



**SOAP & ALLIED INDUSTRIES LIMITED**  
**REPLY DOCUMENT**



## **SOAP & ALLIED INDUSTRIES LIMITED**

### **REPLY DOCUMENT 31 October 2023**

Issued pursuant to Rule 18 of the Securities (Takeover) Rules 2010, in reply to the Offer Document issued by Quality Beverages Limited dated 06 October 2023 to the attention of the shareholders of Soap & Allied Industries Limited.

*The Directors of Soap & Allied Industries Limited accept full responsibility for the accuracy of the information contained in this Reply Document. They have been guided by an Independent Adviser as per the Rules. This Reply Document should not be considered as and should not be read or taken as investment advice. You are recommended to seek your own personal financial advice from an investment adviser, if you have any doubt about the Reply Document and its contents.*



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# SOAP & ALLIED INDUSTRIES LIMITED - REPLY DOCUMENT

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31 OCTOBER 2023

## 1. INTRODUCTION

The Board of Directors (the "Board") of Soap & Allied Industries Limited ("SAIL" or the "Offeree") was notified by Quality Beverages Limited ("QBL" or the "Offeror") on 18 September 2023 of its firm intention to make a conditional voluntary offer (the "Offer") to acquire all the issued shares in SAIL, representing 4,495,008 shares (the "Offer Shares"), for a price of MUR 17.20 per share (the "Offer Price"). The deadline for the Offer to become unconditional is 07 November 2023.

The Offer Price has been determined in accordance with Rule 14(2) of the Securities (Takeover) Rules 2010 ("Takeover Rules"). The Offer price is the sum of the average of the weekly high and low of the closing prices of SAIL during the last 6 months of MUR 13.68 as at the date of the public announcement plus a premium of MUR 3.52.

A public announcement by SAIL dated 19 September 2023 was forthwith published in the press to that effect (see Annexure 2).

Subsequently, on 16 October 2023, the Board of SAIL received a copy of the Offer Document issued by QBL detailing the Offer and specifying that the Offer will be open for a period of 35 days, starting from 17 October 2023 at 10 a.m. up to 21 November 2023 at 5 p.m. (Mauritius time).

This Reply Document is being issued by the Board of SAIL pursuant to Rule 18 of the Takeover Rules to the shareholders registered on the share register at close of business on 06 October 2023 and to whom the Offer Document was addressed. The Reply Document is provided for your benefit and your advisors in order to allow you to make an informed decision about the Offer. It may not be disclosed to, or relied upon, by any other person or used for any other purpose.

If you have sold or otherwise transferred your shares in SAIL since 06 October 2023, the Voluntary Offer would not be applicable to you.

## 2. VIEWS OF THE BOARD OF SOAP & ALLIED INDUSTRIES LIMITED

### 2.1. Independent Adviser

In accordance with Rule 21 of the Rules, the Board has appointed Grant Thornton (Advisory Services) Ltd ("Grant Thornton"), as Independent Adviser to (i) carry out a valuation of SAIL and to submit a report to the Board of SAIL and (ii) advise and report to the Board as to whether the Offer is fair and reasonable.

The Independent Adviser submitted its report to the Board on 26 October 2023

## 2.2. Summary of Independent Adviser's Report

Grant Thornton has been requested to complete an independent valuation as at 30 June 2023 to determine whether the Offer was fair and reasonable.

Grant Thornton has valued SAIL by the income approach using the forecast financials prepared by Management for the years 2023 to 2028 and the audited financial statements for the years 2018 to 2022. This method captures the forecast improvement in the free cash flow of the Company. SAIL has also been valued by the market approach using recent prices of SAIL's shares on the stock exchange (prior transactions method) and EV/EBITDA multiples of comparable listed companies (guideline public company method). The cost approach was not used given that SAIL was valued as a going concern.

The full valuation report of the Independent Adviser is available for consultation at the registered office of SAIL, upon request by any shareholder of SAIL or by any person authorised in writing by a shareholder of SAIL.

## 2.3. Opinion of the Independent Adviser

The opinion of the Independent Adviser was extracted from the Independent Adviser's report.

The values estimated for the Company under the income and market approaches are as follows.

- Income approach: MUR 68.9 million (MUR 15.34 per share)
- Market approach (prior transactions method): MUR 61.5 million (MUR 13.68 per share)
- Market approach (guideline public company method): MUR 97.5 million (MUR 21.69 per share)

On that basis, Grant Thornton concluded that the Offer Price is fair and reasonable as it is within the range of values estimated.

## 2.4. Recommendation of the Directors on the Offer

After examination of the terms of the Offer and based on the Independent Adviser's report, the Board is of the opinion that the Offer is fair and reasonable and recommends that the shareholders of SAIL to accept the Offer. The Board of SAIL reached this conclusion, inter alia, based on the following:

- (i) The Independent Adviser has advised that the Offer was fair and reasonable;
- (ii) The Offer Price falls within the range of values determined by the Independent Adviser; and
- (iii) The Offer Price is 25.7% above the average of the weekly high and low of the closing prices of SAIL during the last 6 months of MUR 13.68.

The Directors or any person dealing directly on their behalf intend to accept the Offer.

## 2.5. Board's proceedings in respect of the Offer

A Board meeting of SAIL was convened on 27 October 2023 to consider the report of the Independent Adviser in respect of the Offer. In line with the principles of corporate governance, fiduciary duties of Directors and in accordance with the Constitution of the Company, only the Independent Directors (non-interested) being Messrs Errol Martin and Issa Tajuoo have voted on the recommendation.

