KOLOS CEMENT LTD

ANNUAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2023

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The directors are pleased to present the Annual Report together with the audited consolidated and separate financial statements of Kolos Cement (the 'Company') and its subsidiaries (collectively referred to as the ''Group'') for the year ended 31 December 2023.

Principal activities

The principal activities of the Group comprise unloading, storing, bagging, trading and distribution of cement and other cementitious products.

Results and dividend

The results for the financial year are shown on page 27 and the state of the Group and the Company's affairs at the reporting date is set out on page 28.

The total dividends declared by the Group and the Company for the year ended 31 December 2023 were Rs 47,790,000 (2022: Rs 119,340,000).

Business Review

The Group reported a 39% increase in revenue principally driven by an increase in volume of cement sold compared to prior year. Operating profit decreased from Rs 127M to Rs 75M in the year under review. Group profit after tax in 2023 was Rs 5.6M which is 85% down from Rs 39M in 2022. Group total assets increased by 7% from Rs 1,429M to Rs 1,528M.

Outlook

FY 2023 was another challenging year with the impact of the difficult economic and trading conditions prevailing in Madagascar and the reduced profitability in Mauritius following the introduction of cement price controls. Despite the difficult operating environment, the Group and the Company showed tremendous resilience to deliver profitable performances. FY 2024 is expected to remain challenging, but the directors are confident that they can maintain the Group and Company at profitable levels.

Directors

The directors of the Company during the year were:

	Appointed On
AH TECK Chian Tat (Executive Chairman)	15-Dec-2003
Billon Dominique Rene Jacky	09-Oct-2006
AH TECK Chian Luck	27-Jun-2008
CHONG AH-YAN Sui Lien	02-Feb-2016
HALPIN Paul Laurence	02-Feb-2016
DE BENITO FERNANDEZ Javier Francisco	02-Feb-2016
DHUNNOO Aboo Twalha	19-May-2017
CHALLA Vivekananda Reddy	29-May-2018
SITORUS Jacqueline	29-Jun-2018
AH TECK Jack Michael Jason	20-Apr-2020

Auditor

Deloitte has been appointed as the auditor for the financial year 2023 .

Introduction

Kolos Cement Limited ("Group" or "Company") is a public company listed on the Development & Enterprise Market of the Stock Exchange of Mauritius and is a Public Interest Entity ("PIE") as defined by the Financial Reporting Act 2004. The Board of Directors ("Board") of Kolos is committed to maintaining high standards of corporate governance.

The Company has prepared this corporate governance report in the light of the 2016 Code of Corporate Governance (the "Code") and explains how it has applied all the principles during the period under review. The report forms part of the Company's Annual Report for the year ended 31 December 2023 and is available on the Company's website.

PRINCIPLE 1- GOVERNANCE STRUCTURE

Governance Documents

The Company has one main internal corporate document which has been duly approved by the Board and the Shareholders, namely the Company's Constitution. The Company as part of the Gamma Group has opted to be guided by the Gamma Charter.

This Charter establishes and stipulates a governance framework, which is the rules, regulations, organization and governance principles which must permeate all levels of the Gamma Group in order to:

- Value Rights - Preserve the rights of the Shareholders of Gamma Civic Ltd and ensure that Gamma Civic Ltd has sound governance practices throughout the organisation;
- Effective Oversight- Enable the Board of Gamma Civic Ltd to have effective oversight of the management of its Group Companies;
- Respective Roles & Responsibilities- Clarify the respective roles and responsibilities of Board members and senior executives of the Gamma Group, charged with the executive management of the Gamma Group of companies; and
- Protocols & Policies- Establish protocols and policies to promote compliance and consistency within an overall Gamma Group framework of policies and strategies.

The Gamma Charter was reviewed by Professor Chris Pierce and Professor Mervyn King in 2013 and approved by the shareholders and Board of Directors of Gamma Civic Limited in 2014. Both professors were heavily involved in the drafting of the national Code of Corporate Governance for Mauritius. The Charter is perfectly aligned to the new Code of Corporate Governance 2016. The Gamma Charter was reviewed by the Board of Gamma Civic Limited in 2020. Following that review, no change was required to the Charter. A copy of the Charter is available for inspection to any Shareholder upon request made to the Company Secretary.

The Corporate Governance Committee on behalf of the Board of Directors is responsible for following up on developments in best governance practices and to bring same to the attention of the Board. This exercise is an ongoing one and is carried out in collaboration with Corporate Governance Committees of the Gamma Group.

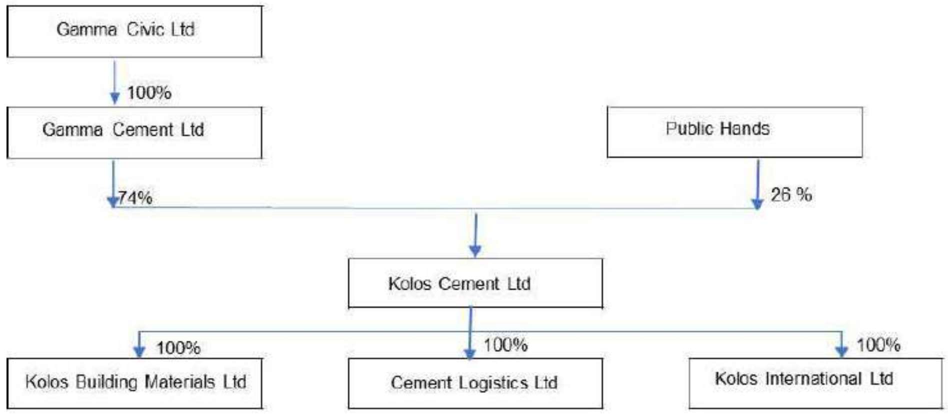
Company's Code of Conduct

The Code of Conduct outlines the standards and behaviours that the Company upholds to ensure the highest standards of honesty and integrity throughout the Company. It acts as a guidance to employees when confronted with challenging situation so that ethics, honesty and integrity is always at the core of every decision.

A copy of the Code of Conduct is available for inspection to any Shareholder upon request made to the Company Secretary.

PRINCIPLE 1- GOVERNANCE STRUCTURE (CONTINUED)

Group Structure



Board Structure

Roles and Responsibilities

Role of the Board

The Board of Directors is appointed by the shareholders to act on its behalf in running the affairs of the Group and Company so as to ensure its prosperity. In addition to business and financial issues, the Board also deals with challenges and issues relating to corporate governance, corporate social responsibility and corporate ethics.

The Board is also responsible:

- To establish the Group and Company's vision, mission and values;
- To set the Group and Company's strategy and structure;
- For delegating the day to day management of the Group and Company to Management;
- For delegating some of its duties to Board Committees, while retaining certain specific reserved matters to it;
- For exercising accountability to shareholders and stakeholders ;and
- For ensuring that all legal and regulatory requirements are met.

PRINCIPLE 1- GOVERNANCE STRUCTURE (CONTINUED)

Board Members profile

1) Chian Tat Ah Teck (also called Tommy Ah Teck) – Executive Chairman

Tommy holds a BSc (Hons) Engineering from University of Westminster and an MPhil in Mechanical Engineering from Loughborough University of Technology. He worked as a Trainee Accountant with Griffin & Partners, Chartered Accountants in London, UK. He occupied the post of Managing Director of Gamma Civic Ltd from 1987 to January 2011, Group CEO in February 2011 and Executive Chairman of the Gamma Group since April 2020.

Directorship in listed companies: Three (Gamma Civic Ltd, Morning Light Co. Ltd and Lottotech Ltd).

2) **Chian Luck Ah Teck** (also called Patrice Ah Teck) - Non-Executive Director

Patrice holds a BA (Hons) Accounting and Finance from South Bank University. He worked as a Trainee Accountant with Nunn, Crick and Bussell in the UK, and in 1993 he joined the Gamma Group as Sales and Marketing Manager. He was appointed Sales and Marketing Director in 2000 and he has occupied the post of Deputy Managing Director until July 2015, to become a Non-Executive Board Member. Since August 2020, he is the Vice Chairman of Gamma Civic Ltd.

Directorship in listed companies: Three (Non-Executive Director: Gamma Civic Ltd, Morning Light Co Ltd and Lottotech Ltd.)

3) **Jason Ah Teck** - Non-Executive Director

Jason holds a Bachelor of Materials Engineering from Imperial College London and a Masters in Management from London School of Economics. Prior to joining Gamma Group in 2019, he worked as a strategy consultant at KPMG's Global Strategy Group in London, where he focused primarily on driving sustainable growth initiatives and data analytics empowered decision-making.

Jason was appointed on the Board of Kolos Cement Ltd on 20 April 2020.

Directorship in listed companies: Three (Gamma Civic Ltd, Lottotech Ltd, and Morning Light Co Ltd).

4) Dominique Rene Jacky Billon (also called Dominique Billon) - Executive Director/General Manager

Dominique holds a scientific baccalaureate and graduated from the School of Management Sup de Co Poitiers (Poitiers, France). From 1985 to May 1991, he was working with Coopers & Lybrand, (Paris, France). He joined the Holcim Group in June 1991 and has occupied several posts within the Group before taking up the role of General Manager of Kolos in January 2014.

Directorship in listed companies: None.

5) Javier De Benito - Independent Non-Executive Director

Javier is a Spanish national born in 1958. He graduated in economics and business administration at the Universidad Autonoma de Madrid and undertook further studies at the Harvard Business School.

After a number of years of professional experience in the finance department of an international steel products trading company and as a specializing in project finance he joined Holcim, a leading cement and building materials group in the world. Javier spent 27 years at the company; his last position - from 2003 and until Dec 2014- was Head of Africa Middle East, based at the head office in Zurich, overseeing operations in 12 countries.

Since then, Javier moved to private practice, and became part-owner and Chairman of Global Bulk Technologies SL, a technical consulting services company specialized in the cement industry, and accepted other mandates as Board member or adviser with international building material companies.

Directorship in listed companies: None.

PRINCIPLE 1- GOVERNANCE STRUCTURE (CONTINUED)

Board Members profile (Continued)

6) **Paul Laurence Halpin -** Independent Non-Executive Director

Paul is a Chartered Accountant. He is a business services entrepreneur and a former Partner at PwC Johannesburg, London and Dublin. He is widely experienced in matters of corporate governance, board effectiveness and prudential supervision of companies in regulated and non-regulated industries across international borders and in the following sectors: Financial Services, ICT, Healthcare, Real Estate, Construction, Renewables and Heavy Manufacturing.

Directorship in listed companies: One (Gamma-Civic Ltd).

7) **Sui Lien Chong Ah Yan** (also called Marie Claire Chong Ah Yan) - Non-Executive Director

Marie Claire qualified in 1988 with a Bachelor's degree from the faculty of Arts from the University of Jean Moulin-Lyon III, France. She further holds a Bachelor's Degree in Human Resources Management from the University of Natal, South Africa in 1997. She has held the Human Resources Director role in Gamma Group since 2000. Marie Claire is one of the co-trustees of the Gamma Foundation, which is in charge of all CSR projects at Gamma Group level. She is a Fellow of the Mauritius Institute of Directors. In February 2015 Marie Claire has been awarded the FT NED Diploma (Financial Times Non-Executive Director Diploma), a formally accredited post-graduate Pearson Level 7 qualification. With this qualification, she has acquired in-depth understanding of what makes an effective non-executive director, with the required soft skills and behaviours, to ensure that a company successfully maximises value and ensures long term sustainability. She also studied Director's Duties and Liabilities, Board Structure and Performance, Risk Management and Internal Control, and Audit and Financial Reporting.

Since July 2015, she is a member of the Board of Gamma Civic Ltd in a Non-Executive capacity.

Directorship in listed companies: Three (Gamma Civic Ltd, Lottotech Ltd, and Morning Light Co Ltd).

