NIT

National Investment Trust

# Annual Report 2021

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# Corporate Information

**Chairman**

Mr. Veenay Rambarassah (Appointed as Chairman on 02 June 2020)

**Directors**

Mr. Veenay Rambarassah (Appointed on 16 April 2012)

Mr. Aslam Kathrada (Appointed on 29 May 2020)

Mr. Roger Koenig (Appointed on 29 May 2020)

Mr. Sébastien Pitot (Appointed on 29 May 2020)

Mrs. Amélie Vitry Audibert (Appointed on 29 May 2020)

**Chief Executive Officer**

Mr Gaetan Wong To Wing (The contract of employment of Mr. Wong To Wing has been terminated on 19 August 2021)

**Acting Chief Executive Officer**

Mr Teddy Blackburn

**Company Secretary**

**Until 06 August 2020:** Ah Vee K. C Li Chun Fong
C/o Kingston Marks Leoville L'homme Street, Port Louis

**As from 07 August 2020:** Executive Services Limited
Vieux Conseil Street, 2nd Floor, Les Jamalacs Building, Port Louis

**Auditor**

Deloitte
7th – 8th floor, Standard Chartered Tower, 19-21 Bank Street Cybercity, Ebene
Mauritius

**Bankers**

**SBM Bank (Mauritius) Ltd**
State Bank Tower 1, Queen Elizabeth II Avenue, Port Louis

**Absa Bank (Mauritius) Limited (previously known as Barclays Bank Mauritius Limited)**
Barclays House 68/68 A Cybercity, Ebène

**The Mauritius Commercial Bank Ltd**
9-15, Sir William Newton Street, Port Louis

**Share Registry & Transfer Office**
Level 8, Newton Tower, Sir William Newton Street, Port Louis

**Registered Office**
Level 8, Newton Tower, Sir William Newton Street , Port Louis

BRN C10011104

The Company delivers only one copy of shareholder reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is known as "householding" and is intended to eliminate duplicate mailings and reduce expenses. Mailings of your shareholder documents may be householded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please contact the Company on (230) 211 54 84.

# Certificate from the Secretary

**Under Section 166(d) of the Companies Act 2001**

I certify that, to the best of my knowledge and belief, National Investment Trust Ltd (the "Company") has filed with the Registrar of Companies, all such returns as are required of the Company under the Mauritius Companies Act 2001 for the year ended 30 June 2021.

Executive Services Limited
Per Christian Angseeing
**Company Secretary**
**27 September 2021**

# Chairman's Statement

## *To our valued Shareholders:*

It is a great privilege for me to present you, on behalf of the Board of Directors the June 2021 Annual Report.

From an operational perspective, despite the challenging operating environment due to the global COVID-19 pandemic, the Company's results for the financial year were quite encouraging with appreciation registered in both the market value of our portfolio of investment and, in our profitability level. In fact, during the year under review, the Company's Net Asset Value per share increased by 12.4% to reach Rs 45.54 (2020 : Rs 40.53) while, on the income side, profit after tax increased by 53% from Rs 102.5m in 2020 to Rs 164.8m in 2021.

Such a commendable performance can be attributed to the positive results registered on our underlying investments, most specifically, the investments made in the NIT funds and, in the three private equity vehicles in Asia which were up by Rs 60.6m and, Rs 82.1m respectively. As for our SICOM holding, a fair value gain of Rs 5.3m was registered during the period.

During the year under review, the company's share price rose by 5% to reach Rs 35.00. Taking into account the dividend per share of Rs 1.00 paid during the period, the total return on an NIT share was 8.1%.

**Review of Performance – Portfolio of Investment**

- **Our 12% holding in SICOM LTD**

For Financial Year 2020, SICOM exceptionally reviewed its pay-out ratio to 25% (i.e., the minimum allowed as per its dividend policy) given the challenging backdrop brought about by the Covid-19 pandemic as well as forthcoming projects (property, overseas expansion and digitalisation) to drive the Group's strategic agenda. As at 30 June 2021, our 12% holding stake in SICOM was valued at Rs 567.3m.

Extracts from SICOM's Annual Reports – Past 5 years: *

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| **Financial summary** | | | | | |
| Distributable Earnings (Rs 000) | 475,636 | 517,982 | 436,665 | 416,979 | 393,750 |
| Number of Shares in issue | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| Distributable Earnings per Share (Rs) | 1,902.54 | 2,071.93 | 1,746.66 | 1,667.92 | 1,575.00 |
| Dividend per Share (Rs) | 475.63 | 776.99 | 655.00 | 625.47 | 551.25 |
| Pay-out ratio (%) | 25.0 | 37.5 | 37.5 | 37.5 | 35.0 |
| Dividend amount received by NIT (Rs 000) | 14,269 | 23,310 | 19,650 | 18,764 | 16,538 |

Going forward, although at this stage it is clear that economic activity in Mauritius is being hit very hard, SICOM with its strong capital and solvency margins together with its solid liquidity position, is well positioned to weather the storm. Having said that, it is reasonable to think that future dividend decisions will continue to be impacted.

**Source: www.sicom.mu*

## •Investment made in NIT Funds

During the financial year under review all the funds in which we are invested posted positive performances with an overall fair value gain of Rs 60.6m registered, as global markets staged a rally during the last half of the financial year. The higher returns registered were also attributable to the nearly 7% appreciation of the USD vis à vis the MUR registered during the period.

| | Value as @ 30 June 2021 Rs m | Fair Value Gains Rs m | Performance during the financial year |
|---|---|---|---|
| NIT Global Opportunities Fund | 37.3 | 9.0 | 32 % |
| NIT North America Fund | 52.7 | 10.7 | 26 % |
| NIT Europe Fund | 28.9 | 6.0 | 26 % |
| NIT Emerging Markets Fund | 48.0 | 12.2 | 34 % |
| NIT Global Bond Fund | 19.4 | 1.2 | 7 % |
| NIT Global Healthcare Fund | 34.2 | 6.2 | 22 % |
| NIT Global Value Fund | 50.3 | 15.3 | 44 % |
| **Total** | **270.8** | **60.6** | **29 %** |

In fact, although the Covid pandemic has disrupted global economic activities around the globe on a scale unseen before thereby resulting in the worst global recession in living memory both in terms of its magnitude and, spread across industries, on a crucial aspect namely, its duration, this recession has proved to be one of the shortest on record as opening ups worldwide, lifted economic activity off extreme lows.

As a result, most financial markets around the globe experienced a snap back rally since mid-2020 with investors at first prioritizing shares of growth companies (seen benefiting from the stay-at-home environment), quality and defensives at the expense of, stocks of companies more sensitive to the economic cycle and value plays. That trend shifted in early November last year as vaccines rollouts, the simultaneous opening up of economies in the developed world and, an improving macroeconomic picture, all contributed to spark a strong reversal towards those companies which are most likely to benefit from the reopening of economies including value and small-cap players.

Against such a backdrop, one key challenge for us fund managers has been to identify and time those powerful rotational forces at play. From an investment perspective, the in-house investment team has been trying to rebalance the portfolios with 'attack and defence' positions in an attempt to ride the multiple waves that have been impacting markets. In fact, for us, investment risk management, which aids in the smoothing of returns, is as important as the goal of obtaining above-peer and above-benchmark returns.

Offensively, during the first few months of the financial year, we initiated some major positions in some value-orientated sectors and regions that were hit very hard in the Covid sell-off – like hospitality-leisure-transportation space, banks, energy, automotive, advertising-dependent businesses, Brazil, Mexico and Asia. This exposure was reversed in June/July 2021 when global financial markets witnessed a spike in volatility on the back of global supply-chain constraints and inflation fears.

With such uncertainty ahead, the current house view is that the upside potential in global equity markets is limited while, the downside risk could be quite significant. As such, we've been more focus on the risk management side of our business to ensure a smooth return for our investors. Against such a backdrop, tactically, we've crystalized the bulk of our gains and, drastically reduced our exposure to equities.

- **Investment in LIM Funds**

These are private equity vehicles which focus on special/distressed assets in the Asia Pacific region. During the year under review, an overall fair value gain of Rs 82.1m (i.e. 56.7%) was registered.

In fact, the net asset values and cash flows from the shipping assets of both LIM 1 and LIM 2 increased dramatically during the financial year due to a combination of factors namely, stretched supply chain in the global ship building industry and, the recovery in manufacturing and industrial production, initially led by China, but which has now spread worldwide. As a result, charter rates, both for short and longer term periods, continued their upward momentum that began towards the end of 2020 as the scramble to secure shipping capacity intensified.

As for LIM 3, the fund registered another good year as the investment theses for its individual holdings continued to play out as expected with the majority of the selected distressed assets on track for recovery.

| | Underlying Investment | Value as @ 30 June 2021 Rs m | Fair Value Gains Rs m | Performance during the financial year |
|---|---|---|---|---|
| LIM 1 | Shipping Assets | 12.4 | 5.5 | 75% |
| LIM 2 | Shipping Assets | 63.5 | 34.5 | 146% |
| LIM 3 | Distressed USD denominated bonds in Indian property, Chinese telecom, Australian consumer finance & property and, China energy etc | 172.6 | 42.1 | 38% |
| | **Total** | **248.5** | **82.1** | **57%** |

## Outlook

Given the nature of our business, the evolution of stock markets both locally and worldwide is critical in determining the Company's performance going forward. From our perspective, we do acknowledge that there is clearly a paradigm shift to a higher volatility environment in wake of the global ramifications of the Covid pandemic which are still being felt worldwide. The challenge here is to understand the systemic changes taking place and analyze things under this lens.

Against such an uncertain backdrop, our stance remains one of caution.

## Restructuring

On 18 December 2020, the Company announced a multi-phased realization and distribution of the Company's saleable investments. The Board of Directors is convinced that the proposed transaction will unlock value to the shareholders and, allow the Company to set up a sustainable distribution policy going forward.

A copy of the circular detailing the proposed transaction has been sent to all shareholders who are convened to vote for the implementation of the restructuring at this year's Annual Meeting.

## Appreciation

I would like to express my gratitude to my colleagues of the Board of Directors and, the Management, for their assistance and guidance throughout the year and, to the staff for their valuable contribution during the year.

Veenay Rambarassah
**Chairman**

27 September 2021

# Statement of Compliance

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

**Reporting Period:** 1st July 2020 to 30th June 2021

The National Investment Trust Ltd is a public interest entity and is required to adopt and report on Corporate Governance Principles in accordance with the National Code of Corporate Governance 2016) (the 'Code').

Throughout the year ended 30 June 2021, to the best of the Board's knowledge, the Company has complied with all its obligations and requirements under the Corporate Governance Code of Mauritius (2016) except for those mentioned below:

| Principles | Areas of the Code and Reasons for non-compliance |
|---|---|
| Principle 2 – Board Composition – Independent Chairperson, number of Independent Directors & number of Executive Directors | The Board is of the view that the individual profile of each Director ensures that the current Board composition is adequate and that, as a unit, the Board is able to carry out its functions in complete objectivity. Having said that, the Board intends to appoint another Independent Director and, an Executive one during the current financial year |
| Principle 7: Audit- Internal audit function | An independent internal audit exercise was carried out by UHY Advisory during the financial year. The Board is considering renewing such an exercise at regular intervals. |

Veenay Rambarassah
**Chairman**

27 September 2021

Amélie Vitry Audibert
**Director**

# Corporate Governance

## NATIONAL INVESTMENT TRUST LTD

NATIONAL INVESTMENT TRUST LTD (NIT) is a public Company incorporated in the Republic of Mauritius on 18 March 1993 and a public interest entity as per section 75 of the Financial Reporting Act 2004. Disclosures included in this report are in line with the prevailing Code of Corporate Governance for Mauritius (The National Code of Corporate Governance for Mauritius (2016)).

Its registered office is situated at Level 8 Newton Tower, Sir William Newton Street, Port Louis.

**Company's Philosophy**

The Company is committed to the conduct of business practices that display characteristics of good corporate governance, namely business integrity, transparency, independence, accountability, fairness and professionalism in all its activities and ensures that its organisation and operations are managed ethically and responsibly to enhance business value for its shareholders and other stakeholders.

### Principle 1- Governance Structure

Good Governance is a fundamental part of the basic principles which have always been applied by the Company and forms an intrinsic part of its Corporate Policy. The Board views adherence to high standards of corporate governance as an essential condition to upholding its long-term business sustainability and creating value for the Company's stakeholders and society at large. In this respect, the Company's views of Corporate governance go beyond the compliance function and aims at incorporating the principles of the Code in its strategy and activities.

The Board provides ethical and effective leadership from the top, in the way it conducts itself and oversees the business and affairs of the Company. It also promotes a culture whereby the principles of integrity, accountability and transparency are embraced by all employees within the Company.

A Board Charter was approved by the Board on 26 October 2020.