Messrs Saleem Karimjee, Ashraf M Currimjee, Azim F Currimjee, Raffi Currimjee, Rajvardhan Singh Bhullar and Mrs Anne-Claire Moulin are classified as interested Directors since they are also Directors of QBL. The interested Directors have abstained from voting on the recommendation.

## 3. DIRECTORS

### 3.1. Directors' interests in SAIL's shares

The following Directors have a beneficial interest in the issued share capital of SAIL. None of the directors acquired or sold any SAIL's shares within six months prior to the public announcement of the Offer.

Director	Direct Interest %	Indirect interests * through Currimjee Limited %
Mr. Saleem KARIMJEE	-	-
Mr. Ashraf Mustanshir CURRIMJEE	-	4.721
Mr. Azim Fakhruddin CURRIMJEE	-	5.188
Mr. Raffi CURRIMJEE	-	3.049
Mr. Rajvardhan S BHULLAR	-	-
Mrs. Anne-Claire F C M MOULIN	-	-
Mr. Issa TAUJOO	-	-
Mr Errol MARTIN	-	-

\* Indirect interest includes shares held in the Company through the ultimate holding company and the Directors' associates.

### 3.2. Arrangements affecting Directors

SAIL does not anticipate any payment of benefit to its Directors as compensation for loss of office in connection with the Offer.

There is no arrangement between any Director of SAIL and any other person that is conditional on the outcome of the Offer or otherwise in connection with the Offer. There are no material contracts entered into by QBL in which a Director of SAIL has any interest.

### 3.3. Directors' service agreement

The Non-Executive Directors of SAIL do not have service contracts with the Company. Their appointments are made in terms of the Company's Constitution and are confirmed at the annual general meeting of Shareholders following their appointment. The Directors of SAIL are eligible for re-election at each annual general meeting subject to the relevant procedures laid down in the Company's constitution and the requirements of the Mauritian Companies Act 2001.

As Executive Director of SAIL, Mr Ashraf M Currimjee has a service contract with the Company.

## 4. SHAREHOLDING IN THE OFFEROR

SAIL does not hold shares in the Offeror as at the last practicable date; and has not purchased or sold any shares in the Offeror within six months prior to the public announcement of the Offeror. SAIL's holding company, Currimjee Industries Ltd, holds 75.32% in the Offeror, QBL.

Directors of SAIL shareholding in the Offeror is as follows:

Director	Direct Interest %	Indirect interests * through Currimjee Limited %
Mr. Saleem KARIMJEE	-	-
Mr. Ashraf Mustanshir CURRIMJEE	0.11	5.27
Mr. Azim Fakhruddin CURRIMJEE	0.26	5.77
Mr. Raffi CURRIMJEE	0.23	3,38
Mr. Rajvardhan S BHULLAR	-	-
Mrs. Anne-Claire F C M MOULIN	-	-
Mr. Issa TAUJOO	-	-
Mr Errol MARTIN	-	-

\* Indirect interest includes shares held in the Company through the ultimate holding company and the Directors' associates.



## **5. STATED CAPITAL OF SOAP & ALLIED INDUSTRIES LIMITED**

The stated capital of SAIL as at 30 September 2023 is MUR 44,950,080 consisting of 4,495,008 ordinary shares of MUR 10 each. The rights conferred to an ordinary share as per the Constitution of SAIL are as follows:

- The right to one vote on a poll at a meeting of SAIL on any resolution;
- The right to an equal share in dividends authorised by the Board of SAIL; and
- The right to an equal share in the distribution of surplus assets of SAIL.

No shares of SAIL have been issued since the end of its last financial year being 31 December 2022. SAIL's ordinary shares are listed on the Development & Enterprise Market ("DEM") of the Stock Exchange of Mauritius ("SEM"). SAIL does not have any unlisted securities in issue.

## **6. FINANCIAL INFORMATION**

### **6.1. Audited financial statements**

Highlights of the audited financial statements of SAIL are set out in Annexure 1 of this Reply Document. Copies of the full version of the audited financial statements of SAIL for the last three financial years are available on the website of SAIL: <https://www.soapandallied.com/>

### **6.2. Material Changes**

There have been no material changes in the financial or trading position of SAIL since the last published audited financial statements for the year ended 31 December 2022 subject to the impact of exceptional items.

### **6.3. Interim statements and preliminary public announcements**

All interim statements and public announcements made by SAIL since the last published audited financial statements are included in Annexures 2 and 4.

### **6.4. Accounting policies**

The significant accounting policies are set out in Notes 3 in audited accounts of SAIL referred to in Section 6.1. There has been no change in the accounting policies of SAIL since the last financial year end.

**7. MATERIAL CONTRACTS**

SAIL has not entered any other material contract of more than two years before the date of the Offer, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Company.

**8. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors of SAIL jointly and severally accept full responsibility for the accuracy of the information contained in this Reply Document and confirm, that having made all reasonable enquiries and to the best of their knowledge, opinions expressed in this Reply Document have been arrived at after due and careful consideration and that there are no other facts omitted from this Reply Document, which omission would make any statement in this Reply Document misleading.

The recommendation of the Directors of SAIL has been guided by the report of Grant Thornton, the Independent Adviser appointed as per the Rules.

For and on behalf of SAIL

This Reply Document was signed on behalf of all the Directors of SAIL on 31 October 2023.