8) **Twalha Dhunnoo -** Non-Executive Director

Twalha holds a BA, MEng and MA (Cantab) from Cambridge University, and is also a fellow (FCA) of the Institute of Chartered Accountants for England & Wales (ICAEW). He started his career with Ernst & Young London in 1998, and left as an Audit Manager in 2004. Between 2004 and 2007, Twalha worked mainly in Financial Services with major global organisations, namely Mellon Bank and Deutsche Bank. During the last six years, he was the Chief Financial Officer and Executive Director of a bank in London. He has been appointed as a Director of the Company on 19 May 2017.

Directorship in listed companies: Two (Gamma Civic Ltd and Morning Light Co. Ltd).

9) **Jacqueline Sitorus -** Non-Executive Director

Jacqueline graduated from Singapore Management University with a Bachelor in Business Management in 2010, after which she joined Goldman Sachs (Singapore) as an Analyst in Investment Banking until 2012.

In 2012, she joined PT Cemindo Gemilang as Sales & Marketing Director and she was appointed as the Commercial Director in 2014 and Vice President Director in 2015, a position which she still holds today. She is also a Director in Aastar Trading Pte Ltd, a trading company based in Singapore.

Directorship in listed companies: None

PRINCIPLE 1- GOVERNANCE STRUCTURE (CONTINUED)

Board Members profile (Continued)

10) Challa Vivekananda Reddy - Non-Executive Director

Vivek did his graduation in Veterinary Medicine from India and he did a post-graduation at the Indian Institute of Management, Ahmedabad, which is the leading business school in India. He also completed the CFA program and became a Chartered Financial Analyst (CFA).

After completing business school, he joined Kuok Oils & Grains, a commodity trading firm in 2005 as management trainee and later worked as derivatives trader. From 2007 to 2013 he worked in Wilmar International Limited where he performed different roles, such as Fx trader, Business Development Manager and Treasury Manager.

In 2014, he joined Mackenzie Investments Limited, a Canadian Fund as Associate Portfolio Manager trading Macro and Credit markets. After spending two years at Mackenzie, he joined Aastar Trading Pte Limited in 2016 as Head of Treasury & Investments, a position he still holds today.

Directorship in listed companies: None

Key Governance Officers profile

1) Dominique Rene Jacky Billon (also called Dominique Billon) - General Manager

Please refer to the section Board Members profile.

2) Gajanand Gopalla (also called Vishen Gopalla) - Deputy General Manager (effective as from 1st September 2023)

Vishen holds a BA and MA (Cantab) in Economics from Cambridge University and is also a Chartered Accountant (CA) from the Institute of Chartered Accountants of Scotland (ICAS). He started his career with Ernst & Young London in 2004, before moving to Close Brothers Group PLC, a leading UK merchant banking group,in 2009. Following his relocation to Mauritius in 2011, he has held various senior positions in reputed companies. Prior to joining Kolos Cement Ltd as Deputy General Manager in September 2023, he was the Chief Finance Officer of Forges Tardieu Ltd.

3) Chaveesh Gunesie - Head of Finance (effective as from 9 January 2023)

He is a Fellow member of the Association of Chartered Certified Accountants.

He has gained much exposure in building and leading finance teams through his 16 years of experience in medium and large local companies.

He began his career as Analyst at BDO in 2006, being engaged on several assignments in the audit and advisory team before occupying the position of Accountant in several companies as from 2012. In July 2017, he joined Kolos Cement Limited as Accountant and in June 2020, became Accounting Manager .

4) Kshil Gajadhur – Head of Operations

Kshil started his career in 2002 with Kolos. He studied at the University of Limoges in France. He holds a “Bac +3 in Licence Professionnelle d’électronique, d’optique de télécommunication et systèmes radio fréquence”. He has held different roles within the company and was promoted to the post of Technical Manager in May 2016 and currently, he holds the post of Head of Operations.

5) Sean Andre – Head of Sales & Marketing

Sean André holds a Bachelor of Arts Undergraduate Degree in Graphic Design and Creative Advertising from Charles Telfair Institute (Curtin University, Australia) and graduated with a Master’s in Marketing from Paris Dauphine University, France in 2020. Sean started his career in Graphic Design and shifted to Sales and Marketing in 2018. He joined Gamma Materials in 2016 and held different roles between Marketing, Communication, Events and Sales before joining Kolos Cement Limited in 2018 as Sales Supervisor. In 2020, he was appointed Sales and Marketing Manager before being promoted as Head of Sales & Marketing.

PRINCIPLE 2- THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

The Board

The Board of the Company is currently managed by a unitary Board of ten Directors, comprising of an Executive Chairman, one Executive Director, two Independent Directors and six Non-Executive Directors.

Key roles and responsibilities

Executive Chairman: *Chian Tat Ah Teck*	**Executive Director:** *Dominique Billon*
Key responsibilities (i) Providing leadership to the Board (ii) Ensuring its effectiveness (iii) Setting its agenda (iv) Ensuring Board's resolutions and decisions are effectively implemented (v) Ensuring effective links between shareholders, the Board and Management (vi) Is the direct reporting line for the Executive Director	Key responsibilities (i) Developing the Group and Company's strategy in line with the Board's directives (ii) Implementing policies and strategies as resolved by the Board (iii) Managing the Group and Company's business and operations (iv) Head and lead the Management team
Independent Non-Executive Directors: *Javier De Benito* *Paul Halpin*	**Non-Executive Directors:** *Chian Luck Ah Teck* *Jason Ah Teck* *Sui Lien Chong Ah Yan* *Twalha Dhunnoo* *Vivekananda Challa Reddy* *Jacqueline Sitorus*
Key responsibilities (i) Constructively challenging the strategic objectives and plans presented by the Management (ii) Evaluate the performance of Management in meeting set goals and objectives (iii) Ensure that the obligations to the shareholders are clear and that they are continually met (iv) Assist in developing a framework of reasonable and efficient controls for assessing and managing risk	Key responsibilities (i) Constructively challenging the strategic objectives and plans presented by the Management (ii) Evaluate the performance of Management in meeting set goals and objectives (iii) Ensure that the obligations to the shareholders are clear and that they are continually met (iv) Assist in developing a framework of reasonable and efficient controls for assessing and managing risk

Company Secretary: Gamma Corporate Services Ltd

Gamma Corporate Services Ltd is a wholly owned subsidiary of Gamma Civic Ltd, which was set up on 16 March 2012 to provide corporate services (legal, secretarial and any other related services) which support the subsidiaries, associates and joint venture companies of the Gamma Group.

Key responsibilities

(i) Provides legal and administrative support and guidance to the Board of Directors;
(ii) Ensures that the Board's decisions and instructions are properly carried out and communicated;
(iii) Has responsibility to ensure that the Group and Company comply with all relevant statutory and regulatory requirements;
(iv) Act as the primary channel of communication with the shareholders;
(v) Ensures that minutes of all meetings of shareholders and directors are duly recorded and that all statutory registers are properly maintained;
(vi) Acts as principal administration officer, liaising with Management, the Regulators and the Board of Directors; and
(vii) Executes important documentation on behalf of the Group and Company, together with a Director.

PRINCIPLE 2- THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

Balance and Gender Diversity

The Board is satisfied that with its ten Directors, the balance and gender diversity is well addressed, with the presence of two women Directors on the Board.

Independence

The two Independent Non-Executive Directors meet the independence criteria as set out in the Code. It was also established as compensating safeguards for appointing an Executive Chairman.

Skills and Experience

Given the business and operations of the Company, the current size of the Board is reasonable, and the Directors have the right mix of skills and experience to provide the Company with effective leadership, to set and achieve the strategic goals, and direct the Company’s future. The Directors are also well equipped to ensure the integrity and judgement making in managing the affairs of the Company.

Agenda Setting Process

The process for setting the agenda for Board Meetings is as follows:

(i) The Company Secretary works with the Chairman to prepare Business topics to be discussed by the Board;
(ii) Management is invited by the Company Secretary for items which the Board must be made aware of and items requiring a resolution from the Board. All agenda items proposed by Management must be duly motivated and supported by relevant and appropriate documentation;
(iii) Board members are entitled to request the Company Secretary to have an item on the agenda for the Board to consider and the Directors must also submit to the relevant and appropriate document to support the proposed agenda item;
(iv) The Chairman reviews the agenda and gives the Company Secretary the go-ahead for issuing the convocation and agenda to the Directors of the agenda; and
(v) Notice and agenda are circulated by email to all Board members at least 10 days before the Board meeting and Board papers are circulated at least 5 days before the meeting. All Board papers are circulated to Directors on Team Engine (an online portal).

Matters considered by the Board for the period under review

Board meetings are scheduled one year in advance so as to allow Board members ample time to plan and organise for the meetings. For the year 2023, the Board held statutory meetings for approval of accounts and strategy/ budget meetings**.**

Decisions have also been taken by way of written resolution, duly signed by all Directors, in line with the Company’s constitution.

Additional Board meetings may be held depending on the needs of the Company.

PRINCIPLE 2- THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

Attendance at Board meetings for the year under review

The Board has met 6 times during the year under review and the attendance of the Board members are detailed below:

Directors	Category	Attendance	Residency
Mr Tommy Ah Teck	Executive Chairman	6/6	Mauritius
Mr Patrice Ah Teck	Non-Executive	6/6	Mauritius
Mr Jason Ah Teck	Non-Executive	6/6	Mauritius
Mr Dominique Billon	Executive	6/6	Mauritius
Mr Javier De Benito	Independent Non-Executive	6/6	Spain
Mr Paul Halpin	Independent Non-Executive	6/6	Mauritius
Mrs Sui Lien Chong Ah Yan	Non-Executive	6/6	Mauritius
Mr Twalha Dhunnoo	Non-Executive	6/6	Mauritius
Mr Vivekananda Challa	Non-Executive	6/6	Singapore
Mrs Jaqueline Sitorus	Non-Executive	3/6	Singapore

The Committees of the Board

The Board has two principal committees with the objective of assisting the Board to efficiently fulfil its responsibilities as provided under the Companies Act 2001 and the Code. These two committees are the Audit & Risk Committee and the Corporate Governance Committee.

The Audit & Risk Committee fulfils the functions of a Risk Committee, while the Corporate Governance Committee fulfils the functions of Remuneration Committee and Nomination Committee.

Whilst the Board retains the overall responsibility, committees probe subjects more deeply and report on the matters discussed, decisions taken, and where appropriate, make recommendations on items requiring Board approval. The committees play a key role in supporting the Board. The company secretary of the Board acts as secretary to these committees. The chairman of each of the committee reports verbally to the Board on their activities. The Board is satisfied that the committees are appropriately structured, skilled and competent to deal with both the Group’s existing and emerging issues, and that they have effectively discharged their responsibilities during the year under review according to their terms of reference. The terms of reference of the committees are updated as and when necessary.

a) Audit & Risk Committee

The Audit & Risk Committee (“ARC”) assists the Board for reporting financial information, for appropriate application and amendment of accounting policies, for the identification and management of risk, for the implementation of internal control systems and for internal audit, statutory and regulatory compliance of the Company. The Committee provides a forum for effective communication between the Board and the external and internal auditors.

Member	No. of attendance	Executive/Non-Executive
Javier De Benito - Chairman	4/4	Independent Non-Executive Director
Paul Halpin	4/4	Independent Non-Executive Director
Patrice Ah Teck	4/4	Non-Executive Director

The Audit & Risk Committee holds quarterly meetings to examine the quarterly financial statements and the audited financial statements, as well as reports from the auditors.

PRINCIPLE 2- THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

b) Corporate Governance Committee

The Corporate Governance Committee acts as a mechanism for making recommendations to the Board on all corporate governance matters relevant to the Company to ensure that the Board remains effective and complies with the Code and prevailing corporate governance principles.

