see note (b) below)	**1,283,745**	1,554,213	**1,283,745**	1,554,213
Rs.	**2,794,331**	3,251,872	**4,298,652**	6,084,095

(a) Work-in-progress

Work-in-progress relates to equipments which are not available and ready for use.

(b) Other receivables

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

(c) Fair values of 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.

(d) Impairment and risk exposure

(i) Financial assets at amortised cost include loss allowance of Rs. 6,919,986 as at June 30, 2021 (2020: Rs. 6,919,986).

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

(e) The financial assets at amortised cost were accounted for as receivables in the previous year.

12. STATED CAPITAL

	The Group and The Company			
	Number of shares	Ordinary shares	Share premium	Total
	2021 & 2020	2021 & 2020	2021 & 2020	2021 & 2020
		Rs.	Rs.	**Rs.**
At July 1, 2020 and June 30, 2021	2,611,392	26,113,920	159	**26,114,079**

The total authorised number of ordinary share is 6,000,000 (2020: 6,000,000 shares) with a par value of Rs. 10 per share (2020: Rs.10 per share). All issued shares are fully paid. The Company has one class of ordinary share and each share carries a right to vote and to dividend.

13. REVALUATION AND OTHER RESERVES

(a) THE GROUP

		Translation reserve	Revaluation surplus	Actuarial gains/(losses) reserve	Total
		Rs.	Rs.	Rs.	Rs.
At July 1, 2020		(291,673)	54,098,505	(12,188,856)	41,617,976
Remeasurement of defined benefit obligations		-	-	(2,900,421)	(2,900,421)
Deferred tax relating to components of other comprehensive income		-	-	435,063	435,063
Revaluation reserve - release to retained earnings		-	(859,793)	-	(859,793)
Currency translation differences		2,826,526	-	-	2,826,526
At June 30, 2021	Rs.	**2,534,853**	**53,238,712**	**(14,654,214)**	**41,119,351**

		Translation reserve	Revaluation surplus	Actuarial gains/(losses) reserve	Total
		Rs.	Rs.	Rs.	Rs.
At July 1, 2019		1,654,807	55,813,691	(9,415,487)	48,053,011
Remeasurement of defined benefit obligations		-	-	(3,262,787)	(3,262,787)
Deferred tax relating to components of other comprehensive income		-	-	489,418	489,418
Revaluation reserve - release to retained earnings		-	(1,715,186)	-	(1,715,186)
Currency translation differences		(1,946,480)	-	-	(1,946,480)
At June 30, 2020	Rs.	(291,673)	54,098,505	(12,188,856)	41,617,976

(b) THE COMPANY

		Revaluation surplus	Actuarial gains/(losses) reserve	Total
		Rs.	Rs.	Rs.
At July 1, 2020		54,098,505	(12,188,856)	41,909,649
Remeasurement of defined benefit obligations		-	(2,900,421)	(2,900,421)
Deferred tax relating to components of other comprehensive income		-	435,063	435,063
Revaluation reserve - release to retained earnings		(859,793)	-	(859,793)
At June 30, 2021	Rs.	**53,238,712**	**(14,654,214)**	**38,584,498**
At July 1, 2019		55,813,691	(9,415,487)	46,398,204
Remeasurement of defined benefit obligations		-	(3,262,787)	(3,262,787)
Deferred tax relating to components of other comprehensive income		-	489,418	489,418
Revaluation reserve - release to retained earnings		(1,715,186)	-	(1,715,186)
At June 30, 2020	Rs.	54,098,505	(12,188,856)	41,909,649

Notes to the Financial Statements

Year Ended June 30, 2021

13. REVALUATION AND OTHER RESERVES (CONT'D)

Translation reserve
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the foreign subsidiary.

Revaluation surplus
The revaluation surplus relates to the revaluation of property, plant and equipment.

Actuarial gains/(losses) reserve
The actuarial gains/(losses) reserve represents the cumulative remeasurement of defined benefit obligation recognised.

14. DEFERRED INCOME TAXES

(a) Deferred income taxes are calculated on all temporary differences under the liability method at 15% (2020: 15%).

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

The following amounts are shown in the statements of financial position:

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
Deferred tax liabilities		**24,914,264**	25,631,082	**24,914,264**	25,631,082
Deferred tax assets		**(2,543,862)**	(2,036,210)	**(2,543,862)**	(2,036,210)
Net deferred tax liabilities	Rs.	**22,370,402**	23,594,872	**22,370,402**	23,594,872

At the end of the reporting date, the Company did not have any unused tax losses available for offset against future profits.