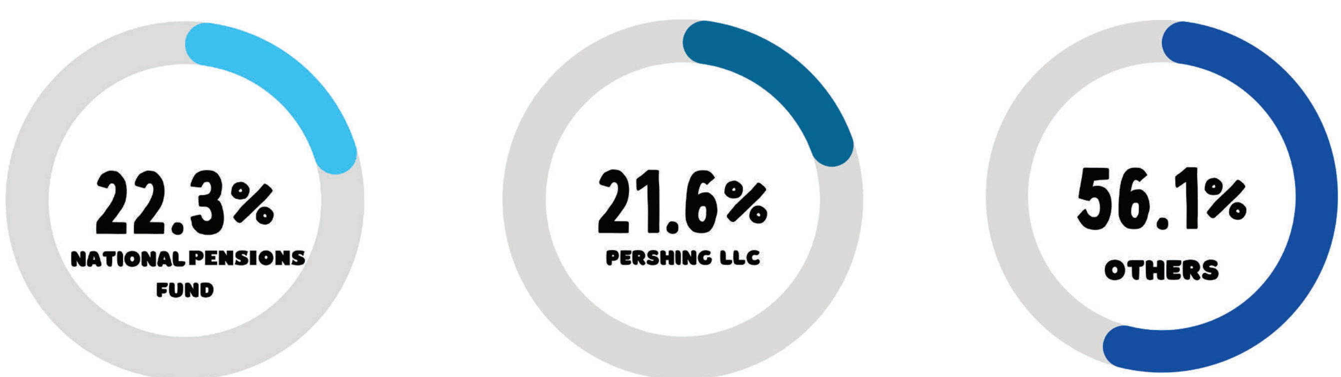
A copy of NIT's Constitution is available on the Company's website – www.nitmru.com

**Shareholding Structure**

The stated capital of the Company as at 30 June 2021 consisted of 27,405,000 ordinary shares of MUR 10 each.

**Main Shareholders**

The largest shareholders of NIT Ltd. at **June 30, 2021** were as follows:



### Shareholding Profile

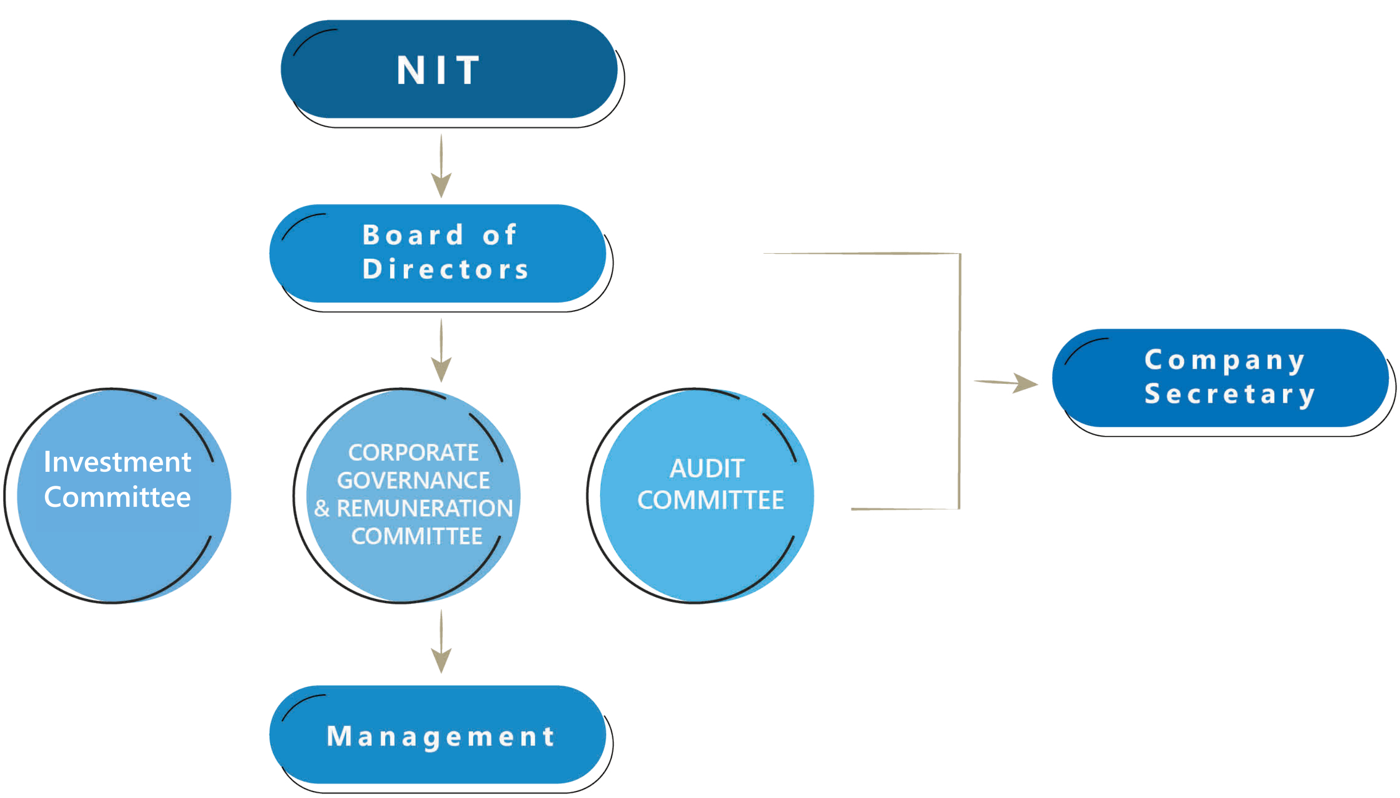
The share ownership and the categories of shareholders at June 30, 2021 are set out below:

| Number of Shareholders | Size of Shareholding | No. of shares Owned | % of Total Issued Shares |
|---|---|---|---|
| 7,160 | 1 –10,000 shares | 4,050,541 | 15 |
| 123 | 10,001 – 100,000 shares | 3,627,422 | 13 |
| 33 | > 100,000 shares | 19,727,037 | 72 |
| **7,316** | | 27,405,000 | 100 |

| Number of Shareholders | Category of Shareholders | No. of Shares Owned | % of Total Issued Shares |
|---|---|---|---|
| 7,180 | Individuals | 9,140,462 | 33 |
| 8 | Insurance Companies | 939,130 | 3 |
| 14 | Private Pension and Provident Funds | 1,509,656 | 6 |
| 25 | Investment and Trust Companies | 7,067,653 | 26 |
| 86 | Other Private Corporate Bodies | 2,172,211 | 8 |
| 3 | Other Public Sector | 6,575,888 | 24 |
| **7,316** | | 27,405,000 | 100 |

| Number of Shareholders | Category of Shareholders | No. of Shares Owned | % of Total Issued Shares |
|---|---|---|---|
| 7,293 | Local | 20,733,863 | 76 |
| 23 | Foreign | 6,671,137 | 24 |
| **7,316** | | 27,405,000 | 100 |

### Organisational Structure



## Principle 2- Structure of The Board And Its Committees

### The Board Composition

The Board currently comprises of four (4) non-executive directors and one (1) independent non -executive director. The directors come from diverse business backgrounds and possess the necessary knowledge, skills, objectivity, integrity, experience and commitment to make sound judgements on various key issues relevant to the business of the Company, independent of management. The Board will appoint an executive director and an independent non -executive director.

The Board is of the view that with the appointment of an executive director, the Board composition shall be adequate and that, as a unit, the Board shall able to carry out its functions in complete objectivity.

The Board of NIT is collectively responsible for promoting the success of the Company and is aware of its responsibility to ensure that the Company adheres to all relevant legislation, complies with the rules of the Official Market of the Stock Exchange of Mauritius and that the principles of good governance are followed and applied throughout the Company.

The Directors perform their duties, responsibilities and powers to the extent permitted by law. They also ensure that their other responsibilities do not impinge on their responsibilities as a Director of NIT.

The Board has unrestricted access to the records of the Company and also has the right to seek independent professional advice, at the expense of the Company, to enable it to discharge its responsibility effectively.

All the Directors reside in Mauritius. The Board members consist of 4 males and 1 female in terms of gender in the company.

### Meetings

The Board has at least four scheduled meetings each year. In addition, special meetings may be called from time to time as determined by the needs of the business. It is the responsibility of the Directors to attend meetings.

Board meetings are convened by giving appropriate notice after obtaining approval of the Chairman. As a general rule, detailed agenda, management reports and other explanatory statements are circulated in advance amongst the Directors to facilitate meaningful, informed and focused decisions at the meetings. To address specific urgent business needs, meetings are at times called at shorter notice.

The Directors may ask for any explanations or the production of additional information and, more generally, submit to the Chairman any request for information or access to information which might appear to be appropriate to him/her.

A quorum of 3 Directors is currently required for a Board meeting.

In addition to the Directors, Senior Management is invited at each Board meeting of the Company.

The minutes of the proceedings of each Board meeting are recorded by the Company Secretary and are entered in the Minutes Book. The minutes of each Board meeting are submitted for confirmation at its next meeting and these are then signed by the Chairman and the Company Secretary.

### 2.1 Role and Function of the Chairperson

The Chairperson of the Board is primarily responsible for the activities of the Board and its committee. S/he acts as the spokesperson for the Board and is the principal contact for Management. The Chairperson of the Board and the Chief Executive Officer meet regularly. The Chairperson of the Board presides over the Annual Meeting of shareholders.

The Chairperson ensures that:

- the Board satisfies its duties;
- Board members, when appointed, are briefed by the Chief Executive Officer;
- the Board members receive all information necessary for them to perform their duties;
- the Agenda of Board meetings are determined;
- the Board meetings are chaired in an effective manner;
- the Board has sufficient time for consultation and decision-making;
- minutes are kept of Board and Committee meetings;
- the Committee(s)function properly;
- there is consultation with external advisors appointed by the Board;
- the performance of the Board and its members is evaluated regularly;
- internal disputes and conflicts of interest concerning individual Board members are addressed, as well as the possible resignation of such members as a result; and the Board has proper contact with the Management.
- neither presides any Committees set up by Board and nor being a member.

### 2.2 Role & Function of the Chief Executive Officer

The Chief Executive Officer is responsible for guiding the implementation of the Board strategy and policy with respect to the Company's business. The Chief Executive Officer reports to the Board of Directors.

### 2.3 Role and Function Management

Management is responsible for:

- implementing the overall strategy of the Board and respective Committees;
- directing the daily operating and investment activities of the Company;
- monitoring financial or operational performance of individual investments to ensure portfolios meet risk goals;
- evaluating the potential of new investment opportunities;
- the proper valuation of the Company's investments including the development and monitoring of valuation guidelines;
- responding to regulatory compliance;
- overseeing the finance, accounting and reporting functions;
- attending Board and Committee meetings and provide report on performance of the Company and analysis of local and foreign markets;

### 2.4 Role and Function of Company Secretary

The Company Secretary sees to it that the Board follows correct procedures and that the Board complies with its obligations under the Company's Constitution and law, including the Companies Act 2001 namely:

- providing the Board with guidance as to its duties, responsibilities and powers;
- informing the Board of all legislation relevant to or affecting meetings of shareholders and Directors and reporting at any meetings and the filing of any documents required of the company and any failure to comply with such legislation;
- ensuring that minutes of all meetings of shareholders or Directors are properly recorded in accordance with paragraph 8 of the Fifth Schedule and all statutory registers be properly maintained;
- certifying the return to be filed, together with the Company's annual financial statements with the Registrar of Companies and any other returns required;
- ensuring that a copy of the Company's annual financial statements and, where applicable, the annual report is sent, in accordance with sections219 and 220, to every person entitled to such statements or report.

The Company Secretary also assists the Chairperson of the Board in organising the Board's activities (including providing information, preparing an agenda, reporting of meetings, evaluations and training programs).

### 2.5 Role of the Non-Executive & Independent Non-Executive Director

The non-executive directors make a significant contribution to the functioning of the Board, thereby ensuring that no one individual or group dominates the decision-making process.

### 2.6 Board and Committees Attendance

As from 01 July 2020 to 30 June 2021, directors' attendance was as follows:

| Directors | Classification | Board | Investment Committee | Audit Committee | Corporate Governance Committee |
|---|---|---|---|---|---|
| Mr. V Rambarassah | Non-Executive | 12 out of 12 | N/A | N/A | N/A |
| Mr. A Kathrada | Non-Executive | 12 out of 12 | 1 out of 1 | 4 out of 4 | N/A |
| Mr. R Koenig | Non-Executive | 12 out of 12 | 1 out of 1 | 4 out of 4 | 5 out of 5 |
| Mr. S Pitot | Non-Executive | 11 out of 12 | 1 out of 1 | 4 out of 4 | 5 out of 5 |
| Mrs. A Vitry Audibert | Independent Non-Executive | 12 out of 12 | N/A | N/A | 5 out of 5 |

**Board Committees**

The Code provides for the establishment of an Audit Committee as a minimum. The Board of NIT is ultimately responsible for the performance of the Company and on 2 June 2020 has established the following committees to assist it in its decision-making process and help it to carry out all its duties and responsibilities:

- Audit Committee (AC)
- Corporate Governance & Remuneration Committee (CGC)
- Investment Committee (IC)

Each Committee acts according to its respective Charter approved by the Board on 26 October 2020 and reports to the Board on matters discussed at Committee meetings. The respective Committee Charters will be reassessed by the Board every year. The Company Secretary acts as secretary to the Board Committees.