Signed on behalf of the Board



**Mr Errol Martin**



**Mr Issa Taujoo**

# ANNEXURE 1 - AUDITED FINANCIAL STATEMENTS HIGHLIGHTS

## STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

### 9. ANNEXURES

	Notes	2022	2021
		Rs	Rs
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	260,910,874	252,256,847
Right of use assets	6	33,195,875	42,650,779
Intangible assets	7	6,101,710	7,068,234
Investment property	8	28,000,000	27,300,000
Financial assets at fair value through other comprehensive income	9	288,491	4,967,295
Deferred tax asset	10	-	309,898
		<b>328,496,950</b>	<b>334,553,053</b>
<b>Current assets</b>			
Inventories	11	352,929,281	326,858,565
Trade and other receivables	12	178,763,913	195,362,367
Amounts owed by related parties	26	339,331	366,739
Cash and cash equivalents	13	8,812,467	5,693,398
Current income tax asset	18(a)	141,933	-
		<b>540,986,925</b>	<b>528,281,069</b>
<b>Total assets</b>		<b>869,483,875</b>	<b>862,834,122</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	14(i)	44,950,080	44,950,080
Share premium		79,637,489	79,637,489
Investment property reserve	14(ii)	11,768,459	11,768,459
Investment revaluation reserve	14(iii)	(2,371,672)	2,307,132
Revaluation reserve	14(iv)	82,115,796	77,528,540
Retained earnings		56,097,703	47,753,142
<b>Total equity</b>		<b>272,197,855</b>	<b>263,944,842</b>
<b>Non-current liabilities</b>			
Deferred tax liability	10	772,016	-
Borrowings	15	9,530,803	38,581,920
Retirement benefit obligations	16	156,254,000	180,479,000
		<b>166,556,819</b>	<b>219,060,920</b>
<b>Current liabilities</b>			
Borrowings	15	278,975,498	245,763,608
Trade and other payables	17	145,226,508	131,017,914
Current income tax liability	18(a)	-	1,613,579
Amounts owed to related parties	26	6,527,195	1,433,259
		<b>430,729,201</b>	<b>379,828,360</b>
<b>Total equity and liabilities</b>		<b>869,483,875</b>	<b>862,834,122</b>

Approved by the Board of Directors and authorised for issue on 30<sup>th</sup> March 2023

  
**Saleem Karimjee**  
Chairman

  
**Azim F Currimjee**  
Director

The notes on pages 54 to 102 form an integral part of these financial statements.

# ANNEXURE 1 - AUDITED FINANCIAL STATEMENTS HIGHLIGHTS

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 Rs	2021 Rs
Revenue	19	880,907,526	720,700,757
Cost of sales		<b>(736,684,648)</b>	(548,855,641)
Gross profit		<b>144,222,878</b>	171,845,116
Investment income	20	171	202,518
Other income	21	636,979	2,661,354
Gain on fair value of investment property	8	700,000	-
Selling & Distribution costs		<b>(45,755,153)</b>	(41,299,689)
Marketing expenses		<b>(16,760,115)</b>	(24,457,855)
Administrative expenses		<b>(86,193,809)</b>	(87,493,420)
Finance costs	22	<b>(15,019,451)</b>	(10,895,928)
(Loss)/profit before taxation		<b>(18,168,500)</b>	10,562,096
Taxation	18(b)	2,535,100	(2,624,488)
<b>(Loss)/profit for the year</b>	23	<b>(15,633,400)</b>	7,937,608
<b>Other comprehensive income, net of income tax</b>			
<i>Items that will not be classified subsequently to profit or loss:</i>			
Gain on revaluation of properties		10,493,986	-
Deferred tax on revaluation of properties	10	<b>(639,133)</b>	-
Remeasurement of defined benefit obligations	16	21,975,000	32,324,000
Deferred tax on defined benefit obligations	10	<b>(3,264,636)</b>	(3,556,676)
Revaluation of financial assets at FVTOCI	9	<b>(4,678,804)</b>	(513,476)
<b>Other comprehensive income for the year net of income tax</b>		<b>23,886,413</b>	28,253,848
<b>Total comprehensive income for the year</b>		<b>8,253,013</b>	36,191,456
<b>Earnings per share</b>	24	<b>-3.48</b>	1.77

The notes on pages 54 to 102 form an integral part of these financial statements.

# ANNEXURE 1 - AUDITED FINANCIAL STATEMENTS HIGHLIGHTS

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Stated Capital	Share Premium	Investment Property Reserve	Investment Revaluation Reserve	Revaluation Reserve	Retained Earnings	Total
		Rs 14(i)	Rs 14(ii)	Rs 14(iii)	Rs 14(iii)	Rs 14(iv)	Rs	Rs
At 1 January 2021		44,950,080	79,637,489	11,768,459	2,820,608	77,528,540	11,048,210	227,753,386
Profit for the year		-	-	-	-	-	7,937,608	7,937,608
Other comprehensive income:								
Remeasurement of retirement benefit obligations		-	-	-	-	-	32,324,000	32,324,000
Revaluation of financial assets at FVTOCI		-	-	(513,476)	(513,476)	-	-	(513,476)
Deferred tax on remeasurement of retirement benefit obligations		-	-	-	-	-	(3,556,676)	(3,556,676)
		-	-	(513,476)	(513,476)	-	28,767,324	28,253,848
At 31 December 2021		44,950,080	79,637,489	11,768,459	2,307,132	77,528,540	47,753,142	263,944,842
Loss for the year		-	-	-	-	-	(15,633,400)	(15,633,400)
Other comprehensive income:								
Remeasurement of retirement benefit obligations		-	-	-	-	-	21,975,000	21,975,000
Gain on revaluation of land and buildings		-	-	-	-	10,493,986	-	10,493,986
Deferred tax relating to revaluation		-	-	-	(639,133)	(639,133)	-	(639,133)
Revaluation of financial assets at FVTOCI		-	-	(4,678,804)	(4,678,804)	-	-	(4,678,804)
Deferred tax on remeasurement of retirement benefit obligations		-	-	-	-	-	(3,264,636)	(3,264,636)
Revaluation surplus realised on depreciation		-	-	-	-	(5,267,597)	5,267,597	-
		-	-	(4,678,804)	(4,678,804)	4,587,256	23,977,961	23,886,413
At 31 December 2022		44,950,080	79,637,489	11,768,459	(2,371,672)	82,115,796	56,097,703	272,197,855

The notes on pages 54 to 102 form an integral part of these financial statements.