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

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
At July 1,		**23,594,872**	24,915,311	**23,594,872**	24,915,311
Charged/(credited) to profit or loss (note 17(b))		**(789,407)**	(831,021)	**(789,407)**	(831,021)
Charged to other comprehensive income		**(435,063)**	(489,418)	**(435,063)**	(489,418)
At June 30,	Rs.	**22,370,402**	23,594,872	**22,370,402**	23,594,872

(c) 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:

(i) **Deferred tax liabilities**

		The Group and The Company		
		Accelerated tax depreciation	Revaluation of assets	Total
		Rs.	Rs.	Rs.
At June 30, 2019		20,859,576	5,514,324	26,373,900
Credited to profit or loss		(742,818)	-	(742,818)
At June 30, 2020		20,116,758	5,514,324	25,631,082
Credited to profit or loss		(716,818)	-	(716,818)
At June 30, 2021	Rs.	**19,399,940**	**5,514,324**	**24,914,264**

Notes to the Financial Statements

Year Ended June 30, 2021

14. DEFERRED INCOME TAXES (CONT'D)

(ii) Deferred tax assets

		The Group and The Company		
		Retirement benefit obligations	Tax losses	Total
		Rs.	Rs.	Rs.
At June 30, 2019		(1,458,589)	-	(1,458,589)
Credited to profit or loss		(88,203)	-	(88,203)
Charged to other comprehensive income		(489,418)	-	(489,418)
At June 30, 2020	Rs.	**(2,036,210)**	**-**	**(2,036,210)**
(Credited)/charged to profit or loss		(72,589)	-	(72,589)
Credited to other comprehensive income		(435,063)	-	(435,063)
At June 30, 2021	Rs.	**(2,543,862)**	**-**	**(2,543,862)**

15. RETIREMENT BENEFIT OBLIGATIONS

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	**Rs.**	Rs.
Amounts recognised in the statements of financial position:					
- Pension benefits	Rs.	**16,959,083**	13,574,736	**16,959,083**	13,574,736
Amounts charged to profit or loss:					
- Pension benefits	Rs.	**483,926**	588,021	**483,926**	588,021
Amounts charged to other comprehensive income:					
- Pension benefits	Rs.	**(2,900,421)**	(3,262,787)	**(2,900,421)**	(3,262,787)

Pension benefits

(i) The Group operates a defined benefit pension plan. The plan is a final salary plan, which provides benefits to members in the form of a guaranteed level of pension payable for 5 years. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

The assets of the fund are invested in the Deposit Administration Policy underwritten by Swan Life Ltd.

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

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

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
Present value of funded obligations		**33,328,908**	29,200,145	**33,328,908**	29,200,145
Fair value of plan assets		**(16,369,825)**	(15,625,409)	**(16,369,825)**	(15,625,409)
Liability in the statements of financial position	Rs.	**16,959,083**	13,574,736	**16,959,083**	13,574,736

Notes to the Financial Statements

Year Ended June 30, 2021

15. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Pension benefits (cont'd)

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

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
At July 1,		**(13,574,736)**	(9,723,928)	**(13,574,736)**	(9,723,928)
Charged to profit or loss		**(483,926)**	(588,021)	**(483,926)**	(588,021)
Charged to other comprehensive income		**(2,900,421)**	(3,262,787)	**(2,900,421)**	(3,262,787)
At June 30,	Rs.	**(16,959,083)**	(13,574,736)	**(16,959,083)**	(13,574,736)

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

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
At July 1,		**29,200,145**	24,547,399	**29,200,145**	24,547,399
Interest cost		**389,249**	871,571	**389,249**	871,571
Current service cost		**266,557**	200,111	**266,557**	200,111
Benefits paid		**-**	-	**-**	-
Actuarial (gains)/losses		**3,472,957**	3,581,064	**3,472,957**	3,581,064
At June 30,	Rs.	**33,328,908**	29,200,145	**33,328,908**	29,200,145

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

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
At July 1,		**15,625,409**	14,823,471	**15,625,409**	14,823,471
Expected return on plan assets		**171,879**	503,661	**171,879**	503,661
Scheme expenses		**-**	(20,000)	**-**	(20,000)
Actuarial (losses)/gains		**572,537**	318,277	**572,537**	318,277
At June 30,	Rs.	**16,369,825**	15,625,409	**16,369,825**	15,625,409