**Audit Committee (AC)**

The AC was set up to provide a link between the Board and the external auditor and also reviews the Company's Risk Management function.

The AC Charter, approved by the Board, sets out the terms of reference of the Committee. The Chairperson of the Committee informs the board of Directors of any matter which, in its opinion, the Board should be made aware of.

The members of the AC are:

- Roger Koenig (Chairperson)
- Aslam Kathrada
- Sébastien Pitot

The AC roles and responsibilities, per its Charter, include reviewing the appropriateness of the Company's accounting policies, assessing the effectiveness of the internal control processes, reviewing the financial statements and the reporting function, ensuring compliance with relevant laws and regulations, discussing the results of the external audit processes with the external auditors, and with the support of the external auditor.

As may be required, the AC also meets with the external auditor without the presence of Management. The external auditor has free access to the AC to report on any matters or findings.

## Corporate Governance Committee (CGC)

The CGC is committed to best practices of corporate governance and also acts as Nomination and Remuneration Committee. The CGC's terms of reference are defined in its Charter approved by the Board. The Chairperson of the Committee informs the Board of Directors of any matter which, in its opinion, the Board should be made aware of.

The members of the CGC are:

- Amélie Vitry Audibert (Chairperson)
- Roger Koenig
- Sébastien Pitot

The main objective of the CGC is to review and make recommendations to the Board in relation to Corporate Governance matter of the Company including fulfilling its oversight responsibilities for the Company's compliance with the Code.

## Investment Committee (IC)

The IC, in accordance with its Charter approved by the Board, has been set up to review that the investment policies being adopted by Management is in line with the Board's strategy and, the applicable regulatory restrictions. It also considers avenues which may give opportunities for growth. The Chairperson of the Committee informs the Board of Directors of any matter which, in his opinion, the Board should be made aware of.

This IC comprises the following members:

- Aslam Kathrada (Chairperson)
- Roger Koenig
- Sébastien Pitot

## Principle 3-Directors' Appointment Procedures

### Appointment & Induction

The Board assumes the responsibilities for the appointment and induction of new directors to the Board. Newly appointed Directors are then subject to election by shareholders at the Company's Annual Meeting in their first year of appointment.

Whenever appointments are considered, the Board reviews its structure, size and composition, to ensure that the Board has a diverse mix of competencies, knowledge and experience, in order to enrich Board discussions from different perspectives and thus improve the quality of decision making.

All new Directors receive a full, formal and tailored induction on joining the Board, including meetings with senior management and visits to the Company's operational locations.

### Succession Planning

The Corporate Governance Committee shall consider a set of criteria for the selection of prospective directors and key employees in view of the needs and strategic orientations of the Group, alongside considering gender diversity in its assessment. These, amongst others, relate to their knowledge base, competencies, experience, time commitment, ethics and values which provide the basis for assessing prospective successors for the Board and key employees.

# Directors'

## & Executives Profiles

The profiles of the Board members as at end of the financial year under review are given hereunder. Their directorships in other listed companies (where applicable) are also provided.

**Veenay Rambarassah**

**Chairman**

Mr. Veenay Rambarassah is a Fellow of the Association of Chartered Certified Accountants (FCCA). He is currently the Director of Investment of the National Pensions Fund & the National Savings Fund. He has wide experience in Accounting and Fund management. He is also a Director of Port Louis Fund, Eastern Southern African Trade Development Bank and Eastern Southern African Trade Finance Fund.

**Directorship in other listed companies:** None

**Amélie Vitry Audibert**

**Independent Non-Executive Director**

Mrs. Amélie Vitry Audibert holds an International MBA from Paris Dauphine/ IAE Sorbonne, together with, Master Degrees in Social Sciences/Economy and Human Resources Management from FASSE Institut Catholique de Paris. She has nearly 18 years of experience in the Operation, Communications and Human Resources fields with several high-profile companies in the private sector. Currently, she is a freelance Consultant in Leadership and a Certified Hedo-Coach by PREFACE, Belgium

**Directorship in other listed companies:** None

**Aslam Kathrada**

**Non-Executive Director**

Mr. Aslam Kathrada is a well-known local businessman with an extensive experience in various sectors of economic activity and a pioneer of inter-island trade. For the last two decades, he has been at the helm of NAK Enterprises Ltd, a Company engaged in import and export activities.

**Directorship in other listed companies:** None

**Roger Koenig**

**Non-Executive Director**

Mr. Roger Koenig is a Chartered Accountant (SA) and holds a certificate in Theory of Accountancy and Bachelor of Commerce from the University of Cape Town. He is also a member of the Society of Chartered Accountants Mauritius (ICAEW) and member of the Mauritius Institute of directors (MIoD). After ten years of financial management, he has spent the last sixteen years in senior general management positions, of which twelve years in the capacity of Chief Executive Officer of a well-diversified local Company and regional group. He has strong managerial background with local/regional experience and cross sector exposure and has acquired valuable experience serving as Board, Audit Committee and Investment Committee member of several companies during his career. He joined UIL as Chief Finance Officer in June 2016.

**Directorship in other listed companies:** Constance La Gaieté Company Ltd

**Sébastien Pitot**

**Non-Executive Director**

Mr. Sébastien Pitot holds a 'BTS en Informatique de Gestion' from the Mauritius Chamber of Commerce and Industry Business School and an Executive MBA from the University of Birmingham. Sébastien started his career in the IT sector, more specifically in programming. He then spent five years in an asset management Company holding various functions before joining AXYS Group in March 2005. He spent two years at AXYS Capital Management before joining AXYS Leasing Ltd as Business Development Manager, then General Manager in 2008 and Managing Director since 2010. He was appointed as Project Lead in August 2016 and is now the Chief Operations Officer since July 2020.

**Directorship in other listed companies:** None

# Senior Management

**Gaetan Wong To Wing**

**Chief Executive Officer**

Mr. Gaetan Wong is a Fellow of the Institute of Chartered Accountants in England and Wales. He was appointed General Manager of the Company in 2001 and, Chief Executive Officer in 2008. Under his leadership, the Company underwent a multi-phased transformation from an investment holding Company to a fully-fledged fund management one.

On 12th August 2020, the Company released a Cautionary Announcement informing its Shareholders, Regulators and the public in general that, its CEO has been suspended pending the findings of an independent investigation launched following allegations of serious misconduct against Mr. Wong To Wing. As at 30 June 2021 Mr. Wong To Wing was still suspended.

**Teddy Blackburn**

**Chief Analyst**

Mr. Teddy Blackburn joined the Company in 2001 and, is the Company's Chief Analyst. He holds postgraduate qualifications in Economics and Applied Finance from Australia and is also a Fellow Associate of the Financial Services Institute of Australasia. Teddy has been appointed Acting CEO following the suspension of Mr. Wong To Wing.

## Principle 4- Directors' Duties, Remuneration and Performance

### Performance Evaluation & Professional Development

The Board considers regular training and development needs of Directors and senior management, as appropriate, to ensure constant professional update.

The Board shall consider setting up a well-established process for conducting the evaluation of the Board, the directors and the committee performance during the next financial year.

No such exercises were carried out during the financial year under review.

### Directors' and Officers' Interest in NIT Shares

In accordance with the Companies Act 2001, written records of the interests of the Directors and their closely related parties in NIT shares are kept in a Register of Directors' Interests. Consequently, as soon as a Director becomes aware that he is interested in a transaction, or that his holdings or his associates' holdings have changed, the interest should be reported to the Company in writing. The Register of Interests is updated with any subsequent transactions entered into by the Directors and persons closely associated with them.

All new Directors are required to notify in writing to the Company Secretary their direct and indirect holdings in NIT's shares. According to NIT's Constitution, a Director is not required to hold shares in the Company.

Moreover, as pursuant to the Securities Act 2005, NIT registered itself as a reporting issuer with the Financial Services Commission ("FSC") and makes every effort to follow the relevant disclosure requirements. The Company keeps a Register of its Insiders and the said register is updated with the notification of interest in securities submitted by the Directors, the officers and the other Insiders of NIT Ltd.

The Directors/Senior Management of NIT having direct and/or indirect interests in the ordinary shares of the Company at June 30, 2021 were as follows:

| Directors | Direct Interest | | Indirect Interest | |
|---|---|---|---|---|
| | No. of shares | % | No. of Shares | % |
| Mr. Aslam Kathrada | 403,500 | 1.5 | 82,680 | 0.3 |

Transactions during the Year:

| Directors | Direct Interest | Indirect Interest |
|---|---|---|
| | No. of shares | No. of Shares |
| Mr Aslam Kathrada | (3,300) | Nil |

**Directors' and Officers' Dealings in NIT Shares**

The Directors of NIT use their best endeavors to follow the rules of the Official Market of the Stock Exchange of Mauritius.

The Directors and officers of the Company are prohibited from dealing in the shares of NIT at any time when in possession of unpublished price-sensitive information, or for the period of one month prior to the publication of the Company's quarterly and yearly results and to the announcement of dividends and distributions to be paid or passed, as the case may be, and ending on the date of such publications/announcements. The restrictions on dealings by a director during closed periods are equally applicable to any dealings by the director's associates. It is the duty of the directors to seek to avoid any such dealing at a time when he himself is not free to deal.

Moreover, Directors and officers of NIT are also required to observe the insider trading laws at all times, even when dealing in securities within permitted trading periods.

**Directors' and Officers' Insurance and Indemnification**

The Directors and officers of NIT are covered by an indemnity insurance cover.

**Remuneration Philosophy**

The Corporate Governance Committee has the responsibility for reviewing the remuneration of key executives. The level of remuneration is based on market trend and is reviewed on a regular basis. The Board is transparent, fair and consistent in determining the remuneration policy for directors and key executives. The remuneration of key executives is generally aligned with the salary packages in the industry. The Company believes that adequate remuneration is essential to attracting and retaining talent and to motivating our key executives to perform at their best.

## Directors Remuneration

All Directors of NIT Ltd receive a Board remuneration consisting of a fixed monthly fee and, an attendance fee. Any changes to Board remuneration are submitted to the Annual Meeting of Shareholders for approval.

The Board fees for the year under review were:

| | 2021 |
|---|---|
| Annual Directors' fee | Rs 904,500 |

The current monthly remuneration of Rs 10,000 for Chairman and Rs 6,500 for all other Directors is supplemented by an attendance fee of Rs 10,000 and Rs 7,500 per meeting respectively.

| Directors | Remuneration received during the Financial Year (Rs) |
|---|---|
| Mr. V Rambarassah (Chairman) | 240,000 |
| Mr. A Kathrada | 168,000 |
| Mr. R Koenig | 168,000 |
| Mr. S Pitot | 160,500 |
| Mrs. A Vitry Audibert | 168,000 |

## Senior Executives

The Company's policy for determining remuneration for Senior Executives is to:

- Provide a remuneration package that retains and motivates key personnel;
- Ensure that pay levels are internally consistent and are aligned with market rates.

During the year under review, no Director has received remuneration in the form of share options or bonuses associated with organisational performance.

## Information Governance

With the coming into force of the Data Protection Act 2017 in January 2018, the company has endeavoured to reinforce the safety and security measures in place to protect the data it collects, stores and processes.

The company continuously seeks to foster a robust framework that upholds the security and performance of information and IT systems in adherence to regulatory and industry norms.

In this respect, the Board, ensures that set policies, which are regularly reviewed, are duly implemented by Management to manage associated risks, backed by fitting structures, processes and resources.

## Related Party Transaction

Transactions with related parties are disclosed in detail in note 20 of the Financial Statements. Adequate care was taken to ensure that the potential conflict of interest did not harm the interests of the Company.

## Principle 5 -Risk Governance and Internal Control

**Risk Management**

The Company is constantly faced with a variety of risks, which could adversely affect its performance and financial condition.

The Board is ultimately responsible for the system of internal control and for reviewing its effectiveness. The Board confirms that there is an ongoing process for identifying, evaluating and managing the various risks faced by the Company.

Management analyses investments and divestments decisions and recommends them to the Board after having analysed all inherent risks, in terms of returns to be realised, future growth etc.