# ANNEXURE 1 - AUDITED FINANCIAL STATEMENTS HIGHLIGHTS

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		Rs	Rs
<b>Cash flows from operating activities</b>			
(Loss)/profit before taxation		<b>(18,168,500)</b>	10,562,096
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	5	<b>19,510,217</b>	17,658,249
Depreciation of right of use assets	6	<b>7,855,085</b>	7,864,274
Amortisation of intangible assets	7	<b>1,106,524</b>	1,067,349
Finance costs	22	<b>15,019,451</b>	10,895,928
Investment income	20	<b>(171)</b>	(202,518)
Fair value gain on investment property	8	<b>(700,000)</b>	-
Profit on disposal of plant and equipment	21	<b>(47,310)</b>	(97,248)
Retirement benefit obligations	16	<b>18,361,000</b>	16,993,000
Write off of inventory	11	<b>767,045</b>	2,955,865
Movement in provision for inventory	11	<b>(3,400,000)</b>	5,400,000
Loss allowance on trade receivables	12	<b>(144,995)</b>	(31,336)
Unrealised (gain)/loss on foreign exchange		<b>(4,058,464)</b>	5,127
		<b>54,268,382</b>	62,508,690
		<b>36,099,882</b>	73,070,786
Increase in inventories		<b>(23,437,761)</b>	(40,413,622)
Decrease/(increase) in trade and other receivables		<b>17,213,649</b>	(24,862,126)
Decrease/(increase) in amounts owed by related parties		<b>27,408</b>	(148,492)
Increase in trade and other payables		<b>16,590,502</b>	32,111,472
Increase in amounts owed to related parties		<b>851,936</b>	38,352
		<b>11,245,734</b>	(33,274,416)
<b>Net cash generated from operations</b>			
		<b>47,345,616</b>	39,796,370
Interest paid		<b>(15,019,451)</b>	(10,899,928)
Tax paid		<b>(2,045,192)</b>	(2,084,956)
Employer contribution	16	<b>(16,369,000)</b>	(16,611,000)
Tax deducted at source	18(a)	<b>(22,768)</b>	(22,908)
Income tax refund	18(a)	<b>25,693</b>	29,719
		<b>(33,430,718)</b>	(29,589,073)
<b>Net cash generated from operating activities</b>			
		<b>13,914,898</b>	10,207,297
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	<b>(16,377,042)</b>	(16,074,065)
Acquisition of intangible assets	7	<b>(140,000)</b>	(258,159)
Proceeds on disposal of property, plant and equipment		<b>353,913</b>	240,158
Investment income		<b>171</b>	202,518
<b>Net cash used in investing activities</b>			
		<b>(16,162,958)</b>	(15,889,548)
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities	15	<b>(9,152,728)</b>	(9,286,796)
Proceeds from borrowings		<b>175,199,118</b>	96,365,464
Repayment of borrowings		<b>(206,830,202)</b>	(21,539,436)
<b>Net cash (used in)/generated from financing activities</b>			
		<b>(40,783,812)</b>	65,539,232
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Effects of exchange rate changes		<b>1,206,356</b>	(57,093)
<b>Cash and cash equivalents at 1 January</b>	13	<b>(89,681,919)</b>	(149,481,807)
<b>Cash and cash equivalents at 31 December</b>	13	<b>(131,507,435)</b>	(89,681,919)

The notes on pages 54 to 102 form an integral part of these financial statements.

# ANNEXURE 1 - AUDITED FINANCIAL STATEMENTS HIGHLIGHTS

## STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	Notes	2021	2020
		Rs	Rs
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	252,256,847	253,983,941
Right of use assets	6	42,650,779	49,727,400
Intangible assets	7	7,068,234	7,877,424
Investment property	8	27,300,000	27,300,000
Financial assets at fair value through other comprehensive income	9	4,967,295	5,480,771
Deferred tax asset	10	309,898	4,244,999
		<b>334,553,053</b>	348,614,535
<b>Current assets</b>			
Inventories	11	326,858,565	294,800,808
Trade and other receivables	12	195,362,367	170,404,287
Amounts owed by related parties	26	366,739	218,247
Cash and cash equivalents	13	5,693,398	307,614
		<b>528,281,069</b>	465,730,956
<b>Total assets</b>		<b>862,834,122</b>	814,345,491
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	14(i)	44,950,080	44,950,080
Share premium		79,637,489	79,637,489
Investment property reserve	14(ii)	11,768,459	11,768,459
Investment revaluation reserve	14(iii)	2,307,132	2,820,608
Revaluation reserve	14(iv)	77,528,540	77,528,540
Retained earnings		47,753,142	11,048,210
<b>Total equity</b>		<b>263,944,842</b>	227,753,386
<b>Non-current liabilities</b>			
Borrowings	15	38,581,920	40,019,531
Retirement benefit obligations	16	180,479,000	212,421,000
		<b>219,060,920</b>	252,440,531
<b>Current liabilities</b>			
Borrowings	15	245,763,608	232,681,216
Trade and other payables	17	131,017,914	98,629,790
Current income tax liability	18(a)	1,613,579	1,445,661
Amounts owed to related parties	26	1,433,259	1,394,907
		<b>379,828,360</b>	334,151,574
<b>Total equity and liabilities</b>		<b>862,834,122</b>	814,345,491

Approved by the Board of Directors and authorised for issue on 21<sup>st</sup> March 2022



**Saleem Karimjee**  
Chairman



**Ashraf M Currimjee**  
Managing Director

The notes on pages 52 to 101 form an integral part of these financial statements.