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

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
Current service cost		**266,557**	220,111	**266,557**	220,111
Net interest cost		**217,369**	367,910	**217,369**	367,910
Total included in employee benefit expense (Note 25(a))	Rs.	**483,926**	588,021	**483,926**	588,021
Actual return on plan assets	Rs.	**744,416**	821,938	**744,416**	821,938

15. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Pension benefits (cont'd)

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

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	**Rs.**	Rs.
Experience losses on the liabilities		**(288,322)**	(330,551)	**(288,322)**	(330,551)
Gains on pension scheme assets		**572,537**	318,277	**572,537**	318,277
Changes in assumptions		**(3,184,636)**	(3,250,513)	**(3,184,636)**	(3,250,513)
Total in other comprehensive income	Rs.	**(2,900,421)**	(3,262,787)	**(2,900,421)**	(3,262,787)

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

	The Group		The Company	
	2021	2020	2021	2020
Discount rate	3.50%	3.80%	**3.50%**	3.80%
Future long-term salary increase	3.00%	3.00%	**3.00%**	3.00%

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

		The Group and The Company		The Group and The Company	
		2021		2020	
		Increase	Decrease	Increase	Decrease
		Rs.	Rs.	**Rs.**	Rs.
Discount rate (1% movement)		**940,874**	1,024,782	**510,763**	620,001
Future long-term salary increase (1% movement)	Rs.	**730,957**	615,334	**618,687**	518,937

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

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

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

(ix) The defined benefit pension plan exposes the Group to actuarial risks such as longevity risk, currency risk, interest rate risk and market (investment) risk.

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

(xi) No contribution is expected to be made by the Group and the Company to post-employment benefit plans for the year ending June 30, 2022.

(xii) The weighted average duration of the defined benefit obligation is 12 years for the Group and the Company.

Notes to the Financial Statements
Year Ended June 30, 2021

16. TRADE AND OTHER PAYABLES

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	**Rs.**	Rs.
Trade payables		**34,295,360**	9,771,050	**28,881,864**	5,149,939
Deposits from customers		**29,067,733**	29,492,114	**29,067,733**	29,492,114
Accrued expenses		**13,221,093**	14,135,412	**13,221,093**	14,867,525
Amount due to related parties (note 30)		**1,300,810**	101,439	**1,300,810**	101,439
Other payables		**-**	-	**-**	-
	Rs.	**77,884,996**	53,500,015	**72,471,500**	49,611,017

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

17. INCOME TAX EXPENSE

(a) Amounts shown in statements of financial position are as follows:

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	**Rs.**	Rs.
At July 1,		**992,195**	575,683	**952,951**	575,683
Tax paid		**(600,275)**	(337,763)	**(600,275)**	(337,763)
TDS deducted		**(60,752)**	(241,132)	**(60,752)**	(241,132)
(Over)/under provision in prior year		**(352,675)**	3,212	**(352,675)**	3,212
APS and CSR paid		**(532,116)**	(482,265)	**(532,116)**	(482,265)
Current tax on the adjusted profit for the year		**1,088,470**	675,225	**819,519**	635,981
Effect of translation difference		**(39,241)**	-	**-**	-
Covid 19 levy		**1,439,466**	735,107	**1,439,466**	735,107
CSR		**73,511**	64,128	**73,511**	64,128
At June 30,	Rs.	**2,008,583**	992,195	**1,739,629**	952,951

		The Group		The Company	
		2021	2020	2021	2020
(b) Current tax on the adjusted profit for the year		**Rs.**	Rs.	**Rs.**	Rs.
at 15% (2019: 15%)		**2,883,433**	1,520,397	**2,332,496**	1,438,428
Deferred tax (note 14(b))		**(789,407)**	(831,021)	**(789,407)**	(831,021)
Tax charge/(credit)	Rs.	**2,094,026**	689,376	**1,543,089**	607,407