Some of the prominent risks to which the Company is exposed are:

***Financial risk***

These risks comprise of market risks (including currency risks, interest rate risks and price risks), credit risks and liquidity risks as reported in note 3 of the financial Statements.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company aims at maintaining flexibility in funding by keeping reliable credit lines available. Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flows.

***Operational risk***

These risks are defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Company's processes are periodically re-evaluated to ensure their effectiveness. Workers and managers at every level fulfill their respective roles to assure that the controls are maintained over time. The risk management process continues throughout the life cycle of the system, mission or activity

***Compliance risk***

This risk is defined as the risk of not complying with laws, regulations and policies.

The Company intends to outsource its compliance functions during the present Financial Year.

The operations of the Company are compliant with the Occupational Safety and Health Act 2005. Furthermore, the Company has a commitment to the protection of the environment, the welfare of its employees and towards the society at large.

***Reputational risk***

This risk arises from losses due to unintentional or negligent failure to meet a professional obligation to stakeholders.

The Company's strong reputation revolves around effective communication and building solid relationships. Communication between the Company and its stakeholders has been the foundation for a strong reputation.

Risk management is considered by the Board to be an essential element of business strategy. It is a key responsibility of the Chief Executive Officer of National Investment Trust Limited and his team, and an activity which is overseen by the Board of Directors.

The Chief Executive Officer of National Investment Trust Limited works with his team to identify potential risks to the Company's business rating identified risks by both probability and severity of impact. Necessary strategies and action plans are then developed to offset or mitigate those risks.

***Strategic risk***

Strategic risks refer to the internal and external events that may make it difficult, or even impossible, for a Company to achieve their objectives and strategic goals.

**<u>Internal Control</u>**

The Company maintains a system of financial control that is designed to provide assurance regarding the keeping of proper accounting records and the reliability of financial information used within the business and for publication. It also ensures compliance with internal procedures, statutory guidelines and regulations, accounting and financial reporting standards.

Given the nature and small size of the Company the Board as a unit is responsible for the Company's system of intemal control and for reviewing its effectiveness. In carrying out this function, the Board derives its information from regular management accounts and external audit reports.

All accounting functions for the Company have been outsourced to UHY on $7^{th}$ December 2020.

As stated above, the Board has unrestricted access to the records of the Company and also has the right to seek independent professional advice, at the expense of the Company, to enable it to discharge its responsibility effectively.

The Board is satisfied that a continual process for identifying, evaluating and managing the Company's significant risks has been in place for the financial year and up to the date of this Annual Report. Furthermore, to date, no material financial problems have been identified that would affect the results reported in these financial statements. The Board confirms that if significant weaknesses had been identified during this review, the Board would have taken the necessary steps to remedy them.

**<u>Internal audit</u>**

The company does not have an internal audit department .The Board Committee is responsible for overseeing and regularly reviewing the current risk management and internal control mechanisms.

## Principle 6 - Reporting with Integrity

**Health, Safety and Environmental Policies**

The National Investment Trust Ltd believes in providing and maintaining a safe and healthy work environment for all its employees. The objective being the optimization of work efficiency and the prevention of accidents at work through the implementation of safety standards.

Furthermore, the Company carries out is activities in line with best green, environmentally-friendly and energy saving practices.

**Employee Share Option Plan**

The Company has no employee share option plan.

**Donations**

The Company made no donations during the year.

**Whistle-Blowing Procedures**

The Committee will adopt the whistle-blowing procedures established by the Company's Audit Committee, including any procedures that specifically address the confidential, anonymous reporting of any complaint or potential violation of law regarding the Company's corporate governance procedures.

Any whistle-blowing individual should describe his or her complaint or concern in writing and should include sufficient information to allow the Corporate Governance Committee to understand and review the written complaint or concern. If such individual wishes to submit his or her complaint or concern on a confidential and anonymous basis, the written submission should clearly indicate this wish for confidentiality and anonymity. All complaints and concerns should be submitted to the Chairman of the Corporate Governance Committee, at the address noted below, in a sealed envelope labelled as follows:

**"To be opened by the Corporate Governance Committee only."**

**National Investment Trust Limited**

**Level a Newton Tower**

**Sir William Newton Street**

**Port Louis**

If a whistle-blowing individual wishes to discuss any matter with the Corporate Governance Committee, this request should be indicated in the submission. In order to facilitate such a discussion, such individual may include a telephone number at which he or she can be contacted. Any such envelopes received by the Company or Related Entities will be forwarded promptly and unopened to the Chairman of the Corporate Governance Committee.

**Code of Ethics**

NIT Ltd, believes that it is essential that all employees within the Company act in a professional manner and extend the highest courtesy to co-workers, visitors, clients and all other stakeholders.

As such, the National Investment Trust Ltd. has adopted and conduct business by adopting a newly approved Code of Ethics approved by the Board on 26 October 2020. The Code is based on the important principle of respect. This fundamental principle applies to the clients, employees, Directors, shareholders, and the community in which the Company operates.

Moreover, the Code provides guidance to employees and the Board of Directors as to how to behave both in the immediate internal environment as well as external interactions. It also defines what is regarded as acceptable and not acceptable for the Company as a whole.

All employees and the Board of Directors have taken cognizance of the National Investment Trust Limited new Code of Ethics and should act accordingly.

## Principle 7 -Audit

**External audit**

At the last Annual Meeting of Shareholders, Deloitte have been appointed as external auditors. In accordance with Section 200 of the Companies Act 2001, the automatic re-appointment of Deloitte for the year ending 30 June 2022 shall be considered at the Annual Meeting of Shareholders.

With regard to external audit, the Audit and Risk Committee is responsible for, inter-alia:

- reviewing the auditors' letter of engagement;
- reviewing the terms, nature and scope of the audit; and its approach;
- ensuring that no unjustified restrictions or limitations have been placed on its scope;
- assessing the effectiveness of the audit process.

The external auditors have direct access to the Committee should they wish to discuss any matters privately. During the financial year 2020-2021, the external auditors met the members of the Audit and Risk Committee outside the presence of management.

**Auditors' independence**

The Audit Committee is responsible for monitoring the external auditors' independence, objectivity and compliance with ethical, professional and regulatory requirements; and for maintaining control over the provision of non-audit services. The external auditors are prohibited from providing non-audit services which might compromise their independence by requiring them to subsequently audit their own work. Any other non audit services provided by the external auditors are required to be specifically approved by the Audit and Risk Committee. Audit fees are set in a manner that enables an effective external audit. Auditors should ensure that they observe the highest standards of business and professional ethics and, in particular, that their independence is not impaired in any manner.

## Principle 8 -Relations with Shareholders and Stakeholders

***Share Price Information***

At 30 June 2021, the share price of NIT Ltd was quoted at Rs 35.00 on the Official Market of the Stock Exchange of Mauritius.

| Date | Price (Rs) | Yearly Change (%) |
|---|---|---|
| **June 30,2021** | **35.00** | **5** |
| June 30,2020 | 33.30 | 28 |
| June 30, 2019 | 26.00 | - |

***Dividend Policy***

The Company has no formal dividend policy. Dividend payments are determined by the profitability of the Company, its cash flow and its future investments.

A final dividend is declared on or about September each year.

Key dividend information over the past 3 years is shown below:

| | **2021** | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| Dividend per share (Rs) | **1.00** | 1.00 | 1.10 | 1.10 |
| Dividend cover (times) | **0.2** | 0.3 | 0.3 | 0.4 |
| Dividend Yield (%) | **2.6** | 3.0 | 4.2 | 4.4 |

***Shareholders' Agreement***

There exists no Shareholders' Agreement to the knowledge of the Directors

***Management Agreement***

There is no management agreement with third parties, except with the eight Funds under management namely, the NIT Local Equity Fund, NIT Global Opportunities Fund, NIT North America Fund, NIT Europe Fund, NIT Emerging Markets Fund, NIT Global Healthcare Fund, NIT Global Bond Fund and the NIT Global Value.

The funds do not have their own Board of Directors. However, all decisions relative to these schemes are taken by NIT Ltd (in its capacity as Manager) with the approval of the Trustee.

***Shareholders' Communication***

The Company's Board of Directors places value-importance on open and transparent communication with all shareholders. It endeavors to keep them regularly informed on matters affecting the Company by official press announcements, disclosures in the Annual Report and at Annual Meeting of Shareholders, which all Board members are requested to attend.

NIT's Annual Meeting provides an opportunity for shareholders to raise and discuss matters with the Board relating to the Company. Shareholders are encouraged to attend the Annual Meeting to remain informed of the Company's strategy and goals.

**Calendar Of Forthcomings Events**

| | |
|---|---|
| December 2021 | Annual meeting of Shareholder and approval of distribution |
| 15th February 2022 | Publication of half-year results to 31 December 2021 |
| 15th May 2022 | Publication of third quarter results to 31March 2022 |
| September 2022 | Publication of abridged audited end-of-year results to 30 June 2022 & Declaration of dividend |
| October 2022 | Payment of dividend |
| 15th November 2022 | Publication of first quarter results to 30 September 2022 |

**Company's Registered Office**

Since October 2009, the registered office of the Company is situated at Level 8 Newton Tower, Sir William Newton Street, Port Louis.

# Directors' Report

## Statement of Directors' Responsibilities

The directors present their annual report and the audited financial statements of National Investment Trust Ltd (the "Company" or "NIT") for the year ended 30 June 2021.

## Statutory Disclosures

### PRINCIPAL ACTIVITIES

The Company was incorporated as a closed-end fund whose principal activity was to invest in shares and securities in both the local and international markets.

In January 2008, the Company got the approval from the relevant authorities to go ahead with its plan to split its assets into three distinct and separate parts, namely:

(i) Sub-Fund 1: NIT Local Equity Fund, to hold all domestically quoted stocks;

(ii) Sub-Fund 2: NIT Global Opportunities Fund, to hold all overseas investments;

(iii) NIT Ltd, to hold the local unquoted shares and manage the above two funds.

The Company was granted a CIS Manager Licence on 21st June 2010 and, the NIT Unit Trust was authorized to operate as a Collective Investment Scheme under Section 97 of the Securities Act 2005 on 15 January 2013. Consequently, all investment activities carried out by the Company are now subject to certain restrictions.

The Company currently manages 8 sub-funds.

### Results And Dividends

The Statement of Profit or Loss and other Comprehensive Income of the Company for the year ended 30 June 2021 is set out on page 34 of this report. For the financial year under review, the Company's profit after taxation amounted to Rs 156,797,550 (2020-Rs 102,541,551).

The Company has declared and paid dividends of Rs 27,405,000 (2020: Rs 30,145,500) during the financial year 30 June 2021. The directors have performed the required solvency test as required by the Companies Act 2001.

## Statement of Directors Responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position, financial performance and cash flows of the Company. The Company complies with the Companies Act 2001 and with International Financial Reporting Standards.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Other main responsibilities of the Board of Directors include assessment of the management team's performance relative to corporate objectives, overseeing the implementation and upholding of good corporate governance practices, acting as the central coordination body for the monitoring and reporting of sustainability performance of the Company and ensuring timely and comprehensive communication to all stakeholders on events significant to the Company.

***Accounting records to be kept***

The Board of Directors shall cause accounting records to be kept that:

- correctly record and explain the transactions of the Company;
- shall at any time enable the financial position of the Company to be determined with reasonable accuracy; and
- enable the Directors to prepare financial statements that comply with the Companies Act 2001 and International Financial Reporting Standards.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether or not the Companies Act 2001 and International Financial Reporting Standards have been adhered to and explain material departures thereto; and
- prepare these financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue to operate within next financial year.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with International Financial Reporting Standards and the responsibility of External Auditors to report on these financial statements. The Board also acknowledges its responsibility for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.

The Board of Directors confirms that it endeavors to implement corporate governance best practice. Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the period under review, which could have a material Impact on the business. The financial statements are prepared from the accounting records on the basis of consistent and prudent judgments and estimates that fairly present the state of affairs of the Company.

The Board of Directors confirms that it is satisfied the National Investment Trust Ltd has adequate resources to continue in business for the foreseeable future. For this reason, it continues to adopt the going concern basis when preparing the financial statements.

**Directors**

The Directors who served during the year are given below:

**Chairman**

Mr. Veenay Rambarassah- – Appointed on as Chairman on 02/06/2020

**Directors**

Mr. Aslam Kathrada – Appointed on 29/05/2020

Mr. Roger Koenig – Appointed on 29/05/2020

Mr. Sebastien Pitot – Appointed on 29/05/2020

Mrs. Amélie Vitry Audibert – Appointed on 29/05/2020

**Directors' Interests**

**(a) Contracts of significance (transaction > 5% of share capital and reserves)**

There were no significant contracts or transactions during the year involving the Company and the Directors or their related parties outside the ordinary course of business.

**(b) Directors' Service Contracts**

There are no service contracts between the Company and the Directors.