# ANNEXURE 1 - AUDITED FINANCIAL STATEMENTS HIGHLIGHTS

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 Rs	2020 Rs
Revenue	19	720,700,757	701,270,881
Cost of sales		(542,272,022)	(511,406,057)
Gross profit		178,428,735	189,864,824
Investment income	20	202,518	72
Other income	21	2,661,354	94,877
Distribution costs		(47,883,308)	(44,383,548)
Marketing expenses		(24,457,855)	(21,385,626)
Administrative expenses		(87,493,420)	(90,737,985)
Finance costs	22	(10,895,928)	(10,590,757)
Profit before taxation		10,562,096	22,861,857
Taxation	18(b)	(2,624,488)	(1,234,709)
<b>Profit for the year</b>	23	<b>7,937,608</b>	<b>21,627,148</b>
<b>Other comprehensive income, net of income tax</b>			
<i>Items that will not be classified subsequently to profit or loss:</i>			
Remeasurement of defined benefit obligations	16	32,324,000	(19,040,000)
Deferred tax on defined benefit obligations	10	(3,556,676)	2,359,555
Revaluation of financial assets at FVTOCI	9	(513,476)	1,843,559
<b>Other comprehensive income for the year net of income tax</b>		<b>28,253,848</b>	<b>(14,836,886)</b>
<b>Total comprehensive income for the year</b>		<b>36,191,456</b>	<b>6,790,262</b>
<b>Earnings per share</b>	24	<b>1.77</b>	<b>4.81</b>

The notes on pages 52 to 101 form an integral part of these financial statements.



# ANNEXURE 1 - AUDITED FINANCIAL STATEMENTS HIGHLIGHTS

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Stated Capital	Share Premium	Investment Property Reserve	Investment Revaluation Reserve	Revaluation Reserve	Retained Earnings	Total
	Rs 14(i)	Rs	Rs 14(ii)	Rs 14(iii)	Rs 14(iv)	Rs	Rs
At 1 January 2020	44,950,080	79,637,489	11,768,459	977,049	77,528,540	6,101,507	220,963,124
Profit for the year	-	-	-	-	-	21,627,148	21,627,148
Other comprehensive income:							
Remeasurement of retirement benefit obligations	-	-	-	-	-	(19,040,000)	(19,040,000)
Revaluation of financial assets at FVTOCI	-	-	-	1,843,559	-	-	1,843,559
Deferred tax on remeasurement of retirement benefit obligations	-	-	-	-	-	2,359,555	2,359,555
	-	-	-	1,843,559	-	(16,680,445)	(14,836,886)
At 31 December 2020	44,950,080	79,637,489	11,768,459	2,820,608	77,528,540	11,048,210	227,753,386
Profit for the year	-	-	-	-	-	7,937,608	7,937,608
Other comprehensive income:							
Remeasurement of retirement benefit obligations	-	-	-	-	-	32,324,000	32,324,000
Revaluation of financial assets at FVTOCI	-	-	-	(513,476)	-	-	(513,476)
Deferred tax on remeasurement of retirement benefit obligations	-	-	-	-	-	(3,556,676)	(3,556,676)
	-	-	-	(513,476)	-	28,767,324	28,253,848
At 31 December 2021	44,950,080	79,637,489	11,768,459	2,307,132	77,528,540	47,753,142	263,944,842

The notes on pages 52 to 101 form an integral part of these financial statements.

# ANNEXURE 1 - AUDITED FINANCIAL STATEMENTS HIGHLIGHTS

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		Rs	Rs
<b>Cash flows from operating activities</b>			
Profit before taxation		10,562,096	22,861,857
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	5	17,658,249	19,195,127
Depreciation of right of use assets	6	7,864,274	7,899,416
Amortisation of intangible assets	7	1,067,349	722,082
Finance costs	22	10,895,928	10,590,757
Investment income	20	(202,518)	(72)
(Profit)/loss on disposal of plant and equipment	21	(97,248)	158,473
Loss on disposal of right of use assets	21	-	97,202
Retirement benefit obligations	23	16,993,000	17,349,000
Write off of inventory	11	(2,955,865)	(1,338,853)
Provision for inventory	11	5,400,000	4,000,000
Loss allowance on trade receivables	12	(31,336)	(967)
Unrealised loss on foreign exchange		5,127	584,723
		<b>56,596,960</b>	<b>59,256,888</b>
		<b>67,159,056</b>	<b>82,118,745</b>
Increase in inventories		(34,501,892)	(112,157,826)
(Increase)/decrease in trade and other receivables		(24,862,126)	10,409,475
(Increase)/decrease in amounts owed by related parties		(148,492)	18,029
Increase in trade and other payables		32,111,472	32,853,918
Increase/(decrease) in amounts owed to related parties		38,352	(342,327)
		<b>(27,362,686)</b>	<b>(69,218,731)</b>
<b>Net cash generated from operations</b>		<b>39,796,370</b>	<b>12,900,014</b>
Interest paid		(10,899,928)	(10,590,757)
Tax paid		(2,084,956)	(849,407)
Employer contribution	16(a)	(16,611,000)	(16,183,000)
Tax deducted at source	18(a)	(22,908)	(18,233)
Income tax refund	18(a)	29,719	29,895
		<b>(29,589,073)</b>	<b>(27,611,502)</b>
<b>Net cash generated/(used in) operating activities</b>		<b>10,207,297</b>	<b>(4,711,488)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(16,074,065)	(36,506,817)
Acquisition of intangible assets	7	(258,159)	(2,918,812)
Proceeds on disposal of property, plant and equipment		240,158	1,334,695
Proceeds on disposal of right of use assets		-	360,870
Investment income		202,518	72
<b>Net cash used in investing activities</b>		<b>(15,889,548)</b>	<b>(37,729,992)</b>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities	15	(9,286,796)	(9,078,830)
Deposits paid for leases		-	(365,800)
Dividend paid	25	-	(3,371,256)
Proceeds from borrowings		96,365,464	71,562,100
Repayment of borrowings		(21,539,436)	(39,972,680)
<b>Net cash from financing activities</b>		<b>65,539,232</b>	<b>18,773,534</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>59,856,981</b>	<b>(33,667,946)</b>
Effects of exchange rate changes		(57,093)	(779,473)
<b>Cash and cash equivalents at 1 January</b>	13	<b>(149,481,807)</b>	<b>(115,034,388)</b>
<b>Cash and cash equivalents at 31 December</b>	13	<b>(89,681,919)</b>	<b>(149,481,807)</b>