Notes to the Financial Statements

Year Ended June 30, 2021

17. INCOME TAX EXPENSE (CONT'D)

(c) **Tax reconciliation**

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

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
Profit/(loss) before taxation		21,751,777	(1,994,800)	9,111,229	(1,226,565)
Tax calculated at effective tax rate of 9% (2020: 13%)		1,957,660	(259,324)	778,083	(159,175)
Income not subject to tax		(817,550)	(978,561)	(817,550)	(978,562)
Expenses not deductible for tax purposes		858,986	2,062,687	858,986	1,773,718
Minimum tax		-	81,986	-	-
Tax differential		(589,399)	(188,838)	-	-
Effect of translation difference		(39,241)	-	-	-
Underprovision in prior year		-	3,212	-	3,212
Covid 19 levy		1,439,466	735,107	1,439,466	735,107
CSR		73,511	64,128	73,511	64,128
Deferred tax		(789,407)	(831,021)	(789,407)	(831,021)
Tax charge/(credit)	Rs.	2,094,026	689,376	1,543,089	607,407

18. BORROWINGS

		The Group		The Company	
		2021	2020	2021	2020
Current		Rs.	Rs.	Rs.	Rs.
Bank overdrafts		-	-	-	-
Bank borrowings		-	5,037,500	-	5,037,500
Total borrowings	Rs.	-	5,037,500	-	5,037,500

(a) The borrowings are secured by floating charges on the assets of the Group including property, plant and equipment. The rate of interest on those borrowings are 4.60% for bank overdaft and 4.30% for bank borrowings.

(b) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates are as follows:

		6 months or less	6-12 months	1-5 years	Over 5 years	Total
(i) **THE GROUP**		Rs.	Rs.	Rs.	Rs.	Rs.
At June 30, 2021	Rs.	-	-	-	-	-
At June 30, 2020	Rs.	5,037,500	-	-	-	5,037,500

		6 months or less	6-12 months	1-5 years	Over 5 years	Total
(ii) **THE COMPANY**		Rs.	Rs.	Rs.	Rs.	Rs.
At June 30, 2021	Rs.	-	-	-	-	-
At June 30, 2020	Rs.	5,037,500	-	-	-	5,037,500

(c) The borrowings are denominated in Mauritian Rupees and the carrying amounts are not materially different from their fair values.

19. REVENUE

	The Group		The Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Sales of goods	**188,767,977**	122,389,655	**165,334,220**	117,492,469
Sales of services	**553,132**	464,463	**553,132**	443,878
Rental income	**2,666,407**	3,771,944	**2,666,407**	3,771,944
Rs.	**191,987,516**	126,626,062	**168,553,759**	121,708,291

The Company is engaged in the manufacture and distribution of medical and industrial gases (in bulk and in cylinders) and of welding electrodes. The Company also provides welding and cutting equipment and accessories as well as installation of gas reticulation and earns revenue.

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by lines and timing of revenue recognition and type of contract and sales channels.

	The Group		The Company	
	2021	2020	2021	2020
	Rs.	Rs.	**Rs.**	Rs.
Timing of revenue recognition:				
At a point in time	**191,987,516**	126,626,062	**168,553,759**	121,708,291
Over time	**-**	-	**-**	-
Rs.	**191,987,516**	126,626,062	**168,553,759**	121,708,291

	The Group		The Company	
	2021	2020	2021	2021
	Rs.	Rs.	**Rs.**	Rs.
Contract duration				
Short term contract	**191,987,516**	126,626,062	**168,553,759**	121,708,291
Long term contract	**-**	-	**-**	-
Rs.	**191,987,516**	126,626,062	**168,553,759**	121,708,291
Sales Channels				
Directly to customers	**191,987,516**	126,626,062	**168,553,759**	121,708,291
Through intermediaries	**-**	-	**-**	-
Rs.	**191,987,516**	126,626,062	**168,553,759**	121,708,291

There were no contract balances as at 30 June 2021 and 30 June 2020.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a party. The Company recognises revenue when or as the entity satisfies a performance obligation by transferring control of a promised goods or services to a customer.

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

Type of Service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Sale of goods and services	The income is received as per contractual terms	Revenue is recognised at a point in time when or as the entity satisfies a performance obligation by transferring control of a promised goods or services to a customer