The Committee is also responsible for remuneration and nomination matters. The remuneration philosophy is geared towards rewarding efforts and merits for individual and joint contribution to the Company's results, whilst having also due regards to market conditions, the interest of the shareholders and to the financial well-being of the Company.

Members	No. of attendance	Executive/Non-Executive
Javier De Benito - Chairman	2/2	Independent Non-Executive Director
Tommy Ah Teck	2/2	Non-Executive Director
Patrice Ah Teck	2/2	Non-Executive Director
Marie Claire Chong Ah Yan	2/2	Non-Executive Director

For the year under review the Corporate Governance Committee met once on 13 March 2023.

PRINCIPLE 3- DIRECTORS APPOINTMENT PROCEDURES

Appointment and re-election

The Corporate Governance Committee under its nomination function, is responsible for making recommendation to the Board, which in turn would be presented to the shareholders at the Company's Annual Meeting, the appointment and/or re-election of potential Directors.

Furthermore, in cases of casual vacancy, the Board may appoint Directors who shall hold office only until the next Annual Meeting and shall then be eligible for re-election.

Board induction

Upon appointment, Directors are issued a letter of appointment stipulating the terms and conditions of the directorship. The Directors are also communicated a copy of the Gamma Charter, which is applicable to the Group and Company, the Company's constitution and relevant laws which applied to the operation and business of the Group and Company. The corporate presentation of the Group and Company is effected by the Chairman and the GM continues with a presentation of the operation, including site visit.

Professional development and training

The Directors are encouraged to keep themselves up to date with latest professional practices and to changes and trends in the Company's business, market, economic, political, social and legal environment in general.

Succession plan

An important responsibility of the Board is to ensure that the Company has an appropriate succession plan in place for Directors, senior management and key officers, and this responsibility has been delegated to the Corporate Governance Committee under its Nomination function.

PRINCIPLE 4- DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

Directors' Duties

All Directors have been duly informed of their legal duties and responsibilities as provided under the Companies Act 2001, and their responsibility under the Listing Rules.

They are also conversant with the provisions of the Gamma Charter, which applies to the Company, the Company's constitution and the Code.

PRINCIPLE 4- DIRECTORS’ DUTIES, REMUNERATION AND PERFORMANCE (CONTINUED)

Interests’ register, conflicts of interest and related party transaction policy

The Directors are fully aware of the responsibility of disclosure of any conflicts of interest in accordance with the laws and the Gamma Charter under the heading Conflict of Interest and Disclosure Policy.

Declaration of Conflict of Interest at each Board Meeting

The Company Secretary holds an Interest Register in which declarations are made by Directors at each quarterly statutory meeting.

The first item of the agenda for all board meetings is for directors to declare if they have any conflict on any items which the Board will address for the business of the day. All Directors would sign a duly approved declaration of interest form, which forms part of the Board’s proceedings. Directors who are conflicted would not participate on discussions on the specific agenda item.

Any related party transaction, if existing, would also be recorded in the said register.

A copy of the register is available for inspection upon request made to the Company Secretary.

Remuneration Policy

The Corporate Governance Committee has been mandated by the Board to fulfil the function of Remuneration Committee and has therefore the responsibility of determining the remuneration of Directors and Senior Management in line with market conditions, benchmarking within the industry, the Company’s performance and ability to pay. The objective is to ensure that the Company attracts and retains talent both at the level of the Board and Management.

For Board members, the recommendation of the Corporate Governance Committee is presented to the Shareholders at the Annual Meeting to obtain the approval of the Shareholders on the fees to be paid.

Directors’ Remuneration and Benefits

Directors fees paid to non-executive Directors are made of three components, namely director fees representing 49% of the remuneration, retainer fees which represent 44% of the remuneration, and committee attendance representing 7% of the remuneration.

Executive Directors perceive remunerations and benefits made of five components, namely basic salary which represents an average 41% of the remuneration, director fees representing 17% of the remuneration, a performance bonus representing 12% of the remuneration, retainer fees representing 5% of the remuneration and the remaining 25% includes pension contributions and other benefits.

Non-executive directors have not received remuneration in the form of share options or bonuses associated with the Company’s performance.

For the period under review, remuneration and benefits received and receivable by the Directors from the Company and its subsidiaries were:

	Rs
Directors of the Company	
- Executive	15,342,312
- Non-Executive	15,251,324
Total	**30,593,637**

Long term incentive plan

The Company is currently working on a long-term incentive plan, which is a Gamma Group initiative driven by the Executive Chairman.

PRINCIPLE 4- DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE (CONTINUED)

Board evaluation

The Board has adopted a Board Self & Peer Evaluation questionnaire, whereby the Directors would assess their individual performance, that of their respective peer and the Board. This exercise is carried out internally, by the Head of Gamma Corporate Services Ltd, in full confidentiality, whereby the Directors express themselves freely.

Given the overall good rating for both the Board Self and Peer exercise, the Board as decided by the holding company, does not carry out the assessment on a yearly basis and also taking into consideration that there is no change in directorship following the annual shareholders' meeting.

The focus of the Board is to ensure that at all times, it continues to be effective and efficient, that the Directors continue to contribute positively to Board's discussion and are fully committed to the Company, the employees and shareholders.

Information, information technology and information security governance

Information technology ("IT") is key to the Company and it forms part of the Company's asset. The Board is responsible for IT Governance and management of IT risks, through policies, procedures and processes which are regularly updated, monitored and safeguarded by having in place the appropriate tools and software.

It is the role of senior executives to manage information technology and ensure information security.

There is an IT Management Policy included in the Gamma Charter which provides the principles and recommended practices to achieve the future strategic goals identified and approved by the Board. The IT security policy in place covers the following:

- Guidelines IT team
- Guidelines server rooms
- Guidelines for users
- Antivirus management procedures
- Back up procedures
- Change management procedures
- Information handling procedures
- Business continuity plan
- User account management procedures

PRINCIPLE 5- RISK GOVERNANCE AND INTERNAL CONTROL

It may not be possible to anticipate all risks which the Company may face. But as the body responsible for risk governance and internal control, the Board has delegated the responsibility of ensuring that the Company has in place a risk management process to manage and mitigate key risks which could potentially impact the Company's business and operations to the Audit and Risk Committee. Furthermore, the governance of risks, nature and risks appetite remain the ultimate responsibility of the Board.

The Audit and Risk Committee in turns ensures that Management puts in place a comprehensive and robust system of risk management and a sound internal control system, and quarterly reports would be submitted to the Board.

The Company has also in place internal controls and procedures to mitigate risks related to the Company's operations.

Risk Framework

Kolos has a framework for identifying and managing risk within its defined tolerance levels, in relation to both its operations and strategy. This framework has been designed to provide the Audit & Risk Committee and the Board with a clear line of sight over risk and to enable informed decision making.

PRINCIPLE 5- RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Risk Framework (continued)

Kolos' external operating environment is subject to change. It must be able to respond to this change, take appropriate levels of risk to protect its market position and take advantage of opportunities. Failure to manage risk could have an adverse impact on the achievement of its strategic goals. To better understand its risk profile and align it with its objectives and decision-making processes, Kolos operates a framework that ensures it identifies risk, sets tolerance levels and consistently manages risk across its business. This line of sight gives management the information they need to make the right decisions for the business and provides The Audit & Risk Committee and the Board to have a clear view on how management mitigates the principal risks and whether the mitigations are effective.

Understanding these risks help drive informed decision making. It also helps senior management to understand the overall risk profile, current levels of control and the culture of the business. The first line of defence typically sits within the business operations, the second line of defence has oversight over the first line of defence (Technical Committee) and the third line of defence is the independent assurance provider (internal auditors).

The Company's internal audit function is currently outsourced to KPMG for the provision of independent and objective assurance on the effectiveness of risk management and consultancy services. KPMG employs a robust and disciplined methodology to test and assess governance and risk management processes including reliability of information, compliance with laws, regulations and procedures, as well as efficient and effective use of resources.

- Identify: Risks identified in market and entity & strategic risk review by senior management
- Measure: Set risk tolerance using a standard scoring and categorization
- Manage: Controls set to manage the risk within tolerance and ownership defined
- Monitor: Assess the effectiveness of the controls
- Report: Inform the ARC and Board on how effective risks are being managed. Risk management information used for strategic, CAPEX and resourcing decisions.

Internal Control

The effectiveness of the internal control systems is reviewed by the Audit and Risk Committee and provides the Board with reasonable assurance that assets are safeguarded, financial controls are reliable, and that applicable laws and regulations are complied with. Assurance is given by Management to the Audit and Risk Committee that the Company has an effective good internal control environment by signing off on same at each quarterly Audit & Risk Committee meetings.

All Directors are fully aware that it is the Board who remains responsible and accountable for the Company's system of internal controls and for reviewing its effectiveness.

To date, no material financial issues, which would have an impact on the results as reported in these financial statements, have been identified. The Board confirms that if significant weaknesses had been identified during this review, the Board would have taken the necessary steps to remedy them.

Solvency and Liquidity of the organization

The Company monitors its liquidity position on a regular basis and has enough financing facilities in place to cover any shortfall in its cash position. There are various key performance indicators which are monitored namely its cash ratio and its net working capital.

PRINCIPLE 5- RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Whistleblowing

The Company is committed to openness, accountability, transparency and highest standards of ethics. All employees and the Company's stakeholders are encouraged to report any incidents which they have reasonable grounds to believe may tantamount to an illegal act and cause harm and impact the reputation of the Group and Company.

PRINCIPLE 6- REPORTING WITH INTEGRITY

The Directors affirm their responsibilities in preparing the Annual Report and the financial statements of the Company and its subsidiaries which comply with International Financial Reporting Standards and the Companies Act 2001. The Board also considers that taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders and other stakeholders to assess its position and performance.

Financial and operational performance

The Company's financial and operational performance is detailed in the primary statements of the Annual Report.

The Directors affirm their responsibilities in ensuring that in the preparation of the Company's Financial Statements, Management has fairly presented the state of affairs of the Company and its performance and that it remains a going concern.

Environment, Health & Safety

The Company is committed to sustainability and protecting the environment for future generations and this is depicted in the manner in which the Company carries out its business and operations.

Despite the inherent risks of its operations and activities, the Company has put in place effective control and monitoring of the Health, Safety, Environment and Quality (HSEQ).

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

The Company carries out regular risk assessments to ensure that the production units are equipped in a manner to minimize damage to the environment and its neighbourhood. Regular training sessions, both in-house and outsourced, are also provided to ensure that health and safety cultures prevail within the Company and to inform employees of their importance in their workplace.

The Company plans and operates its day-to-day business activities in such a way so as to be in line with green, environmentally-friendly and energy-saving principles, paying special attention to the regular maintenance and optimal use of its fleet of vehicles to minimize carbon emissions.

Corporate Social Responsibility ("CSR")

Code of Ethics

The Company's Code of Conduct is based on the fundamental belief that business should be conducted in all honesty, fairness and legality. This commitment is endorsed by one and all at Kolos, sharing the commitment to high moral, ethical and legal standards. The Company's Code of Conduct is aligned to the Gamma Charter, which is applicable to all subsidiaries of Gamma Civic Ltd.

The Company firmly believes in the welfare of its employees and it strives to maintain a high standard of professionalism and regular training and refreshers are organised for the employees and stakeholders working with the Group and Company.

As a responsible citizen, the Company remains committed to CSR and has its own CSR program, namely BatirAgir.

PRINCIPLE 7- AUDIT

Internal Audit

The Board is conscious of the importance of having in place internal control which aims at providing reasonable assurance against material misstatements and loss, and this responsibility is fulfilled by the Audit and Risk Committee on behalf of the Board.

The Company maintains a system of financial control which is designed to ensure the proper keeping of accounting records and the reliability of the Company’s financial information. It also ensures compliance to internal system and procedures, statutory requirements, accounting and financial reporting standard.