The notes on pages 52 to 101 form an integral part of these financial statements.

## ANNEXURE 2 - PUBLIC ANNOUNCEMENTS

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### **SOAP & ALLIED INDUSTRIES LIMITED**

#### **CAUTIONARY ANNOUNCEMENT**

Following the cautionary announcement released on 15 December 2022, the Shareholders of Soap & Allied Industries Limited (the "Company") and the public in general are hereby informed that the Board of the Company has performed an internal analysis, is continuing its appraisal, and shall communicate further in due course. Shareholders are therefore advised to continue exercising caution when dealing in the Company's shares until such further announcement(s) is made.

#### **By Order of the Board**

Ramanuj Nathoo  
For Currimjee Secretaries Limited, Company Secretary

Date: 12 May 2023

This announcement is issued pursuant to the DEM Rules 21. The Board of Directors of Soap & Allied Industries Limited accepts full responsibility for the accuracy of the information contained in this

## **SOAP & ALLIED INDUSTRIES LIMITED**

### **PUBLIC ANNOUNCEMENT**

#### **FIRM INTENTION TO ACQUIRE THE TOTAL SHAREHOLDING IN SOAP & ALLIED INDUSTRIES LIMITED BY QUALITY BEVERAGES LIMITED**

#### **THE OFFER**

The Board of Directors of Soap & Allied Industries Limited ("SAIL") wishes to inform its shareholders and the public in general that, it has received a letter from Quality Beverages Limited ("QBL") of its firm intention to make a voluntary all-cash offer to the shareholders of SAIL to acquire all ordinary shares (4,495,008) issued by SAIL at a price of MUR17.20 per share (the "Voluntary Offer").

#### **INFORMATION ON THE OFFEROR**

QBL is a public company incorporated in Mauritius and listed on the Development & Enterprise Market.

#### **OFFER PRICE**

The Voluntary Offer price per share of MUR17.20 is determined in accordance with Rule 14(2)(c) of the Takeover Rules, being the average of the weekly high and low of the closing prices of SAIL during the last 6 months of MUR13.68 as at the date of the announcement plus a premium of MUR3.52. The Voluntary Offer price also represents a 22.86% premium to the closing price of SAIL on 15 September 2023.

#### **CONDITIONS TO THE OFFER**

The Voluntary Offer shall be conditional upon QBL having received (i) the required regulatory approvals, (ii) acceptances representing at least 50% of voting rights of SAIL, and (iii) confirmation of the approval of the bankers of SAIL for the Voluntary Offer for all the Voting Shares of SAIL.

#### **CONFIRMATION OF FINANCIAL RESOURCES**

The Board of QBL confirms that sufficient financial resources are available to QBL to fund the Voluntary Offer.

#### **EXISTING HOLDING OF SHARES BY QBL IN SAIL**

QBL does not hold any share in SAIL.

#### **AGREEMENT BETWEEN QBL AND SAIL**

The Board of QBL confirms that there exists no agreement between QBL and SAIL in relation to the SAIL shares.

Shareholders of SAIL and the public in general are therefore advised to exercise caution in dealing in the shares of SAIL and will be kept informed of any future development.

**By order of the Board**  
**Ramanuj Nathoo**  
**For Currimjee Secretaries Limited**  
**Company Secretary**

**19 September 2023**

This public announcement has been issued pursuant to DEM Rule 11 and Rule 12 (1)(a) of the Securities (Takeover) Rules 2010. The Board of SAIL accepts full responsibility for the accuracy of the information contained in this public announcement.



The Directors  
Soap & Allied Industries Limited  
Old Moka Road, Bell Village  
Port Louis  
Mauritius

**Grant Thornton (Advisory Services) Ltd**  
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[www.grantthornton.mu](http://www.grantthornton.mu)

26 October 2023

Dear Sirs,

## **INDEPENDENT VALUATION OF SHARES OF SOAP & ALLIED INDUSTRIES LIMITED (THE "COMPANY")**

In accordance with your instructions, we are pleased to submit a summary of our valuation report prepared in connection with the voluntary offer from Quality Beverages Limited to acquire all ordinary shares issued by the Company for cash consideration of MUR 17.20 per share (the "Offer").