20. EXPENSES BY NATURE

	The Group		The Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Employee benefit expense (note 25(a))	**28,969,280**	30,769,427	**27,733,870**	29,566,768
Raw materials and consumables used	**104,964,767**	52,168,348	**100,591,955**	52,467,381
Depreciation of property, plant and equipment	**10,489,877**	10,460,259	**9,975,949**	9,974,095
Amortisation of intangible assets	**121,416**	189,365	**121,416**	189,365
Professional fees	**9,813,413**	13,073,823	**7,212,172**	10,804,352
Director fees	**1,397,610**	1,514,078	**1,397,610**	1,514,078
Repairs & maintenance	**3,092,674**	6,702,126	**3,066,998**	6,684,419
Motor vehicle running expenses	**4,675,692**	4,038,206	**3,877,245**	4,038,206
Electricity	**7,127,131**	6,184,008	**7,088,215**	6,168,084
Advertising costs	**224,439**	1,292,783	**224,439**	1,292,783
Provision for bad debts	**(773,782)**	1,559,019	**(773,782)**	1,559,019
Reversal of provision for bad debts	**-**	(372,632)	**-**	(372,632)
Provision for stock obsolescence	**(726,010)**	322,613	**(726,010)**	322,613
Other expenses	**4,427,599**	4,994,909	**3,220,616**	3,000,729
Rs.	**173,804,106**	132,896,332	**163,010,693**	127,209,260

Other expenses comprise of miscellaneous expenses incurred during the year.

The above expenses are classified as follows:

	The Group		The Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Cost of sales	**126,087,729**	79,673,824	**121,740,288**	79,043,283
Selling and distribution expenses	**21,716,876**	22,674,114	**19,364,260**	21,052,826
Administrative expenses	**25,999,501**	30,548,394	**21,906,145**	27,113,151
	173,804,106	132,896,332	**163,010,693**	127,209,260

21. OTHER INCOME

	The Group		The Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Profit on disposal of property, plant and equipment	**682,389**	149,479	**682,389**	149,479
Sundry income	**908,773**	2,224,802	**908,569**	2,213,113
Rs.	**1,591,162**	2,374,281	**1,590,958**	2,362,592

22. FINANCE INCOME

	The Group		The Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Net foreign transactions gains	**1,406,563**	854,947	**1,406,563**	865,570
Interest expense	**(84,526)**	(192,025)	**(84,526)**	(192,025)
Rs.	**1,322,037**	662,922	**1,322,037**	673,545

Notes to the Financial Statements

Year Ended June 30, 2021

23. INTEREST IN JOINT VENTURE

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
At July 1,		(35,728)	(79,589)	(35,728)	(79,589)
Share of profit		55,383	43,861	55,383	43,861
At June 30,	Rs.	19,655	(35,728)	19,655	(35,728)

The Group has an interest in a joint venture, Medical Gases JV. The joint venture is incorporated and operates in Mauritius. The main activity of the joint venture is to supply medical gases (liquid oxygen, nitrous oxide and compressed air) to the Ministry of Health and Quality of Life during the period April 01, 2018 to March 31, 2020. Thereafter, the contract was extended to June 30, 2020 and not renewed.

According to the joint venture agreement, revenue for the goods provided is being split and attributed to each party according to the goods supplied by them to Medical Gases JV. Assets and liabilities are split in the proportion of sales revenue whilst all expenses are being shared equally.

Medical Gases JV is a private company and there is no quoted market price for its shares.

The above joint venture is accounted for using the equity method.

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements.

(i) Summarised statement of financial position of Medical Gases JV:

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
Current assets	Rs.	5,911,976	13,441,859	5,911,976	13,441,859
Current liabilities	Rs.	5,796,513	13,437,162	5,796,513	13,437,162
The above amounts of assets and liabilities include the following:					
Cash and cash equivalents	Rs.	223,518	763,571	223,518	763,571

(ii) Summarised statement of profit or loss of Medical Gases JV:

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
Revenue	Rs.	-	32,321,790	-	32,321,790
Profit/(loss) for the year	Rs.	110,765	87,721	110,765	87,721

The Group does not have any commitments and contingent liabilities relating to its joint venture.

Notes to the Financial Statements

Year Ended June 30, 2021

24. EXCEPTIONAL ITEMS

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	**Rs.**	Rs.
Profit on disposal of land (compulsory acquisition by Government of Mauritius)		**599,785**	1,194,406	**599,785**	1,194,406
	Rs.	**599,785**	1,194,406	**599,785**	1,194,406

25. PROFIT/(LOSS) BEFORE TAXATION

		The Group		The Company	
		2021	2020	2021	2021
		Rs.	Rs.	**Rs.**	Rs.
Profit/(loss) before taxation is arrived at after:					
crediting:					
Profit on disposal of property, plant and equipment (Note 21 and 24)		**1,282,174**	1,343,885	**1,282,174**	1,343,885
and charging:					
Depreciation on property, plant and equipment		**10,489,877**	10,460,259	**9,975,949**	9,974,095
Amortisation of intangible assets		**121,416**	189,365	**121,416**	189,365
Cost of inventories recognised as expense		**100,496,110**	52,168,348	**100,496,110**	52,467,381
Employee benefit expense (note (a) below)	Rs.	**28,969,280**	30,769,427	**27,733,870**	29,566,768