**Fees payable to the auditors**

The fees payable to the auditors for audit services for the year were as follows:

| | **2021**<br>**Rs** | 2020<br>Rs |
|---|---|---|
| Audit Services | **230,000** | 185,838 |

**Auditors**

Following the amendment of the Finance Act 2016 and the subsequent regulation as regards auditors' rotation, the Board of NIT Ltd decided to rotate its auditors from Mazars to Deloitte for the financial year ended 30 June 2021. The said recommendation was ratified at an Annual Meeting of Shareholders held on 21 December 2020.

Deloitte have expressed their willingness to continue in office and a resolution proposing their reappointment will be submitted for the approval of the Shareholders of the Company at the next annual meeting.

Signed on behalf of the Board of Directors

Veenay Rambarassah
**Chairman**

Amélie Vitry Audibert
**Director**

27 September 2021

# Independent Auditor's Report to the shareholders of the NIT Ltd

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of National Investment Trust Ltd (the "Company" and the "Public Interest Entity") set out on pages 33 to 62, which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (the "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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matters*

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

| Key Audit Matter | How the matter was addressed in our audit |
|---|---|
| **Valuation of unquoted equity investment at fair value through profit or loss**<br><br>As at 30 June 2021, the Company had unquoted investment carried at fair value through profit or loss amounting to Rs. 567,277,259.<br><br>In determining the fair value of the unquoted investment, management has applied valuation technique which require significant judgement and estimates which is based on the most appropriate source of data available. Changes in assumptions could affect the fair value of the investments.<br><br>Accordingly, the valuation of the unquoted investment is considered to be a key audit matter, due to the significance of the assumptions, estimates and the level of judgement involved.<br><br>Reference to the relevant disclosure notes: See note 3.2, 4(a) and 7 to the financial statements. | • Our audit procedures included the evaluation of the design and implementation of the key controls over the valuation of the investments process.<br><br>• We have involved our internal valuation specialist for the review of the valuation model and assumptions.<br><br>• We assessed the appropriateness of the valuation model used by management. In making this assessment, we considered the nature of the investee business and the industry practice for valuing such business.<br><br>• We challenged the assumptions used by management<br><br>• We validated the sensitivities to key factors.<br><br>• We evaluated the adequacy of the disclosures in the financial statements, including disclosures of key assumptions, sensitivities and judgements. |

***Other matter***

The financial statements of the Company for the year ended 30 June 2020 were audited by another auditor who expressed an unmodified opinion thereon on 29 October 2020.

***Other information***

The directors are responsible for the other information. The other information comprises the Directors' Report, the corporate governance report and the Secretary's certificate, but, does not include the financial statements and our auditor's report thereon.

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

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

***Corporate Governance Report***

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

***Responsibilities of directors for the financial statements***

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

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

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

***Auditor's responsibilities for the audit of the financial statements***

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

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

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

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

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

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

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

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

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

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

***Report on other legal and regulatory requirements***

**Mauritius Companies Act 2001**

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

- we have no relationship with, or interest in, the Company other than in our capacity as auditor;

- we have obtained all information and explanations that we have required; and

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

***Use of this report***

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

Deloitte
**Chartered Accountants**

LLK Ah Hee, FCCA
**Licensed by FRC**

30 September 2021

# NIT Financial Statements
## & Notes to the Account

## Statement of Financial Position | for the year ended 30 June 2021

| | Notes | 2021 Rs | 2020 Rs |
|---|---|---|---|
| **Assets** | | | |
| **Non- Current Assets** | | | |
| Property and equipment | 5 | **28,823,570** | 22,134,254 |
| Intangible assets | 6 | **-** | - |
| Financial assets at fair value through profit or loss | 7 | **1,086,605,429** | 1,052,304,857 |
| | | **1,115,428,999** | 1,074,439,111 |
| **Current Assets** | | | |
| Other receivables | 8 | **6,844,922** | 5,702,512 |
| Cash and cash equivalents | 9 | **144,748,526** | 52,477,712 |
| | | **151,593,448** | 58,180,224 |
| **Total Assets** | | **1,267,022,447** | 1,132,619,335 |
| **Equity and Liabilities** | | | |
| **Capital and Reserves** | | | |
| Stated capital | 10 | **274,050,000** | 274,050,000 |
| Fair Value Reserve | | **784,122,525** | 656,065,733 |
| Revaluation reserve | | **7,955,364** | - |
| Retained earnings | | **181,986,374** | 180,650,616 |
| **Total Equity** | | **1,248,114,263** | 1,110,766,349 |
| **Liabilities** | | | |
| **Non Current Liabilities** | | | |
| Retirement benefit obligations | 17 | **3,849,000** | - |
| Deferred tax liabilities | 11 (d) | **1,212,439** | 338,037 |
| | | **5,061,439** | 338,037 |
| **Current Liabilities** | | | |
| Trade and other payables | 12 | **13,684,179** | 12,335,493 |
| Borrowings | 13 | **-** | 9,000,000 |
| Current tax liabilities | 11 (b) | **162,566** | 179,456 |
| | | **13,846,745** | 21,514,949 |
| **Total Liabilities** | | **18,908,184** | 21,852,986 |
| **Total Equity and Liabilities** | | **1,267,022,447** | 1,132,619,335 |

Authorised for issue by the Board of Directors on 27 September 2021
and signed on its behalf by:

Veenay Rambarassah
**Chairman**

Amélie Vitry Audibert
**Director**

The notes on pages 37 to 62 form an integral part of the financial statements.

## Statement of Profit or Loss | And Other Comprehensive Income For The Year Ended 30 June 2021

| | Notes | 2021 Rs | 2020 Rs |
|---|---|---|---|
| **Income** | | | |
| Dividend income | 14 | **14,269,021** | 23,309,680 |
| Management fees | 15 | **12,153,287** | 13,257,403 |
| Interest income | 16 | **489,971** | 875,596 |
| Gain on disposal of investments | | **-** | 2,203,896 |
| Foreign exchange gains | | **8,905,530** | - |
| Share of profit from limited partnership | 7 | **86,964,307** | 16,649,700 |
| Net changes in fair value of financial assets at fair value through profit or loss | 7 | **71,546,182** | 76,620,492 |
| | | **194,328,298** | 132,916,767 |
| **Expenses** | | | |
| Administrative expenses | 22 | **(36,929,745)** | (29,587,250) |
| Loss on disposal of investment | | **(25,949)** | - |
| **Operating profit** | | **157,372,604** | 103,329,517 |
| Finance cost | | **(46,788)** | (167,486) |
| **Profit before taxation** | | **157,325,816** | 103,162,031 |
| Taxation | 11 (a) | **(528,266)** | (620,480) |
| **Profit for the Year** | | **156,797,550** | 102,541,551 |
| **Other comprehensive income** | | | |
| *Items that will not be reclassified subsequently to profit or loss:* | | | |
| Gain on revaluation of property | 5 | **9,584,776** | - |
| Tax effect relating to revaluation of property | 11(d) | **(1,629,412)** | - |
| **Other comprehensive Income for the year, net of tax** | | **7,955,364** | - |
| **Total comprehensive Income for the year** | | **164,752,914** | 102,541,551 |

The notes on pages 37 to 62 form an integral part of the financial statements.

## Statement of Changes in Equity| For The Year Ended 30 June 2021

| | Stated Capital<br>Rs | Property revaluation reserve<br>Rs | Fair Value Reserve<br>Rs | Retained Earnings<br>Rs | Total<br>Rs |
|---|---|---|---|---|---|
| **At 1 July 2019** | 274,050,000 | - | 562,795,541 | 201,524,757 | 1,038,370,298 |
| Total comprehensive income for the year | - | - | - | 102,541,551 | 102,541,551 |
| | 274,050,000 | - | 562,795,541 | 304,066,308 | 1,140,911,849 |
| Net changes in fair value of financial assets at FVTPL transferred to fair value reserve | - | - | 93,270,192 | (93,270,192) | - |
| Dividend (Note 18) | - | - | - | (30,145,500) | (30,145,500) |
| **At 30 June 2020** | 274,050,000 | | 656,065,733 | 180,650,616 | 1,110,766,349 |
| Profit for the year | **-** | **-** | **-** | **156,797,550** | **156,797,550** |
| Gain on revaluation of property (net of tax) | **-** | **7,955,364** | **-** | **-** | **7,955,364** |
| Total comprehensive income for the year | **-** | **7,955,364** | **-** | **156,797,550** | **164,752,914** |
| | **274,050,000** | **7,955,364** | **656,065,733** | **337,448,166** | **1,275,519,263** |
| Net changes in fair value of financial assets at FVTPL transferred to fair value reserve | **-** | - | **128,056,792** | **(128,056,792)** | **-** |
| Dividend (note 18) | **-** | - | **-** | **(27,405,000)** | **(27,405,000)** |
| **At 30 June 2021** | **274,050,000** | **7,955,364** | **784, 122,525** | **181,986,374** | **1,248,114,263** |

The notes on pages 37 to 62 form an integral part of the financial statements.

## Statement of Cash Flows | for the year ended 30 June 2021

| | Notes | 2021 Rs | 2020 Rs |
|---|---|---|---|
| **Cash Flow from Operating Activities** | | | |
| **Profit before taxation** | | **157,325,816** | 103,162,031 |
| Interest Income | 16 | **(489,971)** | (875,596) |
| Net changes in fair value of financial assets at FVTPL | 7 | **(71,546,182)** | (76,620,493) |
| Share of profit from partnership | 7 | **(86,964,307)** | (16,649,700) |
| Foreign exchange gains | | **8,905,530** | - |
| Depreciation of property and equipment | 5 | **3,262,080** | 3,135,533 |
| Amortisation of intangible assets | 6 | **-** | 539,092 |
| Loss/(profit) on disposal of investments | | **25,949** | (2,203,896) |
| Interest expense | | **46,788** | 167,486 |
| Write-off of equipment | | **-** | 75,000 |
| Retirement benefit obligations | 17 | **3,849,000** | - |
| **Operating Profit Before Working Capital Changes** | | **14,414,703** | 10,729,457 |
| Decrease in other receivables | | **4,219,854** | 4,637,994 |
| Increase in other payables | | **1,562,960** | 7,310,030 |
| **Cash Generated from Operating Activities** | | **20,197,517** | 22,677,481 |
| Interest paid | | **(46,788)** | - |
| Interest Received | | **127,709** | 725,596 |
| Tax paid | | **(1,300,166)** | (694,145) |
| **Net Cash Generated from Operating Activities** | | **18,978,272** | 22,708,933 |
| **Cash Flow from Investing Activities** | | | |
| Contribution to Limited Partnership | 7 | **(102,230,416)** | (38,202,126) |
| Proceeds from disposal of domestic securities | | **5,392,368** | 23,541,275 |
| Proceeds from redemption of shares | | **687,074** | - |
| Distribution from Limited Partnership | | **90,596,570** | - |
| Transfer from cash custodians | 7 | **124,738,370** | - |
| Purchase of property and equipment | 5 | **(366,620)** | - |
| **Net cash generated from/(used In) Investing activities** | | **118,817,346** | (14,660,851) |
| **Cash Flows from Financing Activities** | | | |
| Dividends paid | | **(27,405,000)** | (30,145,500) |
| (Refund of)/proceed from borrowing from related party | 13 | **(9,000,000)** | 9,000,000 |
| Interest paid | | **(214,274)** | - |
| **Net Cash Used in Financing Activities** | | **(36,619,274)** | (21,145,500) |
| **Net Increase/(decrease) In cash and cash equivalents** | | **101,176,344** | (13,097,418) |
| **Effect of foreign exchange rates** | | **(8,905,530)** | - |
| **Cash and Cash Equivalents at the Beginning of the Year** | | **52,477,712** | 65,575,130 |
| **Cash and Cash Equivalents at the End of the Year** | 9 | **144,748,526** | 52,477,712 |

The notes on pages 38 to 63 form an integral part of the financial statements.

## 1. General Information

National Investment Trust Ltd (the "Company") was incorporated in Mauritius on 18 March 1993 and its principal activity was to invest in shares and securities in both the local and international markets. The Company is listed on the Stock Exchange of Mauritius. The Company's registered office is Level 8, Newton Tower, Sir William Newton Street, Port Louis.

The Company was granted a CIS Manager Licence on 21 June 2010, issued by the Financial Services Commission and acts as the manager of NIT Local Equity Fund, NIT Global Opportunities Fund and six new Funds incorporated during the year 2015. As a CIS Manager, all investment activities carried out by the Company are subject to certain restrictions.

## 2. Summary of Significant Accounting Policies

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

### 2.1 Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued by the International Accounting Standards Board ("IASB") and its related bodies. The financial statements have been prepared under the historical cost convention, except for fair valuation of financial assets at fair value through profit or loss and freehold building that are measured at revalued amounts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are described in Note 4.