### **Valuation approach**

- We have valued the Company by the income approach (discounted cash flow method), using the forecast financials prepared by management of the Company ("Management"), as this method captures the forecast improvement in the free cash flow of the Company.
- We have also valued the Company by the market approach using recent prices of the Company's shares on the Stock Exchange of Mauritius (prior transactions method) and EV/EBITDA multiples of comparable listed companies (guideline public company method).

### **Valuation summary**

- The estimated value per share under the income approach is MUR 15.34 (as at 30 June 2023).
- Under the market approach (prior transactions method), we have considered the average of the weekly high and low closing prices of the Company's shares on the stock exchange in the six months to 15 September 2023, being the trading day immediately preceding the date of public announcement of the Offer. This method of calculation is in accordance with rule 14(2)(c) of the Securities (Takeover) Rules 2010 and yields a value of MUR 13.68 per share.
- Using a second method under the market approach, we have considered EV/EBITDA multiples of comparable companies listed on the Stock Exchange of Mauritius (guideline public company method). This yields a value of MUR 21.69 per share based on an EV/EBITDA multiplier of 6 times forecast 2024 EBITDA and net debt as at 30 June 2023.

### **Opinion**

Based on the above, our opinion is that the Offer price of MUR 17.20 per share is fair and reasonable as it is within the range of values estimated.

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Please see [www.gtmu.com](http://www.gtmu.com) for further details.



This opinion is for the use and benefit of the Directors of the Company and is rendered to the Directors in connection with their consideration of the Offer. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors of the Company for our opinion.

This opinion is not intended to be and does not constitute a recommendation to any shareholder of the Company whether such shareholder should accept the Offer.

### **Qualifications, expertise and independence of the Independent Adviser**

Grant Thornton (Advisory Services) Ltd ("Grant Thornton") is a professional services firm registered with the Stock Exchange of Mauritius as an Independent Valuer. Most of Grant Thornton's professional staff are members of the Association of Chartered Certified Accountants (ACCA) or the Institute of Chartered Accountants in England and Wales (ICAEW). Grant Thornton is a member firm of Grant Thornton International Ltd.

Grant Thornton has advised on numerous valuation assignments in respect of acquisitions, disposals and other purposes.

Grant Thornton is independent and has no conflict of interest that could affect its ability to provide an unbiased report.

Grant Thornton confirms that, while our entire valuation report must be read for a full understanding of our findings and opinion, this summary of the report is fair and not misleading.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'M. Rajabally', with a long horizontal stroke extending to the right.

**Mariam Rajabally**  
Partner, Taxation & Advisory Services

# ANNEXURE 4 - ABRIDGED UNAUDITED FINANCIAL STATEMENTS

<b>SOAP AND ALLIED INDUSTRIES LIMITED</b>								
<b>CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023</b>								
<b>CONDENSED STATEMENT OF FINANCIAL POSITION</b>			<b>CONDENSED STATEMENT OF CHANGES IN EQUITY</b>					
	Unaudited	Audited	Unaudited					
	30 Jun 2023	31 Dec 2022	30 Jun 2023	30 Jun 2022				
	Rc'000	Rc'000	Rc'000	Rc'000				
<b>ASSETS</b>								
Non-current assets	322,690	328,497	At 1 January	272,198	263,945			
Current assets	467,143	540,987	Loss for the period	(17,200)	(9,455)			
<b>Total Assets</b>	<b>789,833</b>	<b>869,484</b>	At 30 June	<b>254,998</b>	<b>254,490</b>			
<b>EQUITY AND LIABILITIES</b>			<b>CONDENSED STATEMENT OF CASH FLOW</b>					
Equity holders' interest	254,998	272,198	Unaudited					
Non-current liabilities	163,232	166,557	30 Jun 2023	30 Jun 2022				
Current liabilities	371,603	430,729	Rc'000	Rc'000				
<b>Total equity and liabilities</b>	<b>789,833</b>	<b>869,484</b>	Net cash (used in) generated from operating activities	27,838	(36,689)			
<b>CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>			Net cash used in investing activities	(5,098)	(7,519)			
Unaudited			Net cash used from financing activities	(29,304)	17,547			
3 months to	3 months to	6 months to	6 months to	Net (decrease)/increase in cash and cash equivalents				
30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	(6,564)	(26,661)			
Rc'000	Rc'000	Rc'000	Rc'000	Cash and cash equivalents at beginning of the year	(125,194)	(89,682)		
<b>TURNOVER</b>	185,002	230,881	400,048	405,768	Net (decrease)/increase in cash and cash equivalents	(6,564)	(26,661)	
Loss from operations	(7,708)	2,959	(8,904)	(3,425)	<b>Cash and cash equivalents at end of period</b>	<b>(131,758)</b>	<b>(116,343)</b>	
Finance costs	(5,014)	(3,502)	(10,687)	(6,248)	<b>SEGMENTAL INFORMATION</b>			
Loss before tax	(12,722)	(43)	(19,590)	(9,673)	<b>30 Jun 23</b>	Manufacturing	Trading	Total
Taxation	1,560	(339)	2,390	218	Rc'000	Rc'000	Rc'000	
<b>Total comprehensive loss attributable to owners</b>	<b>(11,162)</b>	<b>(882)</b>	<b>(17,200)</b>	<b>(9,455)</b>	Turnover	340,147	59,901	400,048
Loss per share	(2.48)	(0.20)	(3.83)	(2.10)	(Loss)/profit after tax	(18,930)	1,730	(17,200)
					<b>30 Jun 22</b>	348,482	57,286	405,768
					Turnover	(13,036)	3,581	(9,455)
					(Loss)/profit after tax			
<b>Notes:</b>								
The interim condensed Financial Statements for the six months ended 30 June 2023 are unaudited and are prepared using the same accounting policies as those adopted in the statutory financial statements for the year ended 31 December 2022.								
<b>Company Results:</b>								
Turnover for the period under review stood at Rs 400 M as compared to Rs 406 M for the corresponding period of last year. The Net Loss after taxation for the Company is Rs 17 M compared to a Net Loss after taxation of Rs 9.5 M for the same period of last year.								
<b>Prospects</b>								
The business environment remains challenging but Management is committed to implement its action plan.								
9 <sup>th</sup> August 2023								
<b>By order of the Board</b>								
Currimjee Secretaries Limited								
Secretary								
<i>The Board of Directors of Soap and Allied Industries Limited accepts full responsibility for the accuracy of the information contained in these condensed Financial Statements prepared in accordance with International Financial Reporting Standards. Copies of the report are available to the public free of charge at the registered office of the company: 38, Royal Street, Port Louis.</i>								
<i>These Financial Statements are issued pursuant to DEM Rule 17. The Statements of direct and indirect interests of officers pursuant to rule 8(2)(n) of the Securities Act (Disclosure Obligations of Reporting Issuers) Rules 2007 is available upon request from the Company Secretary, Currimjee Secretaries Limited.</i>								