(a) Employee benefit expense

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	**Rs.**	**Rs.**	**Rs.**
Wages and salaries		**26,906,403**	27,876,251	**25,780,439**	26,673,592
Social security costs		**109,446**	1,123,730	**-**	1,123,730
Pension costs - defined contributions plans		**1,469,505**	1,181,425	**1,469,505**	1,181,425
Pension costs - defined benefit plans (note 15(v))		**483,926**	588,021	**483,926**	588,021
	Rs.	**28,969,280**	30,769,427	**27,733,870**	29,566,768

26. PROFIT/(LOSS) PER SHARE

		The Group	
		2021	2020
Profit/(loss) attributable to ordinary shareholders	Rs.	**19,657,751**	(2,684,176)
Number of ordinary shares in issue		**2,611,392**	2,611,392
Profit/(loss) per share	Rs.	**7.53**	(1.03)

Notes to the Financial Statements

Year Ended June 30, 2021

27. DIVIDENDS

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
Amounts recognised as distributions to equity holders in the year:					
Paid and distributed during the year - Rs Nil per share (2020: Rs1.20 per share)	Rs.	-	3,133,670	-	3,133,670

28. NOTES TO THE STATEMENTS OF CASH FLOWS

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
(a) **Cash generated from operations**					
Profit/(loss) before taxation		21,751,777	(1,994,800)	9,111,229	(1,226,565)
Adjustments for:					
Depreciation of property, plant and equipment		10,489,877	10,460,259	9,975,949	9,974,095
Amortisation of intangible assets		121,416	189,365	121,416	189,365
Share of profit in joint venture		(55,383)	(43,861)	(55,383)	(43,861)
Impairment of investment in subsidiary		-	-	-	-
Interest expense		-	192,025	84,526	192,025
Profit on disposal of property, plant and equipment		(682,389)	(1,343,885)	(682,389)	(1,343,886)
Profit on disposal of land		(599,785)	-	(599,785)	-
Amount receivables converted into investment		-	-	-	-
Impairment of receivables		-	11,055,298	-	16,499,427
Reversal of provision for bad debts		(2,831,262)	-	(1,355,405)	-
Retirement benefit obligations		483,926	588,021	483,926	588,021
		28,678,177	19,102,422	17,084,084	24,828,621
Changes in working capital:					
Inventories		2,978,549	(4,842,029)	5,123,065	(4,361,840)
Trade and other receivables		(27,124,053)	(11,756,145)	(23,149,842)	(16,848,766)
Financial assets at amortised cost		432,517	1,055,176	1,760,419	1,340,736
Prepayments		107,726	9,037,582	107,726	9,007,908
Trade and other payables		24,384,982	1,303,761	22,860,483	(1,157,656)
Cash generated from operations	Rs.	29,457,898	13,900,767	23,785,935	12,809,003

(b) Cash and cash equivalents and bank overdrafts include the following for the purpose of the cash flow statement:

		The Group		The Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
Cash in hand and at bank		44,048,142	22,021,553	34,228,526	20,299,116
Bank overdrafts (Note 18)		-	-	-	-
Cash and cash equivalents	Rs.	44,048,142	22,021,553	34,228,526	20,299,116

Notes to the Financial Statements

Year Ended June 30, 2021

28. NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

(c) Reconciliation of liabilities arising from financing activities

		2020	Cash Flows	2021
		Rs.	Rs.	**Rs.**
Short term borrowings		5,037,500	(5,037,500)	**-**
Total liabilities from financing activities	Rs.	5,037,500	(5,037,500)	**-**

29. SEGMENT INFORMATION

(a) The Group is engaged in the manufacture and distribution of medical and industrial gases (in bulk and in cylinders). The Company also provides welding and cutting equipment and accessories as well as gas reticulation. The Board of Directors considers the business as a single reportable segment.

The internal reporting provided to the Chief Executive Officer for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles under IFRS.

Revenue has been analysed in Note 19.

There were no changes in the reportable segment during the year.