### Application of new and revised International Financial Reporting Standards

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

### (i) New and revised standards that are effect but with no material effect on the financial statements

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

| | |
|---|---|
| **IAS 1** | Presentation of Financial Statements - Amendments regarding the definition of material |
| **IAS 8** | Amendments regarding the definition of material |
| **IAS 39** | Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform |
| **IFRS 7** | Financial Instruments - Disclosures amendments regarding pre-replacement issues in the context of the IBOR reform |
| **IFRS 9** | Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018 - 2020 (fees in the '10 per cent' test for derecognition of financial liabilities) |
| **IFRS 9** | Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform |

### (ii) New and revised Standards and Interpretations in issue but not yet effective

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

| | |
|---|---|
| IAS 1 | Presentation of Financial Statements - Amendments regarding the classification of liabilities ( effective January 1, 2023) |
| IAS 8 | Accounting Policies, Changes in Accounting Estimates and Errors - Amendments to replace the definition of a change in accounting estimates with a definition of accounting estimates (effective January 1, 2023) |
| IAS 12 | Income Taxes - Amendments to clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition (effective January 1, 2023) |
| IAS 16 | Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use ( effective January 1, 2022) |
| IAS 37 | Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective January 1, 2022) |
| IAS 39 | Financial Instruments: Recognition and Measurement - Amendments regarding replacement issues in the context of the IBOR reform (January 1, 2021) |
| IFRS 7 | Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform (effective January 1, 2021) |
| IFRS 9 | Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform (effective January 1, 2022) |
| IFRS 9 | Financial Instruments - Amendments resulting from Annual Improvements to IFRS standard 2018 - 2020 (Fees in the '10 per cent' test for derecognition of financial liabilities) (effective January 1, 2022) |
| IFRS 16 | Leases - Amendments regarding replacement issues in the context of the IBOR reform (effective April 1, 2021) |

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

### 2.2 Foreign currency translation

*(a) Functional and presentation currency*

The performance of the Company is measured and reported to the investors in Mauritian Rupee ("Rs"). The directors consider the Mauritian Rupees ("Rs" or "MUR") as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Rs, which is the Company's functional and presentation currency.

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of profit or loss and other comprehensive income. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of their fair value gain or loss. Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transactions.

## 2.3 Financial Instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

*Classification of financial assets*

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

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

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

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

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

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

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

**(i) Amortised cost and effective interest method**

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

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

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

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-Impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the 'income' line item (note 16).

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVOCI are measured at FVTPL. Specifically:

- Investments in unquoted instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.
- Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

**Foreign exchange gains and losses**

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item; and
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item.

*Impairment of financial assets*

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

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

(a) Significant increase in credit risk

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

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

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

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

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

A financial instrument is determined to have a low credit risk if:

1. the financial instrument has a low risk of default;
2. the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
3. adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

### (b) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

### (c) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event ;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for that financial asset because of financial difficulties.

### (d) Write off

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

### (e) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

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

### *Derecognition of financial assets*

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

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

### *Financial liabilities and equity*

#### *Classification as debt or equity*

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

#### *Equity instruments*

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

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

*Financial liabilities*

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

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

### (i) Financial liabilities measured subsequently at amortised cost

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

*Derecognition of financial liabilities*

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

*Accruals and other payables*

Accruals and other payables are recognised initially at fair value and subsequent stated at amortised cost. The difference between the proceeds and the amount payable is recognised over the period of payable using the effective interest method.

*Dividend income*

Dividend income is recognised when the right to receive payment is established.

*Interest income*

Interest income is accounted for as it accrues unless collectability is in doubt. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate.

## 2.4 Property, Plant and equipment

Prior to 1 July 2020, all property and equipment were stated at historical cost less depreciation. As from 1 July 2020, the accounting policy for freehold building has been changed from cost model to revaluation model. As per IAS 8, the initial application of a policy to revalue assets in accordance with IAS 16 Property, Plant and Equipment is a change in an accounting policy to be dealt with as a revaluation in accordance with IAS 16, rather than in accordance with IAS 8. Thus, the Company has accounted for this change in accounting policy for freehold building from cost model to revaluation model prospectively under IAS 16. As from 1 July 2020, freehold building is staled at its revalued amounts in the statement of financial position, being the fair value based on periodic valuations by external independent valuers, less subsequent depreciation for building. A revaluation surplus is credited to other comprehensive income and accumulated in equity. All other property, plant and equipment is recognised at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial year in which they are incurred. Depreciation is calculated using straight-line method to allocate their cost to their residual values over their estimated useful lives. The annual depreciation rates are as follows:

Freehold Building **5 %**

Office equipment **10 %**

Computer Equipment **20 %**

Motor vehicles **20 %**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Where the carrying amount of an asset is greater than its estimated receivable amount, it is written down immediately to its recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## 2.5 Intangible assets

### Software

Acquired software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Software with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a written-down-value basis at the rate of 25% per annum. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted on a prospective basis.

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 4 years.

## 2.6 Other receivables

Other receivables are recognised at fair value and subsequently measured at amortised costs using the effective interest rate method.

## 2.7 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position consist of cash at bank with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and short-term deposits, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## 2.8 Stated capital

Ordinary shares are classified as equity.

## 2.9 Current and deferred income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

### *Deferred tax*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### *Current and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

## 2.10 Retirements benefits obligations

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive Income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset 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 for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

Payments to defined contribution retirement benefits plan are recognised as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expense or income
- Remeasurement

The Company presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs.

For employees who are insufficiently covered under the pension plan, the net present value of gratuity on retirement payable under the Workers' Rights Act and Employment Rights Act is calculated by AON Hewitt and provided for. The provisions arising under this item are not funded.

### *State plan*

Contributions to the National Pension Scheme and defined contribution plan are recognised in profit or loss in the year in which they fall due.

## 2.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

## 2.12 Revenue recognition

### *Dividend income*

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured based on the consideration to which an entity expects to be entitled in a contract with a customer.

Revenue is recognised when or as an entity satisfies a performance obligation by transferring control of a promised service or asset to a customer. Control is either transferred over time or at a point in time.

Dividend Income from investments is recognised when the shareholder's right to receive payment has been established.

***Management fee***

Management fee receivable from the Funds by the Company as the Manager is based on 1 % of the Net Asset Value of the Funds (NIT Global Opportunities Fund 1.25%). Management fees are recognised over time, the fees are calculated on a weekly basis and receivable quarterly In arrears.

Other revenues earned by the Company are recognised on the following bases:

- Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective rate applicable.

- Other income is recognised on accrual basis.

## 2.13 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Board of Directors.

## 2.14 Comparatives

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

## 2.15 Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or is a member of the key management personnel of the reporting entity. An entity is related to a reporting entity if both of them are members of the same group or one of them is either an associate or joint venture of the other entity. Related party can also arise if the entity is a post-employment benefit plan for the employee of the reporting entity.

# 3 FINANCIAL RISK MANAGEMENT

## 3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by management under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

## (a) Market risk

*Foreign exchange risk*

The Company holds assets and liabilities denominated in currencies other than the Mauritian Rupee. Consequently, the Company is exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. The Company's policy is not to enter into any currency hedging transactions.

The currency profile of the Company's financial assets (excluding prepayments) and liabilities is summarised as follows:

| | Financial Assets 2021 Rs | Financial Liabilities 2021 Rs | Financial Assets 2020 Rs | Financial Liabilities 2020 Rs |
|---|---|---|---|---|
| **Mauritian Rupee** | **867,238,770** | **13,684,179** | 840,623,555 | 21,335,493 |
| **United States Dollar** | **349,032,669** | **-** | 252,115,087 | - |
| **Euro** | **21,573,512** | **-** | 17,553,033 | - |
| **Rs** | **1,237,844,951** | **13,684,179** | 1,110,291,675 | 21,335,493 |

The exchange rate risk arises mainly out of the cash balances held In foreign currencies and Company's investment in the foreign securities which are denominated in USD. The currency risk between the foreign currency of the investments and the functional currency of the Company is not actively managed and fluctuates with market movements.

The following table details the Company's sensitivity to a 10% change in the Mauritian Rupee against the relevant foreign currencies. The 10% represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in profit and equity where the Mauritian Rupee weakens 10% against the relevant foreign currencies. For a 10% strengthening of the Mauritian Rupee against the relevant foreign currencies, there would be an equal and opposite impact on the profit and equity and the balance below would be negative.

| | 2021 Rs | 2020 Rs |
|---|---|---|
| **Increase/(decrease) in pre-tax profit/equity:** | | |
| **USD** | **34,903,267** | 25,211,508 |
| **EURO** | **2,157,351** | 1,755,293 |

*Price risk*

The Company is not exposed to securities price risk as it does not have any investments that are listed for which prices in the future are uncertain.

*Interest rate risk*

Interest rate risk is the risk that fair values of financial assets and liabilities, as reported in the Company's statement of financial position could change due to fluctuations in prevailing levels of market interest rates. All of the Company's financial assets and liabilities are non-interest bearing except of cash and cash equivalents which are placed at short term interest rates.

The Directors consider that the Company is not subject to significant amount of risk arising from changes in interest rates on cash and cash equivalents as these are short term in nature and changes in their values or interest cash flows in the event of a change in interest rates will not be material. Therefore, no interest rate risk sensitivity analysis on cash and cash equivalents has been performed. However, changes in interest rates could impact on earnings of entities in which the Company has invested in.

## (b) Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are made for losses that have been incurred at the end of the reporting period, if any. The Company's main credit risk concentration is associated with cash and cash equivalents and other receivables.

The bank balances are held with reputable financial institutions. The credit risk for non-current receivables is considered negligible, since the counterparty is a state owned company.
Accordingly, the Company has no significant concentration of credit risk. None of the Company's financial assets are impaired nor past due but not impaired.

### (c) Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as impact of discounting is not significant.

| | At Call<br>Rs | Less than 1 year<br>Rs | More than 1 year<br>Rs | Total<br>Rs |
|---|---|---|---|---|
| **2021** | | | | |
| **Financial liabilities** | | | | |
| Other payables | **-** | **13,684,179** | **-** | **13,684,179** |
| **2020** | | | | |
| **Financial Liabilities** | | | | |
| Borrowings | - | 9,000,000 | - | 9,000,000 |
| Other payables | - | 12,335,493 | - | 12,335,493 |

## 3.2 Fair value estimation

The carrying amounts of financial assets at fair value through profit or loss, other receivables, cash and cash equivalents, borrowings and other payables approximate their fair values.

The fair value of financial assets at fair value through profit or loss that are not traded in an active market is determined by using valuation techniques. The techniques used by the Company are explained In Note 4 (a).

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significant inputs used in making the measurements:

- Quoted prices (unadjusted ) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level Input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustments based on observable inputs, that measurement is a level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgements, considering features specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the related market.

The following table presents the Company's assets and liabilities that are measured at fair value:

| | Level 1 Rs | Level 2 Rs | Level 3 Rs | Total Rs |
|---|---|---|---|---|
| **At 30 June 2021** | | | | |
| Financial assets designated at FVTPL | | | | |
| **Unquoted equities** | - | **519,328,170** | **567,277,259** | **1,086,605,429** |
| **At 30 June 2020** | | | | |
| Financial assets designated at FVTPL | | | | |
| **Unquoted equities** | - | 479,886,538 | 572,418,319 | 1,052,304,857 |

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

| | Fair Value at | Unobservable Inputs | Total |
|---|---|---|---|
| **Level 3 Equity investments*** | Rs. 567,277,259 (2020: Rs. 567,000,000) | Price-to-earnings multiple (2020: Dividend growth) | An increase/decrease of 100 basis point In price to earnings multiple will Increase/decrease the fair value by Rs 5,672,773 |
| **Level 2 Securities** | Rs. 519,328,170 (2020: Rs. 360 ,566,487) | Value of assets and liabilities (2020: Value of assets and liabilities) | An increase/decrease of 100 basis point will increase/decrease the fair value by Rs 5,193,281) |

*There has been a change in valuation method used in the current year from dividend growth model to price-to earnings multiple valuation model. The change was as a result of the investee not paying the level of dividend consistent with historic payments due to the COVID pandemic. Management assessed that the dividend growth model was no longer the most appropriate valuation method given the circumstances. The management considered price-to-earnings multiple valuation model to be the most appropriate method.