**CURRIMJEE**  
SINCE 1880

# ANNEXURE 4 - ABRIDGED UNAUDITED FINANCIAL STATEMENTS

<b>SOAP &amp; ALLIED INDUSTRIES LIMITED</b>					
<b>CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING 31 MARCH 2023</b>					
<b>CONDENSED STATEMENT OF FINANCIAL POSITION</b>			<b>CONDENSED STATEMENT OF CHANGES IN EQUITY</b>		
	Unaudited 31 Mar 2023	Audited 31 Dec 2022		Unaudited	
	R'000	R'000		31 Mar 2023	31 Mar 2022
<b>ASSETS</b>					
Non-current assets	326,417	328,497	At 1 January	272,198	263,945
Current assets	502,231	540,987	Loss for the period	(6,038)	(8,575)
<b>Total Assets</b>	<b>828,648</b>	<b>869,484</b>	At 31 March	<b>266,160</b>	<b>255,370</b>
<b>EQUITY AND LIABILITIES</b>					
Equity holders' interest	266,160	272,198	<b>CONDENSED STATEMENT OF CASH FLOW</b>		
Non-current liabilities	165,664	166,557		Unaudited	
Current liabilities	396,824	430,729		31 Mar 2023	31 Mar 2022
<b>Total equity and liabilities</b>	<b>828,648</b>	<b>869,484</b>		R'000	R'000
<b>CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>					
	Unaudited				
	3 months to 31 Mar 2023	3 months to 31 Mar 2022			
	R'000	R'000			
<b>TURNOVER</b>					
Loss from operations	(1,195)	(6,384)	Net cash (used in)/generated from operating activities	(12,584)	11,913
Finance costs	(5,673)	(2,747)	Net cash used in investing activities	(3,766)	(6,283)
Loss before tax	(6,868)	(9,131)	Net cash used in financing activities	(5,045)	(1,783)
Taxation	830	556	Net (decrease)/increase in cash and cash equivalents	(21,395)	3,847
<b>Total comprehensive loss attributable to owners</b>	<b>(6,038)</b>	<b>(8,575)</b>	Cash and cash equivalents at beginning of the year	(125,194)	(89,682)
Loss per share	(1.34)	(1.91)	Net (decrease)/increase in cash and cash equivalents	(21,395)	3,847
			Cash and cash equivalents at end of the year	(146,589)	(85,835)
			<b>SEGMENTAL INFORMATION</b>		
			31 Mar 23	Manufacturing R'000	Trading R'000
			Turnover	180,500	34,546
			(Loss)/profit after tax	(7,579)	1,541
			31 Mar 22	145,213	29,675
			Turnover	(9,694)	1,119
			(Loss)/profit after tax		174,888
					(8,575)

**Notes:**  
The interim condensed Financial Statements for the three months ended 31 March 2023 are unaudited and are prepared using the same accounting policies as those adopted in the statutory financial statements for the year ended 31 December 2022.

**Company Results:**  
Turnover for the period under review reached Rs 215 M from Rs 175 M for the corresponding period of last year. The Net Loss after taxation for the Company is Rs 6 M compared to a Net Loss after taxation of Rs 8.5 M for the same period of last year. Despite a 23% increase in revenue, the financials have been impacted by increases in operating costs including wages, electricity and finance expenses.

**Prospects:**  
The business environment remains challenging given the level of inflation and continuous pressure on the Mauritian Rupee and impacting the purchasing power of the Mauritians. However, Management is focussing on achieving its sales target and having a tight control on expenses.

12<sup>th</sup> May 2023

By order of the Board  
Currimjee Secretaries Limited  
Secretary

**CURRIMJEE**  
SINCE 1890

*The Board of Directors of Soap and Allied Industries Limited accepts full responsibility for the accuracy of the information contained in these condensed Financial Statements prepared in accordance with International Financial Reporting Standards. Copies of the report are available to the public free of charge at the registrarial office of the company: 35, Royal Street, Port Louis.*

*These Financial Statements are issued pursuant to DEM Rule 17. The Statement of direct and indirect interests of officers pursuant to rule 8(2)(e) of the Securities Act (Disclosure Obligations of Reporting Issuers) Rules 2007 is available upon request from the Company Secretary, Currimjee Secretaries Limited.*





Registered Office and Registry  
38, Royal Street, Port Louis,  
Mauritius

BRN: C06001441

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