(b) Geographical information

THE GROUP

		Revenues from external customers		Non-current assets	
		2021	2020	2021	2020
		Rs.	Rs.	**Rs.**	Rs.
Local		**77,112,508**	108,799,852	**234,405,968**	239,968,371
Foreign		**114,875,008**	17,826,210	**-**	-
	Rs.	**191,987,516**	126,626,062	**234,405,968**	239,968,371

THE COMPANY

		Revenues from external customers		Non-current assets	
		2021	2020	2021	2020
		Rs.	Rs.	**Rs.**	Rs.
Local		**53,678,751**	103,882,081	**234,751,710**	239,945,138
Foreign		**114,875,008**	17,826,210	**-**	-
	Rs.	**168,553,759**	121,708,291	**234,751,710**	239,945,138

Notes to the Financial Statements

Year Ended June 30, 2021

30. RELATED PARTY TRANSACTIONS

(a) THE GROUP

	Technical fees	Sales of goods and services	Purchase of goods	Dividends paid	Amount owed by related parties	Amount owed to related parties
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Trading transactions						
Year ended June 30, 2021						
Major shareholder (note 16)	**403,566**	**-**	**-**	**-**	**-**	**1,300,810**
Joint Venture (note 10)	**-**	**-**	**-**	**-**	**17,629**	**-**
Associate (note 10)	**-**	**13,814,834**	**-**	**-**	**2,953,001**	**-**
Common beneficial owner (note 10)	**-**	**37,015,580**	**-**	**-**	**22,507,847**	**-**
Rs.	**403,566**	**50,830,414**	**-**	**-**	**25,478,477**	**1,300,810**
Trading transactions						
Year ended June 30, 2020						
Major shareholder (note 16)	388,472	-	-	1,197,622	-	101,439
Joint Venture (note 10)	-	24,665,672	-	-	4,857,568	-
Rs.	388,472	24,665,672	-	1,197,622	4,857,568	101,439

(b) THE COMPANY

	Technical fees	Sales of goods and services	Purchase of goods	Dividends paid	Amount owed by related parties	Amount owed to related parties
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Trading transactions						
Year ended June 30, 2021						
Major shareholder (note 16)	**403,566**	**-**	**-**	**-**	**-**	**1,300,810**
Subsidiary (note 11)	**-**	**10,152,524**	**-**	**-**	**1,504,321**	**-**
Joint Venture (note 10)	**-**	**-**	**-**	**-**	**17,629**	**-**
Associate (note 10)	**-**	**13,814,834**	**-**	**-**	**2,953,001**	**-**
Common beneficial owner (note 10)	**-**	**37,015,580**	**-**	**-**	**22,507,847**	**-**
Rs.	**403,566**	**60,982,938**	**-**	**-**	**26,982,798**	**1,300,810**
Trading transactions						
Year ended June 30, 2020						
Major shareholder (note 16)	388,472	-	-	1,197,622	-	101,439
Subsidiary (note 11)	-	3,333,738	-	-	2,832,223	-
Joint Venture (note 10)	-	24,665,672	-	-	4,857,568	-
Rs.	388,472	27,999,410	-	1,197,622	7,689,791	101,439

30. RELATED PARTY TRANSACTIONS (CONT'D)

(c) (i) The above transactions have been made at arm's length, on normal commercial terms and in the normal course of business.

(ii) The major shareholder is African Oxygen Limited.

(iii) Technical fees payable are in accordance with the substance of the relevant agreements.

(iv) Provision made for doubtful debts in respect of amounts owed by related parties amounts to Rs. 8,468,224 (2020: Rs.6,919,986).

(d) **Key management personnel compensation**

	The Group		The Company	
	2021	2020	2021	2020
	Rs.	Rs.	**Rs.**	Rs.
Short-term employee benefits	**8,428,679**	9,893,993	**8,428,679**	9,893,993
Termination benefits	**-**	700,000	**-**	700,000
Post-employment benefits	**620,130**	634,202	**620,130**	634,202
Rs.	**9,048,809**	11,228,195	**9,048,809**	11,228,195

31. CONTINGENT LIABILITIES

Competition commission claims

Les Gaz Industriels Limited was informed by the Competition Commission of Mauritius that a compliant has been received by the said Commission to the effect that Medical Gases JV, a duly registered joint venture, formed by the Company and Gaz Carbonique Ltd with the sole purpose of bidding for government medical tenders, were involved in a collusive agreement by fixing the prices of medical gases.

Therefore, an investigation has been launched in order to establish whether there was any breach of the Competition Act 2007, and if found guilty, a financial penalty up to 10% of the Company's turnover could be imposed.