The Board, under the recommendation of the Audit and Risk Committee has appointed KPMG to act as the Company’s internal auditor for further period. The internal auditor reports directly to the Audit and Risk Committee and a report is subsequently presented to the Board at the quarterly statutory Board meetings.

The Audit and Risk Committee monitors the independence and objectivity of the internal audit function and assesses its performance and relevant work experience.

The internal audit plan is prepared by the internal auditor following discussions with Management under the supervision of the Audit and Risk Committee, which is the body entitled to approve the final audit plan. The plan is prepared for the year with the scope for each quarter is also approved by the Board depending on the priorities of the business and operation so as to ensure a good overall internal control environment prevails within the Company at all times.

In the performance of its function, the internal auditor has free access to the Company’s records, employees and members of the Audit and Risk Committee.

The internal auditors provide reports on the areas audited and the completion status of corrective action plans.

External Auditors

Appointment of the Company’s external auditors remains a reserved right of the shareholders, though the appointment is made on the recommendation of the Board. Deloitte, the Company’s external auditor for the year under review, was appointed in June 2023 at the Annual General Meeting.

The Board has delegated to the Audit and Risk Committee the responsibility of reviewing the auditors’ letter of engagement before the start of the audit work. The Committee will also monitor the independence of the external auditor and ensure that the auditors are not hindered in any manner whatsoever in the performance of their function.

The external auditors have direct access to the Audit and Risk Committee members and attend the Committee meetings. Once a year, the external auditors also meet with the Board to report on the external audit exercise and present their report to the Board.

The Audit & Risk Committee regularly meets the auditors in the presence of management since it has no impact on the objectivity of the meeting. It has considered that if the need arises, they will meet the auditors without management. The Audit and Risk Committee reviews and approves the annual audit plan and ensures it is consistent with the scope of the audit engagement having regard to the seniority, expertise and experience of the audit team.

PRINCIPLE 8- RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

Communication with Key Stakeholders

The Board of Directors is committed to have an open and transparent communication with its shareholders, authorities, financial institutions, suppliers, investors and employees at all times. It normally communicates through its Annual report, announcements as provided under the Listing Rules, whenever applicable, through its statutory reporting and publications.

PRINCIPLE 8- RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)

Annual Meeting of Shareholders

The Company's Annual Meeting is for the shareholders to approve the audited financial statements including the Group and Company's annual report, appoint/ renew appointment of Directors and the Board and appoint/ renew the appointment of the external auditors.

In due course the appropriate convocation will be issued to all shareholders of the Company to invite them to attend the Annual Meeting in line with the provisions of the Companies Act 2001.

The Company also use its website www.koloscement.com to keep in touch with its shareholders and stakeholders, as all Communiqués, Dividend Declarations, Abridged of Financial Statements and Annual Reports are posted on the website to keep them informed and updated on the Company's activities and events. The annual meeting of shareholders will be held in June 2024.

The website also provides relevant information about the business vision and mission, including details on the operations of the Company showing the particulars of the different products available at Kolos.

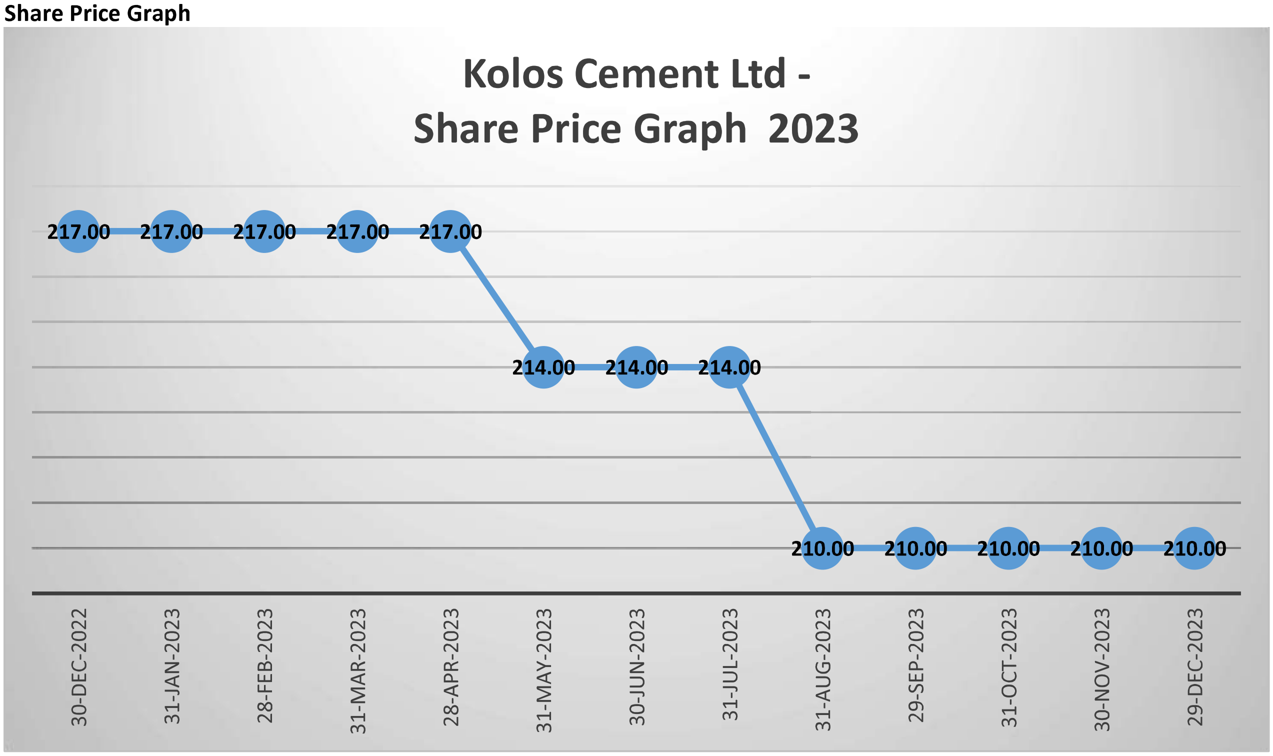
Shareholders' Agreement

The Company being a public listed Company on the DEM does not have a Shareholders' Agreement.

Shareholders holding more than 5% as at 31 December 2023

SHAREHOLDERS	NO OF SHARES	%
GAMMA CEMENT LTD	19,980,000	74.00%
WH INVESTMENTS PTE. LTD	6,750,000	25.00%

Share Price Graph



Shares in Public Hands

In line with the Listing Rules, the Company has the required shareholding in public hands.

PRINCIPLE 8- RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)

Share Registry

Gamma Corporate Services Ltd is the Company’s Share Registry and is responsible for maintaining the Company’s register of shareholders.

Dividend Policy

The Company’s Dividend Policy is that the Company shall distribute a minimum of 75% of its annual net profit after tax as dividend, except as otherwise resolved by the shareholders by way of Ordinary Resolution, subject to the Company meeting the Solvency Test.

As a general rule, it is expected that the Company will declare an interim dividend in or around August, and a final dividend in or around March following the year-end.

Before the Board decides to declare a dividend, a solvency test is carried out by the Management team to demonstrate the solvency and the liquidity of the Company after the declaration of the dividend. Once the Company passes the test, the Board signs a certificate of solvency and declares the dividend.

STATUTORY DISCLOSURES

(Pursuant to Section 221 of the Companies Act 2001 and Section 88 of the Securities Act 2005)

Principal Activities

Kolos is a major operator in the market for the importation, blending and distribution of cement and cementitious products in Mauritius and Madagascar.

Directors

The name of the Directors of the Company and its subsidiaries as at 31 December 2023 were as follows:

	Mr Chian Luck Ah Teck	Mr Chian Tat Ah Teck	Mr Jason Ah Teck	Mr Dominique Billon	Mr Javier de Benito	Mr Paul Halpin	Mr Twalha Dhunnoo	Mrs Sui Lien Chong Ah-Yan	Mrs Jacqueline Sitorus	Mr Vivekananda Challa
Kolos Cement Ltd	√	√	√	√	√	√	√	√	√	√
Cement Logistics Ltd		√		√						
Kolos Building Materials Ltd		√		√						
Kolos International Ltd	√	√	√	√	√	√	√	√	√	√

Directors' and Senior Officers' Interests in Shares

KOLOS CEMENT LTD STATEMENT OF DIRECT AND INDIRECT INTERESTS OF INSIDERS AS AT 31 DECEMBER 2023		
	No. of Shares	
Names of Directors	**Direct**	**Indirect**
Mr Chian Luck Ah Teck	-	3,475,062
Mr Chian Tat Ah Teck	-	3,475,062
Mr Jason Ah Teck	-	27,837
Mr Dominique Billon	-	-
Mr Javier de Benito	-	-
Mr Paul Halpin	-	-
Mr Twalha Dhunnoo	-	-
Mrs Sui Lien Chong Ah-Yan	-	877,193
Mrs Jacqueline Sitorus	-	-
Mr Vivekananda Challa	-	-

Directors' Remuneration and Benefits

The split of the aggregate remuneration and benefits received and receivable by the Directors from the Company is as follows: Tommy Ah Teck (12%), Patrice Ah Teck (12%), Jason Ah Teck (9.1%), Dominique Billon (32.6%), Javier De Benito (12.5%), Paul Halpin (6.3%), Marie Claire Chong Ah Yan (12%), Jacqueline Sitorus (1.5%) and Challa Vivekananda Reddy (2%).

STATUTORY DISCLOSURES

(Pursuant to Section 221 of the Companies Act 2001 and Section 88 of the Securities Act 2005)

Directors' service contracts

None of the Directors of the Company have service contracts with the Group and Company.

Contract of Significance

The Company has no contract of significance with any Director of the Company. The Company has a management agreement with Gamma Civic Limited, whereby Gamma Civic Limited offer specific services to the technical business operation of the Company.

Directors' Insurance

The directors of Kolos Cement Ltd are insured under the Gamma Civic Ltd master policy directors and officer's liability insurance.

Political and Charitable Donations

The Company remains committed to CSR and has its own CSR program, namely Batir Agir. For the year 2023, the Group and the Company have contributed Rs 1,303,432 and Rs 1,153,535 respectively, as donations, including Corporate Social Responsibility (CSR).

The Group and Company made no political donations during the year.

Auditors' remuneration

Deloitte are the principal auditors of the Group and Company.

The auditors' remuneration paid during the year 2023 by the Group and Company and its subsidiaries, was as follows:

	Group	Company
	2023	2023
	Rs	Rs
External audit fees – Principal auditors	2,438,880	1,470,000
External audit fees – Other firm	726,482	-
Internal audit fees – Other firm	1,082,034	1,082,034
Tax review fees – Other firm	255,788	82,500

Approved by the Board of Directors on 25 March 2024 and duly signed on its behalf by

Director

Director

Introduction

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

Name of Public Interest Entity ("PIE"): Kolos Cement Ltd

Reporting Period: 31 December 2023

We, the Directors of Kolos Cement Ltd confirm that to the best of our knowledge Kolos Cement Ltd has complied with all of its obligations and requirements under the Code of Corporate Governance.

Chairman of the Board of Directors

Director

Date: 25/03/2024

Secretary’s certificate under Section 166(d) of the Companies Act 2001

In accordance with section 166(d) of the Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the company under the Companies Act 2001 for the year ended 31 December 2023.

____

For and on behalf of
Company secretary

Date: 25/03/2024

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Independent auditor's report to the Shareholders of Kolos Cement Ltd

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of **Kolos Cement Ltd** (the "Company" or the "Public Interest Entity") and its subsidiaries (the "Group") set out on pages 25 to 73, which comprise the consolidated and separate statements of financial position as at 31 December 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2023, and of their consolidated and separate financial performance and consolidated and separate 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 Audit of the Consolidated and Separate financial statements* section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standard Board for *Accountants' International 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.