### 3.3 Financial instruments by category

| | Financial assets at amortised cost 2021 Rs | Financial assets at FVTPL 2021 Rs | Total 2021 Rs | Financial assets at amortised cost 2020 Rs | Financial assets at FVTPL 2020 Rs | Total 2020 Rs |
|---|---|---|---|---|---|---|
| Financial assets at FVTPL | - | **1,086,605,429** | **1,086,605,429** | - | 1,052,304,857 | 1,052,304,857 |
| Receivables (excluding prepayments) | **6,490,996** | - | **6,490,996** | 5,509,106 | - | 5,509,106 |
| Cash and cash equivalents | **144,748,526** | - | **144,748,526** | 52,477,712 | - | 52,477,712 |
| | **151,239,522** | **1,086,605,429** | **1,237,844,951** | 57,986,818 | 1,052,304,857 | 1,110,291,675 |

| | Financial liabilities at FVTPL 2021 Rs | Other financial liabilities at amortised cost 2021 Rs | Total 2021 Rs | Financial liabilities at FVTPL 2020 Rs | Other financial liabilities at amortised cost 2020 Rs | Total 2020 Rs |
|---|---|---|---|---|---|---|
| Borrowings | - | - | - | - | 9,000,000 | 9,000,000 |
| Other Payables | - | **13,684,179** | **13,684,179** | - | 12,335,493 | 12,335,493 |

### 3.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to its shareholder and to maintain an optimal structure to reduce cost of capital.

The Company monitors capital on the basis of gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash equivalents. The Company regards "equity" as shown on the statement of financial position as capital. Total capital is calculated as equity plus net debt as shown in the statement of financial position.

The Company was not geared at 30 June 2021 as it did not have any borrowings.

## 4. Critical Accounting Estimates and Judgements

The preparation of financial statements in accordance with IFRS requires the directors to exercise its judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could therefore, by definition, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where the Directors have applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or 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:

*Determination of functional currency*

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 2, the directors have considered those factors therein and have determined that the functional currency of the Company is the "Rs". The Directors consider "Rs" as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

*(a) Fair value of unquoted Investments*

When the fair value of financial assets recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The Inputs to these models are taken from observable markets where possible, but where it is not feasible, a degree of judgement is required in establishing fair value.

*(b) Impairment of financial assets at fair value through profit or loss*

The Company follows the guidance of IFRS 9 to determine when a financial asset at fair value through profit or loss equity investment is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

*(c) Asset lives and residual value*

Property and equipment are depreciated over its useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issue 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 or losses on the disposal of similar assets.

*(d) Depreciation policies*

Property and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Company would currently obtain from the 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 of 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.

## 5.Property and Equipment

| | Freehold Building Rs | Computer Equipment Rs | Office equipment Rs | Motor vehicles Rs | Total Rs |
|---|---|---|---|---|---|
| **Cost or revaluation** | | | | | |
| At 1 July 2019 | 41,150,738 | 4,379,617 | 8,579,182 | 3,700,000 | 57,809,537 |
| Equipment written off | - | (125,000) | - | - | (125,000) |
| At 30 June 2020 | 41,150,738 | 4,254,617 | 8,579,182 | 3,700,000 | 57,684,537 |
| Additions | - | 366,620 | - | - | 366,620 |
| Revaluation adjustment | (13,750,738) | | | | (13,750,738) |
| **At 30 June 2021** | **27,400,000** | **4,621,237** | **8,579,182** | **3,700,000** | **44,300,419** |
| **Accumulated Depreciation** | | | | | |
| At 1 July 2019 | 19,391,902 | 3,879,085 | 8,193,763 | 1,000,000 | 32,464,750 |
| Charge for the year | 2,057,537 | 220,827 | 117,169 | 740,000 | 3,135,533 |
| Equipment Written off | - | (50,000) | - | - | (50,000) |
| At 30 June 2020 | **21,449,439** | **4,049,912** | **8,310,932** | **1,740,000** | **35,550,283** |
| Charge for the year | 2,000,242 | 253,588 | 268,250 | 740,000 | 3,262,080 |
| Revaluation adjustment | (23,335,514) | - | - | - | (23,335,514) |
| **At 30 June 2021** | **114,167** | **4,303,500** | **8,579,182** | **2,480,000** | **15,476,849** |
| **Net Book Value** | | | | | |
| **At 30 June 2021** | **27,285,833** | **317,737** | **-** | **1,220,000** | **28,823,570** |
| At 30 June 2020 | 19,701,299 | 204,705 | 268,250 | 1,960,000 | 22,134,254 |

The freehold building were revalued at Rs. 27,400,000 on 28th May 2021 by Messrs Elevante Property Services Ltd, independent valuers, not related to the Company. A revaluation surplus amounting to Rs. 9,584,776 was credited to a revaluation reserve in equity. Messrs Elevante Property Services Ltd are members of the RICS and they have appropriate qualifications and experience in the fair valuation of properties in the relevant location. The fair value of the building was determined based on the sales comparison approach.

The fair value of the building is classified into level 3 fair value hierarchy. Had the Company's freehold building been measured on a historical basis, the carrying value would have been Rs. 17,643,762 (2020: Rs. 19,701,299),

## 6. Intangible Assets

| **Softwares** | 2021 Rs | 2020 Rs |
|---|---|---|
| **Cost** | | |
| At 1 July and 30 June | **2,156,365** | 2,156,365 |
| **Accumulated Amortisation** | | |
| At 1 July | **2,156,365** | **1,617,273** |
| Charge for the year | **-** | **539,092** |
| At 30 June | **2,156,365** | **2,156,365** |
| **Net book value** | | |
| At 30 June | **-** | - |

## 7. Financial Assets at Fair Value Through Profit or Loss

| 30-Jun-21 | Unquoted Investments<br>Domestic equity Investment<br>Rs | Foreign investment<br>Rs | Sub-Funds established under NIT Unit Trust<br>Rs | Foreign currency balances held with custodians<br>Rs | Total<br>Rs |
|---|---|---|---|---|---|
| **At 1 July** | 572,418,319 | 144,929,651 | 210,218,517 | 124,738,370 | 1,052,304,857 |
| Contribution to Limited Partnership | - | 102,230,416 | - | - | 102,230,416 |
| Net movement in cash investments | - | - | - | (124,738,370) | (124,738,370) |
| Disposals | (5,418,319) | - | - | - | (5,418,319) |
| Transfer of Swan note | (5,000,000) | - | - | - | (5,000,000) |
| Distribution from Limited Partnership | - | (90,596,570) | - | - | (90,596,570) |
| Share of profit from Limited Partnership | - | 86,964,307 | - | - | 86,964,307 |
| Redemption of shares | - | (687,074) | - | - | (687,074) |
| Net changes in fair value | 5,277,259 | 5,683,576 | 60,585,347 | - | 71,546,182 |
| **At 30 June** | **567,277,259** | **248,524,306** | **270,803,864** | **-** | **1,086,605,429** |

| 30-Jun-20 | Unquoted Investments<br>Domestic equity Investment<br>Rs | Foreign investment<br>Rs | Sub-Funds established under NIT Unit Trust<br>Rs | Foreign currency balances held with custodians<br>Rs | Total<br>Rs |
|---|---|---|---|---|---|
| **At 1 July** | 533,000,000 | 98,080,517 | 171,555,000 | 139,534,401 | 942,169,918 |
| Additions | - | 24,702,126 | 13,500,000 | - | 38,202,126 |
| Net movement in cash invesments | - | 26,834,687 | - | (26,834,687) | - |
| Distribution from Limited Partnership | - | ( 21,337,379) | - | - | ( 21,337,379) |
| Share of profit from Limited Partnership | - | 16,649,700 | - | - | 16,649,700 |
| Net changes in fair value | 39,418,319 | - | 25,163,517 | 12,038,656 | 76,620,492 |
| **At 30 June** | **572,418,319** | **144,929,651** | **210,218,517** | **124,738,370** | **1,052,304,857** |

### (a) Portfolio of unquoted domestic equity investment

| Equity investment | Holdings 2021 Units | Holdings 2020 Units | Fair Value 2021 Rs | Fair Value 2020 Rs |
|---|---|---|---|---|
| Mauritius Shopping Paradise Ltd ("MSP") | - | 18,000 | **-** | 5,418,319 |
| State Insurance Company of Mauritius Ltd (SICOM) | 30,000 | 30,000 | **567,277,259** | 562,000,000 |
| **Debt Securities** | | | | |
| SWAN Notes (Note (i)) | **-** | 50 | **-** | 5,000,000 |

On 21 June 2016, the Company subscribed to corporate notes amounting to Rs 5 million in Swan Wealth Structured Products Ltd. The corporate notes had a maturity of 5 years and the Company was entitled to a minimum return of 15 % at maturity over the initial investment The investment in corporate notes matured on 21 June 2021 and the amount receivable at year end was included under other receivables (Note 8). The proceeds was received subsequently on 2 July 2021.

### (b) Portfolio of Foreign Securities

| | Holdings 2021 Units | Holdings 2020 Units | Fair Value 2021 Rs | Fair Value 2020 Rs |
|---|---|---|---|---|
| LIM Opportunistic Credit Fund 1 | **100.65** | 108.37 | **12,411,402** | **7,414,744** |
| LIM Opportunistic Credit Fund 2 LP | **-** | - | **63,497,272** | **27,555,581** |
| LIM Opportunistic Credit Fund 3 LP | **-** | - | **172,615,632** | **109,959,326** |
| **Total** | | | **248,524,306** | **144,929,651** |

### (c) Investment in Sub-Funds incorporated under NIT Unit Trust

| Name of Sub Fund | Holdings 2021 Units | Holdings 2020 Units | Fair Value 2021 Rs | Fair Value 2020 Rs |
|---|---|---|---|---|
| NIT Global Opportunities Fund | **18,851,977** | 18,851,977 | **37,326,914** | 28,277,965 |
| NIT North America Fund | **2,524,317** | 2,524,317 | **52,707,740** | 41,979,392 |
| NIT Europe Fund | **1,866,647** | 1,866,647 | **28,858,368** | 22,885,095 |
| NIT Global Bond Fund | **1,622,576** | 1,622,576 | **19,373,559** | 18,156,628 |
| NIT Global Value Fund | **2,611,732** | 2,611,732 | **50,328,078** | 35,049,448 |
| NIT Global Healthcare Fund | **1,819,403** | 1,819,403 | **34,222,977** | 28,037,002 |
| NIT Emerging Markets Fund | **2,724,942** | 2,724,942 | **47,986,228** | 35,832,987 |
| | | | **270,803,864** | 210,218,517 |

## (d) Significant holdings

Details of investments in which the Company holds a 10 % interest or more are set out below:

| Name of investee | Class of Shares 2021 & 2020 | Holdings 2021 | Holdings 2020 |
|---|---|---|---|
| State Insurance Company of Mauritius Ltd ("SICOM") | Ordinary | **12%** | 12 % |
| Mauritius Shopping Paradise Ltd ("MSP") | Ordinary | **-** | 15% |

## 8. Other Receivables

| | 2021<br>Rs | 2020<br>Rs |
|---|---|---|
| Interest receivable on Swan Notes (Note 7) | **962,262** | 600,000 |
| Swan Notes (Note 7) | **5,000,000** | - |
| Amount receivable from related parties (Note 20) | **528,734** | 4,909,106 |
| Deposits and prepayments | **353,926** | 193,406 |
| | **6,844,922** | 5,702,512 |

The terms and conditions of the related party transactions and balances have been disclosed in Note 20.

## 9. Cash and Cash Equivalents

| | 2021<br>Rs | 2020<br>Rs |
|---|---|---|
| Cash at bank | **144,741,131** | 52,469,356 |
| Cash in hand | **7,395** | 8,356 |
| | **144,748,526** | 52,477,712 |

## 10. Stated Capital

| | 2021<br>Rs | 2020<br>Rs |
|---|---|---|
| **Issued and Fully Paid** | | |
| 27,405,000 shares of Rs 10 each | **274,050,000** | 274,050,000 |

Ordinary shares are not redeemable and confers to the holder one voting right per share and right to receive dividends. On winding up, the holder of an ordinary share will be entitled to surplus on assets.

## 11. Taxation

The Company is subject to income tax at the rate of 15% (2020: 15%) on its tax adjusted profits. The Company is also entitled to Corporate Social Responsibility tax, calculated at 2% on its chargeable income of preceding year.