The directors are confident about the outcome of the investigation will be in favour of the Company and hence no provision shall be made in the financial statements in respect of any potential claims from the said Commission.

Bank guarantees

There are contingent liabilities for which no provision has been made in the financial statements in respect of bank guarantees given to third party amounting to Rs. 1,358,793 (2020: Rs. 1,809,024). The directors consider that no liability will arise as the probability of default in respect of these guarantees are remote.

32. MAJOR EVENTS ARISING DURING THE YEAR - COVID-19

COVID-19

The Coronavirus pandemic (COVID-19) spread rapidly in early 2020 and continues to cause disruption to businesses and economic activities around the world in 2021. As at the date of approval of the financial statements, the COVID-19 crisis is still unfolding and there will be some uncertainty remaining around accurate assessment of the full impact or any prediction regarding the future course of events that would arise due to the COVID-19 crisis. In-spite of the prevalent uncertainty of the impact of COVID on the Group and the Company, the Directors are of the view that this will not pose any significant threat to the Group and the Company and business will continue as a Going concern for the foreseeable future.

Notes to the Financial Statements

Year Ended June 30, 2021

32. MAJOR EVENTS ARISING DURING THE YEAR - COVID-19 (CONT'D)

Going concern

For the purpose of assessing the appropriateness of the preparation of the Group'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.

Government grant and assistance

Following the COVID-19 crisis, the Government introduced a wage subsidy programme to assist companies to pay the salaries of their full-time or part-time employees based on defined eligibility criteria. The Company benefited from this scheme for the year ended 30 June 2021.

Impairment of financial assets

Impairment of financial assets consists mainly of increase in ECL allowances and amounts written off receivables during the year. The Group put special considerations on the potential impact of COVID-19 on future customer account payment behaviour in the calculation of the ECL. The impact of lockdown and consumers reaction due to COVID-19 has been factored in parameters used in each financial model and economic parameters used are as per official sources and are used consistently in all financial models.

Outlook

COVID-19 represents and unprecendented period of uncertainty and risk for business organisations worldwide. The Group has taken key measures focussing on maximising revenue growth, exploring new business opportunities and cost optimisation so as to be able to meet its obligations in the short term.

Based on its current projections, the Group will be able to operate on the forseeable future. The going concern on the Group has not been affected by COVID-19 pandemic. They are therefore confident that the activity of the Group will enable the latter to get through these tough challenges successfully.

33. EVENT AFTER THE REPORTING PERIOD

On September 24, 2021, the Board of Directors declared a final dividend of Rs. 2.00 per share for the financial year ended June 30, 2021.

Notice of Meeting

69th Annual Meeting

NOTICE IS HEREBY GIVEN that the Annual Meeting of LES GAZ INDUSTRIELS LIMITED ('the Company') will be held at the offices of the Company, Pailles Road, GRNW, on December 8, 2021 at 16:15 hrs to transact the following business:

1. To approve the minutes of proceedings of the 68th Annual Meeting of the shareholders of the Company held on November 27, 2020.

2. To consider the annual report of the Company for the year ended June 30,2021.

3. To receive the report of the Auditors of the Company for the year ended June 30, 2021.

4. To consider and approve the Audited Financial Statements of the Company for the year ended June 30, 2021 and the report of the Directors and Auditors thereon.

5. To re-elect Mrs. Catherine McIlraith who retires by rotation and being re-eligible offers herself for re-election as director of the Company.

6. To re-elect Mr. Laurent Bourgault du Coudray who retires by rotation and being re-eligible offers himself for re-election as director of the Company.

7. To take notice of the automatic reappointment of Baker Tilly under section 200 of the Companies Act 2001, as Auditors of the Company to hold office until the conclusion of the next Annual Meeting, and authorise the Board of Directors to fix their remuneration.

8. To ratify the final dividend of Rs. 2.00 per share declared by the Board of Directors for the year ended June 30, 2021.

9. To approve the Company's directors' emoluments.

By order of the Board
HM SECRETARIES LTD.
Secretary

Port Louis, this 11 November 2021

Note:

(i) The profiles of the directors sitting for re-election are available on pages 14 and 15 of the 2021 Annual Report of the Company.

(ii) Given the evolving and unpredictable Covid-19 pandemic situation, the Company reserves the right to postpone the meeting in compliance with Covid-19 related legislation pertaining to restriction of activities or any other applicable.

moving towards >>

years

LES GAZ INDUSTRIELS LTD.

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