Key audit matters

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

Key audit matters	How our audit addressed the key audit matters
Impairment Assessment of interest in subsidiary	
At as 31 December 2023, the carrying values of the Company's interests in its subsidiary Kolos International, the underlying operations of which is in Madagascar, amounted to Rs 199.3M and was split as follows: • Rs 20.7m accounted as investment in subsidiaries (see note 11) and; • Rs 178.6m accounted as amount due by subsidiary (see note 13) Management regularly reviews whether there are any indicators of impairment in respect of the interest in subsidiary by reference to the requirements under IAS 36 "Impairment of Assets". Where impairment indicators exist, management estimate the recoverable amounts of the investments and amounts receivable. The recoverable amount is determined based on the discounted cash flow projections. Significant judgements are required to determine the key assumptions used in the discounted cash flow models, such as terminal revenue growth, projection on future income and discount rates. The assumptions and estimates can have a material impact on the carrying amount of investment in and amount due by the subsidiary reflected in the financial statements of the Company. Accordingly, we regard the impairment assessment as a key audit matter.	Our audit procedures included the following: • We tested the principle and integrity of the discounted cash flow model that support the value in use calculation in order to assess the appropriateness of the methodology applied; • We assessed the reasonableness of the assumptions used including projection on future income, terminal growth rate and discount rate by agreeing to supporting evidence and where applicable we have involved our internal valuation specialists; • We challenged the key judgements by management with reference to historical trends, our own expectations based on our industry knowledge and management's strategic plans given the economic situation of Madagascar; • Verified the mathematical accuracy of the workings; • We performed sensitivity analysis on the key assumptions adopted in the impairment assessments to understand the impact of reasonable changes in assumptions on the estimated recoverable amounts; and • We also assessed the appropriateness and completeness on the related disclosures in Notes 2, 11 and 13 of the financial statements.

Deloitte.

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Mauritius

Other matter

The financial statements for the year ended 31 December 2022 were audited by another auditor, who expressed an unmodified opinion thereon on 29 March 2023.

Other information

The directors are responsible for the other information. The other information comprises the Director's Report, the Corporate Governance Report, Statement of Compliance, Secretary's Report but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate 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.

Responsibilities of directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with 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 the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 Group and Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 Group and 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 Group and 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 consolidated and separate 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 Group and Company to cease to continue as a going concern.

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Auditor's responsibilities for the audit of the consolidated and separate financial statements (cont'd)

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate 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 and its subsidiaries 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 Group and Company as far as appears from our examination of those records.

Financial Reporting Act 2004

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.

Use of this report

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

Deloitte

Deloitte

Chartered Accountants

08 April 2024

Rajeev Tatiah, FCCA

Licensed by FRC

KOLOS CEMENT LTD
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	GROUP		COMPANY	
		2023	2022	**2023**	2022
		Rs	Rs	**Rs**	Rs
Assets					
Non-current assets					
Property, plant and equipment	10(a)	**801,417,013**	771,039,043	**753,170,103**	742,395,733
Intangible assets	10(b)	**10,748,534**	10,022,618	**9,198,149**	7,848,247
Investments in subsidiaries	11	**-**	-	**20,876,050**	17,407,300
Deferred tax assets	18	**32,294,383**	12,549,433	**-**	-
		844,459,930	793,611,094	**783,244,302**	767,651,280
Current assets					
Inventories	12	**375,799,538**	294,157,377	**366,723,960**	213,797,178
Trade and other receivables	13	**254,092,191**	188,767,900	**395,278,362**	200,955,949
Cash in hand and at bank	14	**53,490,510**	152,896,731	**50,769,876**	125,695,707
		683,382,239	635,822,008	**812,772,198**	540,448,834
Total assets		**1,527,842,169**	1,429,433,102	**1,596,016,500**	1,308,100,114
EQUITY AND LIABILITIES					
EQUITY					
Stated capital	15	**270,000,000**	270,000,000	**270,000,000**	270,000,000
Revaluation reserve	16	**151,417,776**	137,374,995	**144,569,629**	131,942,367
Translation reserve	16	**26,713,640**	8,420,118	**-**	-
(Accumulated losses)/Retained earnings		**(62,737,489)**	(11,149,256)	**126,366,112**	76,487,090
Non-controlling interest	11(b)	**-**	(13,129,371)	**-**	-
Total equity		**385,393,927**	391,516,486	**540,935,741**	478,429,457
LIABILITIES					
Non-current liabilities					
Employee benefit liabilities	17	**6,967,027**	4,329,497	**6,967,027**	4,329,497
Lease liabilities	20	**145,982,255**	136,098,306	**142,519,480**	134,209,072
Interest-bearing loans and borrowings	23	**38,600,307**	50,485,029	**38,600,307**	50,485,029
Deferred tax liabilities	18	**70,390,313**	66,178,172	**69,531,717**	65,531,083
		261,939,902	257,091,004	**257,618,531**	254,554,681
Current liabilities					
Bank overdraft	14	**404,581,214**	219,660,547	**359,413,191**	146,469,123
Trade and other payables	19	**255,997,964**	140,524,232	**224,413,161**	107,453,928
Forward contract	24	**1,062,919**	4,027,388	**1,062,919**	4,027,388
Lease liabilities	20	**21,025,023**	15,904,983	**15,954,629**	12,421,829
Interest-bearing loans and borrowings	23	**181,911,164**	395,020,357	**181,911,164**	301,150,357
Current tax liabilities	9(b)	**15,930,056**	5,688,105	**14,707,164**	3,593,351
		880,508,340	780,825,612	**797,462,228**	575,115,976
Total liabilities		**1,142,448,242**	1,037,916,616	**1,055,080,759**	829,670,657
Total equity and liabilities		**1,527,842,169**	1,429,433,102	**1,596,016,500**	1,308,100,114

Approved by the Board of directors on 25/03/2024 and signed

....
Director ***Director***

The notes on pages 30 to 73 form part of these consolidated and separate financial statements.

		GROUP		COMPANY	
		2023	2022	**2023**	2022
	Notes	**Rs**	Rs	**Rs**	Rs
Revenue	5	**2,535,668,328**	2,440,572,619	**2,245,032,836**	1,923,046,746
Cost of sales	6.1	**(2,163,834,463)**	(2,132,892,345)	**(1,853,284,657)**	(1,634,954,628)
Gross profit		**371,833,865**	307,680,274	**391,748,179**	288,092,118
Selling and distribution expenses	6.2	**(46,151,759)**	(61,332,549)	**(32,871,692)**	(37,705,495)
Administrative expenses	6.3	**(248,381,624)**	(206,574,656)	**(205,026,153)**	(174,689,776)
Impairment loss on receivables	13	**(641,484)**	(2,907,377)	**401,425**	(704,148)
Other (losses)/gains	8(b)	**(4,669,581)**	5,217,866	**(4,669,581)**	5,290,284
Other income	7	**3,840,934**	85,334,996	**3,423,373**	85,328,185
Operating profit		**75,830,351**	127,418,554	**153,005,551**	165,611,168
Finance income		**270,543**	761,209	**7,600,508**	761,209
Finance costs		**(63,883,014)**	(70,164,945)	**(45,423,564)**	(27,736,027)
Net finance costs	8(a)	**(63,612,471)**	(69,403,736)	**(37,823,056)**	(26,974,818)
Profit before tax		**12,217,880**	58,014,818	**115,182,495**	138,636,350
Income tax expense	9	**(6,584,014)**	(19,373,993)	**(25,086,978)**	(24,052,112)
Profit for the year		**5,633,866**	38,640,825	**90,095,517**	114,584,238
Other comprehensive income that may be reclassified to profit or loss in subsequent period					
Exchange differences on translating foreign operations		**16,684,616**	8,721,422	**-**	-
Other comprehensive income not to be reclassified to profit or loss in subsequent period					
Gain on revaluation of buildings	10(a)	**30,267,618**	23,217,641	**27,114,676**	20,367,641
Deferred tax effect on gain on revaluation of buildings	18	**(5,145,495)**	(3,946,999)	**(4,609,495)**	(3,462,499)
Remeasurement gain/(loss) on employee benefit liabilities	17	**(2,776,402)**	2,588,979	**(2,776,402)**	2,588,979
Deferred tax effect on remeasurement loss on employee benefit liabilities	18	**471,988**	(440,126)	**471,988**	(440,126)
Other comprehensive income for the year, net of tax		**39,502,325**	30,140,917	**20,200,767**	19,053,995
Total comprehensive income for the year		**45,136,191**	68,781,742	**110,296,284**	133,638,233
Profit attributable to:					
Owners of the Company		**15,575,273**	51,804,714	**90,095,517**	114,584,238
Non-Controlling Interests		**(9,941,407)**	(13,163,889)	**-**	-
		5,633,866	38,640,825	**90,095,517**	114,584,238
Total comprehensive income attributable to:					
Owners of the Company		**55,098,660**	79,903,113	**110,296,284**	133,638,233
Non-Controlling Interests		**(9,962,469)**	(11,121,371)	**-**	-
		45,136,191	68,781,742	**110,296,284**	133,638,233
Earning per share (basic and diluted)	25	**0.58**	1.92		

The notes on pages 30 to 73 form part of these consolidated and separate financial statements.

GROUP

	Notes	Stated capital	Revaluation reserve	Translation reserve	Retained earnings/ (Accumulated losses)	Owners' Interest	Non Controlling Interest	Total equity
		Rs	Rs	Rs	Rs	Rs	Rs	Rs
At 1 January 2022		270,000,000	125,741,615	1,741,214	46,599,915	444,082,744	(2,008,000)	442,074,744
Total comprehensive income for the year		-	-	-	-	-	-	-
Profit for the year		-	-	-	51,804,714	51,804,714	(13,163,889)	38,640,825
Gain on revaluation of building	10(a)	-	23,217,641	-	-	23,217,641	-	23,217,641
Deferred tax effect on gain on revaluation of building	18	-	(3,946,999)	-	-	(3,946,999)	-	(3,946,999)
Remeasurement loss on employee benefit liabilities	17	-	-	-	2,588,979	2,588,979	-	2,588,979
Deferred tax effect on remeasurement loss on employee benefit liabilities	18	-	-	-	(440,126)	(440,126)	-	(440,126)
Exchange differences on translating foreign operations		-	-	6,678,904	-	6,678,904	2,042,518	8,721,422
Other comprehensive income/(loss) for the year net of tax		-	19,270,642	6,678,904	2,148,853	28,098,399	2,042,518	30,140,917
Transfer of depreciation for building		-	(7,637,262)	-	7,637,262	-	-	-
Transaction with owners of the Company recognised directly in equity								
Dividends	15	-	-	-	(119,340,000)	(119,340,000)	-	(119,340,000)
Balance at 31 December 2022		270,000,000	137,374,995	8,420,118	(11,149,256)	404,645,857	(13,129,371)	391,516,486
At 1 January 2023		**270,000,000**	**137,374,995**	**8,420,118**	**(11,149,256)**	**404,645,857**	**(13,129,371)**	**391,516,486**
Total comprehensive income for the year								
Profit for the year		-	-	-	**15,575,273**	**15,575,273**	**(9,941,407)**	**5,633,866**
Gain on revaluation of building	10(a)	-	**30,267,618**	-	-	**30,267,618**	-	**30,267,618**
Deferred tax effect on gain on revaluation of building	18	-	**(5,145,495)**	-	-	**(5,145,495)**	-	**(5,145,495)**
Remeasurement loss on employee benefit liabilities	17	-	-	-	**471,988**	**471,988**	-	**471,988**
Deferred tax effect on remeasurement loss on employee benefit liabilities	18	-	-	-	**(2,776,402)**	**(2,776,402)**	-	**(2,776,402)**
Exchange differences on translating foreign operations		-	-	**16,705,678**	-	**16,705,678**	**(21,062)**	**16,684,616**
Other comprehensive income/(loss) for the year net of tax		-	**25,122,123**	**16,705,678**	**(2,304,414)**	**39,523,387**	**(21,062)**	**39,502,325**
Transfer of depreciation for building		-	**(11,079,342)**	-	**11,079,342**	-	-	-
Transaction with owners of the Company recognised directly in equity								
Acquisition of non-controlling interest		-	-	**1,587,844**	**(28,148,434)**	**(26,560,590)**	**23,091,840**	**(3,468,750)**
Dividends	15	-	-	-	**(47,790,000)**	**(47,790,000)**	-	**(47,790,000)**
Balance at 31 December 2023		**270,000,000**	**151,417,776**	**26,713,640**	**(62,737,489)**	**385,393,927**	-	**385,393,927**

The notes on pages 30 to 73 form part of these consolidated and separate financial statements.