***(a) Tax expense***

| | 2021<br>Rs | 2020<br>Rs |
|---|---|---|
| Provision for the year | **939,140** | 683,208 |
| Deferred tax credit | **(755,010)** | (62,728) |
| Under provision of tax in previous year | **344,136** | - |
| | **528,266** | 620,480 |

***(b) Tax liabilities***

| | 2021<br>Rs | 2020<br>Rs |
|---|---|---|
| Balance at 1 July | **179,456** | **190,393** |
| Provision for the year | **939,140** | **683,208** |
| Tax refund/(paid) during the year | **(523,592)** | **(185,390)** |
| Tax paid under APS | **(776,574)** | **(508,755)** |
| Over/Under provision of tax in previous year | **344,136** | **-** |
| | **162,566** | **179,456** |

***(c) Tax reconciliation***

| | 2021<br>Rs | 2020<br>Rs |
|---|---|---|
| Profit before tax | **157,325,816** | 103,162,031 |
| | | |
| Income tax at 17% tax effect of: | **26,745,389** | 17,537,545 |
| Non taxable income | **(33,535,612)** | (20,014,855) |
| Expenses not deductible for tax purposes | **7,712,341** | 3,069,473 |
| Deferred tax charge/(credit) | **(755,010)** | (62,728) |
| Corporate Social Responsibility tax | **125,507** | 91,045 |
| Tax rate differential | **17,022** | **-** |
| Underprovision of tax in previous years | **344,136** | - |
| Tax charge | **528,266** | 620,480 |

***(d) Deferred tax liabilities***

| | 2021<br>Rs | 2020<br>Rs |
|---|---|---|
| At 1 July | **338,037** | 400,765 |
| Charge to profit and loss | **(755,010)** | (62,728) |
| Charge to other comprehensive income | **1,629,412** | - |
| At 30 June | **1,212,439** | 338,037 |
| | | |
| **Deferred tax liabilities arise from:** | | |
| Retirement benefit obligations | **(654,330)** | - |
| Accelerated capital allowances | **1,866,769** | 338.037 |
| | **1,212,439** | 338.037 |

## 12. Trade and Other Payables

| | 2021 Rs | 2020 Rs |
|---|---|---|
| Accruals | **1,432,374** | 404,387 |
| Unclaimed Dividends | **5,722,324** | 5,234,139 |
| Provisions for performance bonus | **3,591,215** | 6 ,529,481 |
| Provision for ex-gratia payment | **2,938,266** | - |
| Interest accrued (Note 20) | - | 167.486 |
| | **13,684,179** | 12,335,493 |

The terms and conditions of the related party transactions and balances have been disclosed in Note 20.

## 13. Borrowings

| | 2021 Rs | 2020 Rs |
|---|---|---|
| Loan from NIT Local Equity Fund | - | 9 ,000,000 |

On 16 October 2019 and 16 December 2019, the Company borrowed Rs 7,000,000 and Rs 2,000,000 respectively from one of its sub-funds, namely, NIT Local Equity Fund, bearing interest at the rate of 2.75%. The loan was settled on 07 September 2020.

## 14. Dividend Income

| | 2021 Rs | 2020 Rs |
|---|---|---|
| Domestic dividend | **14,269,021** | 23,309,680 |

## 15. Management Fees

| | 2021 Rs | 2020 Rs |
|---|---|---|
| Management fees (Note 20(i)) | **12,153,287** | 13,257,403 |

The Company acts as an investment manager for the Sub Funds established under the NIT UNIT TRUST. The Sub Funds do not have any employee and all of their investing and operating activities are performed by the Company, In return the Company charges a management fee of 1 % of the Net Asset Value of the underlying Sub Funds (except for NIT Global Opportunities Fund which is 1.25% and for NIT Global Bond Fund which is 0.6%).

## 16. Interest Income

| | 2021 Rs | 2020 Rs |
|---|---|---|
| **Interest income on:** | | |
| Interest on Corporate Notes | **362,262** | 150,000 |
| Interest on Fixed Deposits | **127,709** | - |
| Cash and cash equivalents | - | 725,596 |
| | **489,971** | 875,596 |

## 17. Retirement Benefit Obligations

The Company has set up its own pension fund, the NIT Pension Fund, and has set a defined contribution scheme for its employees as from September 2010. The Company makes the following contribution in respect of each member admitted to the pension scheme.

- 12% of the member's pensionable emoluments plus a further percentage to match 50% of any contribution made by the member, up to a maximum further contribution of 3% of the member's pensionable emoluments.
- a further percentage of the member's pensionable emoluments by mutual agreement between the Company and the mem ber of the pension scheme.

The liability relates to residual retirement gratuities under the Employment Rights Act (ERA). The Company provides for a lump sum at retirement based on final salary and years of service. relates to employees who are entitled to Retirement Gratuities payable under the Employment Rights Act.

Amount recognised In the statement of financial position:

| | 2021 Rs | 2020 Rs |
|---|---|---|
| Present value of unfunded obligations | **3,849,000** | - |
| **Movement in liability recognised in statement of financial position are as follows:** | | |
| At 01 July | **-** | - |
| Total expenses recognised in profit or loss | **3,849,000** | - |
| Actuarial gains recognised in other comprehensive income | **-** | - |
| At 30 June | **3,849,000** | - |

| | 2021 Rs | 2020 Rs |
|---|---|---|
| **Amount recognised in statement of profit or loss:** | | |
| Current service cost | **208,000** | - |
| Interest cost | **173,000** | - |
| Underprovision in prior year | **3,468,000** | - |
| At 30 June | **3,849,000** | - |
| **Amount recognised in other comprehensive income:** | | |
| Experience gains on the liabilities | **-** | - |
| **The principal actuarial assumptions used are:** | | |
| Discount rate | **5.0%** | - |
| Future salary increases | **2.8%** | - |
| Sensitivity analysis on actuarial assumptions | | - |
| Increase due to 1% decrease In discount rate | **Rs 807,000** | - |
| Decrease due to 1 % increase in discount rate | **Rs 626,000** | - |
| Increase due to 1% increase in pay increase rate | **Rs 827,000** | - |
| Decrease due to 1 % decrease in pay increase rate | **Rs 652,000** | - |

The sensitivity analyses have been carried out by recalculating the present value of obligation at end of period after increasing the discount rate/salary increase rate while leaving all other assumptions unchanged. The results are particularly sensitive to a change in discount rate/salary increase rate due to the nature of the liabilities being the difference between the pure retirement gratuities under the Employment Rights Act 2008 and the deductions allowable, being five times the annual pension provided and half the lump sum received by the member at retirement from the pension fund with reference to the Company's share of contributions. The latter amount is Rs 11,175,000 as at 30 June 2021.

| Defined contribution pension plan: | 2021 Rs | 2020 Rs |
|---|---|---|
| Contribution paid to DC Scheme | **1,506,778** | 1,444,797 |
| **State pension plan:** | | |
| Contribution paid | **372,993** | 372,993 |

## 18. Dividend

| | 2021 Rs | 2020 Rs |
|---|---|---|
| Dividend of Rs 1.00 (2020: 1.10) per share | **27,405,000** | 30,145,500 |

## 19. Earnings per Share

| | 2021 Rs | 2020 Rs |
|---|---|---|
| Profit for the year | **156,797,550** | 102,541,551 |
| Number of shares | **27,405,000** | 27,405,000 |
| Earnings per share | **5.72** | 3.74 |

The calculation of basic earnings per share for the year ended 30 June 2021 is based on the income attributable to ordinary equity holders of Rs 156,797,550 (2020: Rs.102,541,551) and the number of shares of 27,405,000 (2020: 27,405,000).

## 20. Related Party Balances and Transaction

Related parties are individuals and companies where the individual or company, directly or indirectly, has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions.

The Company is making the following disclosures in respect of related party transactions:

| | 2021 Rs | 2020 Rs |
|---|---|---|
| **Outstanding balances** | | |
| *Receivables from / (payables to) related parties* | | |
| NIT Local Equity Fund | **172,176** | 3,168,776 |
| NIT Global Opportunities Fund | **265,349** | 1,311,589 |
| NIT Global Bond Fund | **4,710** | 19,662 |
| NIT Global Value Fund | **20,570** | 85,487 |
| NIT North America Fund | **20,392** | 100,476 |
| NIT Europe Fund | **11,024** | 54,546 |
| NIT Emerging Markets Fund | **19,420** | 93,450 |
| NIT Global Healthcare Fund | **15,093** | 75,120 |
| | **528,734** | 4,909,106 |

The amounts due from related parties are unsecured, interest free and with no fixed term of repayment

The amount due to the related parties are unsecured, interest free and repayable within one year.

## Transactions

| | 2021 Rs | 2020 Rs |
|---|---|---|
| **(i) Management fees** | | |
| - NIT Local Equity Fund | **3,886,562** | 5,044,344 |
| - NIT Global Opportunities Fund | **6,127,175** | 5,076,472 |
| - NIT Emerging Markets Fund | **443,595** | 368,769 |
| - NIT Europe Fund | **262,314** | 200,612 |
| - NIT Global Bond Fund | **117,917** | 108,571 |
| - NIT Global Healthcare Fund | **367,156** | 313,073 |
| - NIT Global Value Fund | **458,807** | 357,338 |
| - NIT North America Fund | **489,761** | 407,596 |
| - Retrocession fees | **-** | 1,380,628 |
| | **12,153,287** | 13,257,453 |
| **(ii) Acquisition/ (redemption) of units in Sub-Fundss** | | |
| - NIT Global Opportunities Fund | **-** | 9,000,000 |
| - NIT Europe Fund | **-** | 4,000,000 |
| - NIT Global Bond Fund | **-** | 3,000,000 |
| - NIT Global Value Fund | **-** | 1,500,000 |
| - NIT Europe Fund | **-** | (1,000,000) |
| - NIT Global Bond Fund | **-** | (3,000,000) |
| - NIT Global Healthcare Fund | **-** | - |
| | **-** | 13,500,000 |
| **(iii) Interest payable** | | |
| NIT Local Equity Fund (Note 12) | **-** | 167,486 |
| **(iv) Key Management Personnel** | | |
| Compensation to key management personnel | **11,454,996** | 8,185,884 |

## 21. Commitments

*LIM Opportunistic Credit Fund 3LP*

The Board of Directors approved the investment of Rs 105,750,000 (equivalent to USO 3,000,000) in LIM Opportunistic Credit Fund 3 LP on 28 November 2018. Investments are made by instalments based on a "Capital! Call Notice". At 30 June 2021, there was no 'Undrawn Capital Commitment'.

| | 2021<br>Rs | 2020<br>Rs |
|---|---|---|
| Capital commitment | **118,800,000** | 118,800,000 |
| Capital commitment drawn down | **(118,800,000)** | (87,255,234) |
| Undrawn capital commitment | **-** | 31,544,766 |

## 22. Administrative Expenses

| | 2021<br>Rs | 2020<br>Rs |
|---|---|---|
| Salaries and allowances | **10,305,373** | 9,835,659 |
| Performance bonus | **3,591,215** | 6,529,481 |
| Ex gratia amount accrued | **2,938,266** | - |
| Retirement benefit obligation | **3,849,000** | - |
| Pension fund & State contribution | **1,879,771** | 1,977,502 |
| Director fees | **910,650** | 394,075 |
| Office supplies and consumables | **353,283** | 652,518 |
| Corporate information expenses | **1,381,257** | 1,572,999 |
| Audit fees | **230,000** | 185,838 |
| Professional fees | **4,390,543** | 553,017 |
| Listing fees | **514,533** | 720,454 |
| Secretarial fees | **278,875** | 102,000 |
| General expenses | **297,657** | 204,826 |
| Bank charges | **103,251** | 106,366 |
| Overseas travelling | **300,015** | 721,047 |
| Reference books and subscriptions | **18,895** | 46,360 |
| Rent, telephone and electricity | **966,097** | 1,017,135 |
| Repairs and maintenance | **562,338** | 124,294 |
| Motor vehicles running expenses | **307,209** | 263,930 |
| Depreciation of property and equipment | **3,262,080** | 3,674,625 |
| Insurance | **489,437** | 445,568 |
| Fees paid | **-** | 384,556 |
| Write off equipment | **-** | 75,000 |
| | **36,929,745** | 29,587,250 |

## 23. Reconciliation of Liabilities Arising From Financing Activities

| | At 1 July 2019<br>Rs | Loan Advanced<br>Rs | Interest accrued<br>Rs | At 30 June 2020<br>Rs | Loan Repaid<br>Rs | Interest Paid<br>Rs | At 30 June 2021<br>Rs |
|---|---|---|---|---|---|---|---|
| **Loan and Interest** | **-** | **9,000,000** | **214,274** | **9,214,274** | **(9,000,000)** | **(214,274 )** | **-** |

## 24. Subsequent Event

On 12th August 2020, the Company released a Cautionary Announcement informing its Shareholders, Regulators and the public in general that, its CEO has been suspended pending the findings of an independent investigation launched following allegations of serious misconduct against Mr. Wong To Wing. Mr Wong To Wing's contract of employment was terminated on 19th August 2021 after all procedures prescribed by law have been adhered to. A Communique to that effect was released to the market on 18 August 2021.

## 25. Impact of Covid-19

The recent global outbreak of Coronavirus ("COVID-19") has caused significant volatility within the economic markets, for which the duration and spread of the outbreak, and the resultant economic impact is uncertain and cannot be predicted. This may directly or indirectly impact the Company's activities in material respects by interrupting and disrupting business and transactional activities. The effect of the impact of COVID-19 has not been reflected in these financial statements; such impact may affect the future results and affairs of the Company.

## NOTES

NOTES

# NOTES

NIT

National Investment Trust

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