KOLOS CEMENT LTD
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

COMPANY	Notes	Stated capital	Revaluation reserve	Retained earnings	Total
		Rs	Rs	Rs	Rs
At 1 January 2022		270,000,000	121,976,005	72,155,219	464,131,224
Total comprehensive income for the year					
Profit for the year		-	-	114,584,238	114,584,238
Gain on revaluation of building	10(a)	-	20,367,641	-	20,367,641
Deferred tax effect on gain on revaluation of building	18	-	(3,462,499)	-	(3,462,499)
Remeasurement loss on employee benefit liabilities	17	-	-	2,588,979	2,588,979
Deferred tax effect on remeasurement loss on employee benefit liabilities	18	-	-	(440,126)	(440,126)
Other comprehensive income/(loss) for the year net of tax		-	16,905,142	2,148,853	19,053,995
Transfer of depreciation for building		-	(6,938,780)	6,938,780	-
Transaction with owners of the Company recognised directly in equity					
Dividends	15	-	-	(119,340,000)	(119,340,000)
Balance at 31 December 2022		270,000,000	131,942,367	76,487,090	478,429,457
At 1 January 2023		**270,000,000**	**131,942,367**	**76,487,090**	**478,429,457**
Total comprehensive income for the year		-	-	-	-
Profit for the year		-	-	**90,095,517**	**90,095,517**
Gain on revaluation of building	10(a)	-	**27,114,676**	-	**27,114,676**
Deferred tax effect on gain on revaluation of building	18	-	**(4,609,495)**	-	**(4,609,495)**
Remeasurement loss on employee benefit liabilities	17	-	-	**471,988**	**471,988**
Deferred tax effect on remeasurement loss on employee benefit liabilities	18	-	-	**(2,776,402)**	**(2,776,402)**
Other comprehensive income/(loss) for the year net of tax		-	**22,505,181**	**(2,304,414)**	**20,200,767**
Transfer of depreciation for building		-	**(9,877,919)**	**9,877,919**	-
Transaction with owners of the Company recognised directly in equity					
Dividends	15	-	-	**(47,790,000)**	**(47,790,000)**
Balance at 31 December 2023		**270,000,000**	**144,569,629**	**126,366,112**	**540,935,741**

The notes on pages 30 to 73 form part of these consolidated and separate financial statements.

		GROUP		COMPANY	
		2023	2022	**2023**	2022
	Notes	**Rs**	Rs	**Rs**	Rs
Cash flows from operating activities					
Profit before tax		**12,217,880**	58,014,818	**115,182,495**	138,636,350
Adjustments for:					
Depreciation and amortisation	10	**88,766,444**	71,109,547	**74,153,875**	59,751,111
Net foreign exchange differences		**18,545,386**	8,599,630	**14,068,177**	8,751,252
Interest on loan and bank overdraft	8(a)	**51,664,401**	60,343,167	**34,541,725**	18,071,628
Finance income	8(a)	**(270,543)**	(761,209)	**(7,600,508)**	(761,209)
Interest charged on lease liabilities	8(a)	**12,218,613**	9,821,778	**10,881,839**	9,664,399
Expected credit loss	13	**641,484**	2,907,377	**(401,425)**	704,148
Provision for spare parts	12	**5,350,154**	(5,769,212)	**5,350,154**	(5,769,212)
Loss/(gain) on disposal		**-**	53,001	**-**	-
Movement in employee benefits liabilities	17	**(138,872)**	1,099,618	**(138,872)**	1,099,618
		188,994,947	205,418,515	**246,037,460**	230,148,085
Changes in:					
(Increase)/Decrease in inventories		**(86,992,296)**	74,665,866	**(158,276,935)**	55,809,595
Decrease/(Increase) in trade and other receivables		**(65,965,775)**	(41,351,428)	**(195,247,783)**	826,954
Decrease/(Increase) in trade and other payables		**144,393,298**	(75,413,677)	**128,934,229**	(138,873,352)
Increase in forward contract		**(2,964,469)**	6,665,398	**(2,964,469)**	6,665,398
		177,465,705	169,984,674	**18,482,502**	154,576,680
Interest paid	8(a)	**(63,883,014)**	(70,164,945)	**(45,423,564)**	(27,736,027)
Interest received	8(a)	**270,543**	761,209	**7,600,508**	761,209
Income tax paid	9	**(16,418,490)**	(25,039,663)	**(13,876,404)**	(22,306,045)
Net cash generated from/(used in) operating activities		**97,434,744**	75,541,275	**(33,216,958)**	105,295,817
Cash flows from investing activities					
Purchase of property, plant and equipment and intangibles assets	10(a)(b)	**(50,917,393)**	(42,849,579)	**(29,900,834)**	(36,758,955)
Net cash used in investing activities		**(50,917,393)**	(42,849,579)	**(29,900,834)**	(36,758,955)
Cash flows from financing activities					
Dividend paid	15	**(47,790,000)**	(119,340,000)	**(47,790,000)**	(119,340,000)
Further acquisition of shares in subsidiaries and associates		**(3,468,750)**	-	**(3,468,750)**	-
Lease payment	20	**(40,439,095)**	(29,038,117)	**(28,301,267)**	(20,313,669)
Loan received	26	**2,154,961,544**	624,182,967	**2,067,330,495**	330,000,000
Loan repayment	26	**(2,377,813,914)**	(668,357,249)	**(2,197,341,865)**	(331,120,595)
Net cash (used) in financing activities		**(314,550,215)**	(192,552,399)	**(209,571,387)**	(140,774,264)
Net movement in cash and cash equivalents		**(268,032,864)**	(159,860,703)	**(272,689,179)**	(72,237,402)
Net foreign exchange differences		**(16,294,024)**	8,462,729	**(15,180,720)**	2,685,312
Cash and cash equivalents at 1 January		**(66,763,816)**	84,634,158	**(20,773,416)**	48,778,674
Cash and cash equivalents at 31 December	14	**(351,090,704)**	(66,763,816)	**(308,643,315)**	(20,773,416)

The only non cash item excluded from the statement of cash flows relates to additions under right-of-use assets.

1. REPORTING ENTITY

Kolos Cement Ltd (the "Company") is a public company, as from 14 December 2017, and was a private Company with limited liability incorporated on 22 October 1996 and domiciled in Mauritius. The address of the registered office is Mer Rouge, Port Louis. The principal activities of the Group and the Company are the unloading, storing, bagging, trading and distribution of cement and cementitious products. The financial statements include the consolidated financial statements of the Company and its subsidiary companies (Collectively known as "The Group").

2. BASIS OF PREPARATION

(a) Basis of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and in compliance with the requirements of the Companies Act 2001 and the Financial Reporting Act 2004.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for buildings and financial assets that are measured at fair value.

(c) Functional and presentation currency

The financial statements are presented in Mauritian rupees (Rs) which is the Group's and the Company's functional currency. All amounts have been rounded to the nearest Rs, unless otherwise indicated.

(d) Use of estimates and judgements

The preparation of the Group's and the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's and the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

Going concern

The Board of directors has made an assessment of the Group's and the Company's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, Board of directors is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

At 31 December 2023, the Group had net current liability position of Rs 221.7 m and the Company had net current asset position of Rs 15.3 m (2022: Rs 145m net current liability position and Rs 34.7m net current liability position respectively). The directors consider there is no going concern issue given that the Group and Company has sufficient resources to meet their short-term obligations. Therefore, the financial statements continue to be prepared on the going concern basis.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, 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. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (Continued)

Determination of quantity of cement

The Company has a unique cement storing facilities which are sheds. Unlike vertical silos where there are level detectors where quantity can be reliably measured, sheds do not have such facilities. The Company instead uses a volumetric measurement to estimate the quantity of cement in its sheds. This involves an element of judgement namely making use of the 'rooftop squares/tiles' x 'height' x density factor. Even if this methodology has proven to be reliable, there is a margin of error which is considered as tolerable.

Revaluation of buildings

The Group measures buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group's buildings have been valued based on the valuation carried out by an independent Valuer, not related to the Group, based on depreciated replacement cost approach. Further details in respect of the freehold land and buildings are contained in note 10.

Expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECL on trade receivables. The provision rates are based on days past due and is initially based on the Group's historical observed default rates. Management also considers factors such as customers' financial strength and collateral requirement in certain circumstances. Refer to Note 13.

Employee benefits obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net present value include the discount rate. Any changes in these assumptions will impact the carrying amount of post-employment benefits.

The actuary determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post-employment benefits. In determining the appropriate discount rate, the actuary considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating the terms of the related post-employment benefits.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 17.

Leases - Estimating the incremental borrowing rate and lease terms

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (Continued)

Leases - Estimating the incremental borrowing rate and lease terms (Continued)

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group included the renewal period as part of the lease term for leases of land and building due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e. three to five years) and there will be a significant negative effect on operations if a replacement asset is not readily available. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Impairment of interest in subsidiaires.

In preparing these financial statements, the directors have made estimates of the recoverable amount of the interest in subsidiary. Determining whether there is impairment in value of the subsidiary requires an estimation of the recoverable amount of the subsidiary. The recoverable amount calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit. Refer to note 11.

(e) Changes in accounting policies and disclosures

Amendments	Effective for accounting period beginning on or after
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023

The above standards and interpretations have no impact on the financial statements for the year.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Group and the Company have consistently applied the following accounting policies to all periods presented in these financial statements except for those explained in note 2(e).

(a) Foreign currency transactions

Transactions denominated in foreign currencies are translated into the respective functional currency of the Group and the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Revenue recognition

Revenue represents sale of products, classified as bulk and bag, net of trade discounts, value added tax, returns and allowances. The performance is recognised at a point in time and the transaction price has already been set. As per condition of sales no alterations and cancellation of orders can be made once goods and services have been delivered. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due.

Revenue from contract with customers

The mainstream of revenue is the sale of cement.

Performance obligations and timing of revenue recognition

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

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

(c) Finance income and costs

Finance income comprises interest income. Interest income is recognised as it accrues, using the effective interest method.

Finance expense comprises interest expense. Interest expense is recognised as it accrues, using the effective interest method.

(d) Other income

Other income includes transactions such as sales of pallets/plastics for recycling purposes and transport services. Other income is recognised in the statement of profit and loss at a point in time and transaction price is already fixed.

(e) Taxation

(i) Current tax

Current tax income assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws, used to compute the amount, are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investment in subsidiary companies where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(e) Taxation (Continued)

(ii) Deferred tax (Continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiary companies, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities will be netted off only if the following criteria are met:

- the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

i) the same taxable entity; or
ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

iii) Value Added Tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of accounts receivables or payables in the statement of financial position.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(e) Taxation (Continued)

iv) Corporate Social Responsibility (CSR)

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax recognised in the profit or loss and the income tax liability on the statement of financial position.

The CSR charge for the current year is measured at the amount expected to be paid to the Mauritian tax authorities. The CSR rate and laws used to compute the amount are those charged or substantively enacted by the reporting date.

(f) Investments in subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries in the separate financial statements of the Company are carried at cost, net of any impairment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(g) Basis of consolidation

The consolidated financial statements include the results of the Company and its subsidiaries which are controlled by the Group. Control is achieved by the Group when:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated Statements of Profit or Loss and Other Comprehensive Income from the date of their control is acquired or up to the date when control is lost. Specifically, income and expenses of a subsidiary acquired or Group loses control of the subsidiary disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(g) Basis of consolidation (Continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

On acquisition of non-controlling interest in Kolos Madagascar, no goodwill has arisen as the transaction has been carried at carrying amount.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, Non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(h) Property, plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. All other repair and maintenance costs are recognised in profit or loss as incurred.

Following initial recognition at cost, buildings are revalued every year. Accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the revalued asset. Valuation are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value

A revaluation surplus is recorded in OCI and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset’s original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on the straight-line basis per annual depreciation rates as follows:

Buildings	Between 2.86% to 10%
Plant and machinery	Between 2.86% to 33 1/3%
Furniture and fittings	20%
Motor vehicles	Between 10% to 20%
Computer equipment	33 1/3%

No depreciation is provided on assets under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively if appropriate.

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date or when events or changes in circumstances indicate that the carrying value may not be recoverable.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Inventories

Inventories are valued at the lower of cost and net realisable value. In general, cost is determined on a weighted average basis. The cost of inventories comprises all costs of purchase, costs of conversion and other costs, including a proportion of relevant overheads, incurred in bringing them to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Where necessary a write off is made for obsolete bags and spare parts and recognised in cost of sales.

(j) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method over the lease term. In addition, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

Depreciation is calculated on the straight-line basis per annual depreciation rates as follows:

Land and Buildings	between 2.5% to 16%
Plant and machinery	33 1/3%
Motor vehicles	between 28% to 32%

Lease Liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

– fixed payments, including in-substance fixed payments;
– Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– Amounts expected to be payable under a residual value guarantee; and
– the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at the present value of the lease payments to be made over the lease term. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Leases (Continued)

(i) Right-of-use assets (Continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(ii) Short term leases and leases of low asset value

The Group applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on leases of low-value assets are recognised as expense on a straight-line basis over the lease term. There are no short-term leases.

(k) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. The Group has only intangible assets with finite useful lives.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Computer Software

Computer software that is not considered to form an integral part of any hardware equipment is recorded as intangible assets. The software is capitalised at cost and amortised over its estimated useful life. The principal annual rate used for the purpose is 10%.

(l) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost or at fair value through profit or loss, as applicable.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(l) Financial instruments (Continued)

(i) Financial assets (continued)

Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial asset is classified as - Financial assets at amortised cost (debt instruments) or financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables (excluding prepayment) and cash at bank.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments such as foreign exchange forward contracts.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(I) Financial instruments (Continued)

Derecognition (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. The Group makes use of the roll rate methodology. It predicts the probability of default based on delinquency and calculates the percentage of debtors' balance in each bucket that deteriorate to the next bucket in the following month.

Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. When the trade receivables are referred to attorneys, there is no reasonable expectation of recovery of debtors, the debtors are fully provided for. The information about the ECLs on the Group 's trade receivables is disclosed in Note 13.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or at financial liabilities through profit or loss, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's and the Company's financial liabilities include trade and other payables, forward contract and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(l) Financial instruments (Continued)

(ii) Financial liabilities (continued)

Subsequent measurement (continued)

(b) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(m) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

(n) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(n) Impairment of non-financial assets (Continued)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount of the cash generating unit. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(o) Employee benefits

The Group currently maintains a defined contribution plan and defined benefit plan for its employees.

Defined Contribution plans

The Group maintains a defined contribution plan for its employees. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due.

Gratuity on retirement

The Group is required under the Workers' Rights Act 2019 ("WRA) to make a statutory gratuity payment to employees retiring after continuous employment with the Group for a period of 12 months or more. The employee needs to have reached retirement age as prescribed by the WRA to be eligible for the gratuity payment.

The Group calculates its net obligations in respect of defined benefit pension plans arising from the WRA for employees by estimating the amount of future benefit that its employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine the present value. The discount rate is the yield at the end of the reporting period. The net present value of gratuity on retirement payable under the WRA is calculated by a qualified actuary (Mauritius Union Assurance) using the projected unit credit method on a yearly basis.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in statement of other comprehensive income. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Any actuarial gain and loss that arises is recognised immediately in the statement of other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation in profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

The Group is eligible to deduct employer's share of contributions from the above defined contribution plans maintained by the Group to the extent as prescribed by the WRA, which may or may not leave a residual liability to be provided for in the financial statements. The obligations arising under this item are not funded.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(o) Employee benefits (Continued)

Gratuity on retirement (Continued)

In accordance with the WRA, the amounts deductible are:

- half the lump sum payable from the defined contribution scheme, based on employer's contribution;
- five times the amount of any annual pension payable at the retirement age due from the defined contribution, based on employer's contribution;
- any other gratuity granted at the retirement age; and
- ten times the amount of any other annual pension granted at the retirement age.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Contributions to the National Pension Scheme are expensed to profit or loss in the period in which they fall due.

(p) Dividends

The Company recognises a liability to make distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the Board of Directors. A corresponding amount is recognised directly in equity.

(q) Provisions

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

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

(r) Cash and Cash Equivalents

For the statement of cash flows, cash & cash equivalents comprise of cash at bank and on hand net of bank overdrafts. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(s) Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as buildings at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
  Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(s) Fair value measurement (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Management determines the policies and procedures for fair value measurement. External valuers are involved for valuation of significant assets, such as property plant and equipment. Involvement of external valuers is determined annually by management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

(t) New and revised Standards and Interpretations issued but not yet effective

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

	Effective for accounting period beginning on or after
<u>New or revised standards</u>	
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2024
IFRS S2 Climate-related Disclosures	1 January 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(t) New and revised Standards and Interpretations issued but not yet effective (continued)

	Effective for accounting period beginning on or after
Amendments	
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	1 January 2024
Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1)	Immediately available
Non-current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024
Lack of Exchangeability (Amendments to IAS 21)	1 January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024

The above amendment/standards are not expected to have an impact on the Group's financial statements.

4. SEGMENT REPORTING

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments identified previously under IAS 14, Segmental Reporting.

Information reported to the chief operating decision maker focuses on the types of goods and services delivered or provided. The management of the Group have chosen to organise the Group around differences in products.

The Group's trade in only one product namely cement and trades in Mauritius and Madagascar. Sales made to external parties amount to Rs 2.073m (2022: Rs 2.27m).

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
Revenue (Note 5)	**2,535,668,328**	2,440,572,619	**2,245,032,836**	1,923,046,746
Cost of sales	**(2,163,834,463)**	(2,132,892,345)	**(1,853,284,657)**	(1,634,954,628)
Gross profit	**371,833,865**	307,680,274	**391,748,179**	288,092,118
Interest expense	**(63,883,014)**	(70,164,945)	**(45,423,564)**	(27,736,027)
Depreciation and amortisation	**(88,766,444)**	(71,109,547)	**(74,153,874)**	(59,751,110)
Total assets	**1,527,842,169**	1,429,433,102	**1,596,016,500**	1,308,100,114
Total liabilities	**1,142,448,242**	1,037,916,616	**1,055,080,759**	829,670,657
Total equity	**385,393,927**	391,516,486	**540,935,741**	478,429,457
Total equity and liabilities	**1,527,842,169**	1,429,433,102	**1,596,016,500**	1,308,100,114

The Group and Company trades within the group and with external customers.

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
Sales :				
Internal	**264,906,176**	366,742,299	**264,906,176**	574,101,290
External	**2,270,762,152**	2,073,830,320	**1,980,126,660**	1,348,945,456
	2,535,668,328	2,440,572,619	**2,245,032,836**	1,923,046,746

The Group's operations are located in the countries described below.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	2023	2022
	Rs.	Rs.
Sales :		
Mauritius	**2,245,032,836**	1,949,948,697
Madagascar	**290,635,492**	490,623,922
	2,535,668,328	2,440,572,619

	2023	2022
	Rs.	Rs.
Non-current assets:		
Mauritius	**779,918,637**	768,018,351
Madagascar	**64,541,293**	25,592,743
	844,459,930	793,611,094

5. REVENUE

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
Sale of cement in bulk	**1,102,828,515**	685,223,739	**1,102,828,515**	685,223,739
Sale of cement in bags	**1,432,839,813**	1,755,348,880	**1,142,204,321**	1,237,823,007
	2,535,668,328	2,440,572,619	**2,245,032,836**	1,923,046,746

6. EXPENSES

6.1 Cost of sales

Cost of sales include the following:

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
Wages, Salaries and bonuses * (Note 6.4)	**40,213,186**	36,716,406	**34,506,270**	31,192,340
Fuel & oil	**28,859,914**	34,493,200	**28,859,914**	34,258,686
Spare parts	**27,777,445**	19,246,796	**27,777,445**	19,246,796
Inventories consumed (Note 12)	**1,769,102,001**	1,759,660,220	**1,584,463,149**	1,425,784,360
Depreciation and amortisation (Note 10(a) & (b))	**80,056,228**	60,795,208	**70,248,373**	56,737,550

6.2 Selling and distribution expenses

Selling and distribution expenses include the following:

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
Wages, salaries and bonuses * (Note 6.4)	**22,352,942**	18,786,014	**18,028,191**	14,868,341
Depreciation and amortisation (Note 10(a) & (b))	**2,777,938**	5,609,028	**-**	-

6.3 Administrative expenses

Administrative expenses include the following:

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
Wages, salaries and bonuses* (Note 6.4)	**60,549,525**	55,411,721	**52,623,272**	49,017,258
Pension and security costs	**2,507,495**	2,577,371	**2,507,495**	2,334,787
Management fees	**110,870,768**	96,152,338	**110,870,768**	96,152,338
Depreciation and amortisation (Note 10(a) & (b))	**5,932,278**	4,793,797	**3,905,501**	3,056,347

6.4 Analysis of salaries, wages and allowances

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
Wages, salaries and bonuses – (Note 6.1,6.2,6.3)	**123,115,653**	110,914,141	**105,157,733**	95,077,939
Retirement benefit obligations	**(107,765)**	4,953,234	**(107,765)**	1,169,552
Social security	**4,043,679**	5,092,324	**4,043,679**	3,529,634
Defined contribution plan	**5,395,157**	1,169,552	**5,395,157**	4,953,234
	132,446,724	122,129,251	**114,488,804**	104,730,359

* Wages, salaries and bonuses are allocated to either cost of sales, selling and distribution expenses or administrative expenses on the basis of the nature of work being performed by the employees.

7. OTHER INCOME

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
Unloading Income	**-**	82,122,358	**-**	82,122,358
Sundry income	**3,840,934**	3,212,638	**3,423,373**	3,205,827
	3,840,934	85,334,996	**3,423,373**	85,328,185

Unloading income mainly in 2022 relates to revenue received from unloading of five Cementis Vessels.

8(a). NET FINANCE COSTS

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
Interest income*	**270,543**	761,209	**7,600,508**	761,209
Finance income	**270,543**	761,209	**7,600,508**	761,209
Interest on bank overdraft*	**(32,380,591)**	(13,210,063)	**(20,363,329)**	(3,743,298)
Interest on loans*	**(19,283,810)**	(47,133,104)	**(14,178,396)**	(14,328,330)
Interest on lease liabilities	**(12,218,613)**	(9,821,778)	**(10,881,839)**	(9,664,399)
Finance costs	**(63,883,014)**	(70,164,945)	**(45,423,564)**	(27,736,027)
Net finance costs	**(63,612,471)**	(69,403,736)	**(37,823,056)**	(26,974,818)

***Those interest income and cost are based on effective interest rate.**

8(b). OTHER GAINS

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
Foreign exchange (losses)/gains	**(4,669,581)**	5,217,866	**(4,669,581)**	5,290,284

Included in the foreign exchange gains is the fair value movement on the forward contracts.

9. INCOME TAX EXPENSE

The Group and the Company are liable to income tax at the rate of 15% (2022: 15 %).

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
(a) *In the statement of profit or loss:*				
Corporate social responsibility	**3,242,293**	2,297,823	**2,967,512**	1,991,669
Income tax on the adjusted profit for the year	**23,482,967**	22,184,321	**22,022,705**	17,359,558
Under provision of income tax in previous years	**604,803**	-	**233,634**	-
Deferred tax (credit)/charge (Note 18)	**(20,746,049)**	(5,108,151)	**(136,873)**	4,700,885
	6,584,014	19,373,993	**25,086,978**	24,052,112
Reconciliation of effective tax rate				
Profit before tax	**12,217,880**	58,014,818	**115,182,495**	138,636,350
Income tax at 15%	**1,832,682**	8,702,223	**17,277,374**	20,795,453
Corporate social responsibility	**2,303,650**	2,772,727	**2,303,650**	2,772,727
Non-deductible expenses	**10,377,021**	483,932	**5,272,320**	483,932
Utilisation of tax losses	**(1,613,309)**	-	**-**	-
Deferred tax not recognised	**-**	12,549,433	**-**	-
Foreign tax credit	**(1,099,047)**	-	**-**	-
Effect of different tax rates	**(5,821,786)**	(5,134,322)	**233,634**	-
Underprovision of income tax	**604,803**	-	**-**	**-**
	6,584,014	19,373,993	**25,086,978**	24,052,112

Non deductible expenses arises on any provisions made and on any expenditures such as gifts, meals that are not allowable for tax purposes.

9. INCOME TAX EXPENSE (CONTINUED)

(b) Income tax liability

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
At 01 January	**5,688,105**	6,282,864	**3,593,351**	6,548,169
Charge for the year	**26,725,260**	24,482,144	**24,990,217**	19,351,227
Paid during the year	**(16,418,490)**	(25,039,663)	**(13,876,404)**	(22,306,045)
Foreign exchange difference	**(64,819)**	(37,240)	**-**	-
At 31 December	**15,930,056**	5,688,105	**14,707,164**	3,593,351

Effective tax rate applicable	**Rate**
Kolos Cement ltd	22%
Kolos Building Material	14%
Kolos International Ltd	1%
Kolos Madagascar Ltd	20%

10(a). PROPERTY, PLANT AND EQUIPMENT

GROUP	Work in progress	Buildings	Plant and machinery	Motor vehicles	Furniture and fittings	Rights of use assets	Computer equipment	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
COST AND VALUATION								
At 01 January 2022	25,848,787	365,200,000	582,602,382	5,343,516	4,627,196	174,768,890	3,040,997	1,161,431,768
Additions	25,208,234	1,496,050	15,220,740	-	203,115	30,687,090	721,440	73,536,669
Transfer	(21,836,327)	2,356,013	18,519,064	-	(313,285)	-	313,285	(961,250)
Revaluation	-	647,937	-	-	-	-	-	647,937
Scrap assets	-	-	(26,180,122)	(1,233,516)	(4,093,723)	-	(1,314,900)	(32,822,261)
Disposals	-	-	(88,861)	-	-	(1,674,083)	-	(1,762,944)
Exchange difference	(447,180)	-	(322,406)	-	(39,159)	(1,165,441)	(95,721)	(2,069,907)
At 31 December 2022	28,773,514	369,700,000	589,750,797	4,110,000	384,144	202,616,456	2,665,101	1,198,000,012
At 01 January 2023	**28,773,514**	**369,700,000**	**589,750,797**	**4,110,000**	**384,144**	**202,616,456**	**2,665,101**	**1,198,000,012**
Additions	**50,435,489**	**-**	**190,197**	**-**	**102,975**	**54,819,811**	**188,732**	**105,737,204**
Transfer	**(41,300,880)**	**2,868,942**	**32,672,950**	**-**	**1,094,017**	**-**	**1,139,870**	**(3,525,101)**
Revaluation	**-**	**3,831,058**	**-**	**-**	**-**	**-**	**-**	**3,831,058**
Disposals	**-**	**-**	**-**	**-**	**-**	**(24,201,670)**	**-**	**(24,201,670)**
Exchange difference	**(4,165,401)**	**-**	**126,576**	**-**	**72,864**	**392,552**	**(14,026)**	**(3,587,435)**
At 31 December 2023	**33,742,722**	**376,400,000**	**622,740,520**	**4,110,000**	**1,654,000**	**233,627,149**	**3,979,677**	**1,276,254,068**
ACCUMULATED DEPRECIATION								
At 01 January 2022	-	-	361,371,703	5,124,811	4,143,390	41,877,969	2,370,504	414,888,377
Charge for the year	-	22,569,704	24,911,709	75,000	53,175	20,872,639	359,057	68,841,284
Revaluation	-	(22,569,704)	-	-	-	-	-	(22,569,704)
Scrap assets	-	-	(26,180,122)	(1,233,516)	(4,093,723)	-	(1,314,900.00)	(32,822,261)
Disposals	-	-	(35,860)	-	-	(642,646)	-	(678,506)
Transfer	-	-	-	-	(34,271)	-	34,271	-
Exchange difference	-	-	(70,668)	-	(6,235)	(607,138)	(14,180)	(698,221)
At 31 December 2022	-	-	359,996,762	3,966,295	62,336	61,500,824	1,434,752	426,960,969
At 01 January 2023	**-**	**-**	**359,996,762**	**3,966,295**	**62,336**	**61,500,824**	**1,434,752**	**426,960,969**
Charge for the year	**-**	**26,436,559**	**28,039,154**	**75,000**	**65,132**	**30,666,461**	**696,434**	**85,978,740**
Revaluation	**-**	**(26,436,559)**	**-**	**-**	**-**	**-**	**-**	**(26,436,559)**
Disposals	**-**	**-**	**-**	**-**	**-**	**(11,320,206)**	**-**	**(11,320,206)**
Exchange difference	**-**	**-**	**-**	**-**	**-**	**(345,889)**	**-**	**(345,889)**
At 31 December 2023	**-**	**-**	**388,035,916**	**4,041,295**	**127,468**	**80,501,190**	**2,131,186**	**474,837,055**
NET BOOK VALUE								
At 31 December 2023	**33,742,722**	**376,400,000**	**234,704,604**	**68,705**	**1,526,532**	**153,125,959**	**1,848,491**	**801,417,013**
At 31 December 2022	28,773,514	369,700,000	229,754,035	143,705	321,808	141,115,632	1,230,349	771,039,043

10(a). PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	Work in progress	Buildings	Plant and machinery	Motor vehicles	Furniture and fittings	Rights of use assets	Computer equipment	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost and valuation								
At 01 January 2022	24,573,510	350,200,000	580,724,704	5,343,516	4,093,723	139,534,650	3,040,997	1,107,511,100
Additions	20,374,339	1,496,050	14,888,564	-	-	37,382,512	-	74,141,465
Transfer	(20,561,050)	2,356,013	17,243,787	-	-	-	-	(961,250)
Revaluation	-	47,937	-	-	-	-	-	47,937
Scrap assets	-	-	(26,180,122)	(1,233,516)	(4,093,723)	-	(1,314,900)	(32,822,261)
Disposals	-	-	-	-	-	-	-	-
At 31 December 2022	24,386,799	354,100,000	586,676,933	4,110,000	-	176,917,162	1,726,097	1,147,916,991
At 01 January 2023	**24,386,799**	**354,100,000**	**586,676,933**	**4,110,000**	**-**	**176,917,162**	**1,726,097**	**1,147,916,991**
Additions	**29,900,834**		**-**	**-**	**-**	**30,430,976**		**60,331,810**
Transfer	**(20,544,911)**	**2,868,942**	**13,010,998**	**-**	**-**	**-**	**1,139,870**	**(3,525,101)**
Revaluation	**-**	**3,431,058**	**-**	**-**	**-**	**-**	**-**	**3,431,058**
Disposals	-	-	-		**-**	**(6,099,127)**	**-**	**(6,099,127)**
At 31 December 2023	**33,742,722**	**360,400,000**	**599,687,931**	**4,110,000**	**-**	**201,249,011**	**2,865,967**	**1,202,055,631**
Accumulated Depreciation								
At 01 January 2022	-	-	361,202,186	5,124,811	4,093,723	27,845,328	2,370,504	400,636,552
Charge for the year	-	20,319,704	24,239,686	75,000	-	13,162,398	229,883	58,026,671
Revaluation	-	(20,319,704)	-	-	-	-	-	(20,319,704)
Scrap assets	-	-	(26,180,122)	(1,233,516)	(4,093,723)	-	(1,314,900)	(32,822,261)
Disposals	-	-	-	-	-	-	-	-
At 31 December 2022	-	-	359,261,750	3,966,295	-	41,007,726	1,285,487	405,521,258
At 01 January 2023	**-**	**-**	**359,261,750**	**3,966,295**	**-**	**41,007,726**	**1,285,487**	**405,521,258**
Charge for the year	**-**	**23,683,618**	**27,396,001**	**75,000**	**-**	**20,342,450**	**481,606**	**71,978,675**
Revaluation	**-**	**(23,683,618)**	**-**	**-**	**-**	**-**	**-**	**(23,683,618)**
Disposals	-	-	-	-	**-**	**(4,930,787)**	**-**	**(4,930,787)**
At 31 December 2023	**-**	**-**	**386,657,751**	**4,041,295**	**-**	**56,419,389**	**1,767,093**	**448,885,528**
NET BOOK VALUE								
At 31 December 2023	**33,742,722**	**360,400,000**	**213,030,180**	**68,705**	**-**	**144,829,622**	**1,098,874**	**753,170,103**
At 31 December 2022	24,386,799	354,100,000	227,415,183	143,705	-	135,909,436	440,610	742,395,733

At reporting date, the directors concluded that there was no objective evidence of impairment. Work in progress assets relate to assets under contruction mainly with respect to plant and equipment.The assets have been pledged for borrowing purposes. Refer to note 23 for more details.

Refer to note 10 for details on Rights of use assets.

10(a). PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Buildings of the Group and the Company were revalued as at 31 December 2023 by Elevante Investments Limited, an independent valuer, not related to the Group and the Company. Elevante Investments Limited is a member of the Royal Institute of Chartered Surveyors, and they have appropriate qualifications and recent experience in the valuation of freehold land and buildings in the relevant locations. The basis of valuation in estimating the market values have been effected in accordance with the principles set out by the International Valuation Standards Committee as per the International Valuation Application 1 (IVA 1) which deals with valuation for financial reporting and which is to be used in the context of International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB).

Management determined that buildings constitute a separate class of property, plant and equipment based on the nature, characteristics and risks of the property. Management has determined that highest and best use of the building is its current state.

The fair value of buildings was determined using the depreciated replacement cost approach, which reflects the value by computing the current cost of replacing a property and subtracting any depreciation resulting from one or more of the following factors: physical deterioration, functional obsolescence and external (economic) obsolescence. The significant inputs include the estimated construction costs and other ancillary expenditure and depreciation factor applied to the estimated construction cost. A slight increase in the depreciation factor would result in a significant decrease in the fair value of the buildings and vice versa. There has been no change in valuation methods.

Fair value hierarchy

Details of the Group's and the Company's carrying amount of the buildings and information about the fair value hierarchy classified under level 3 as at 31 December:

Reconciliation of carrying amount

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
Carrying amount as at 1 January	**369,700,000**	365,200,000	**354,100,000**	350,200,000
Additions for the year	**2,868,942**	3,852,063	**2,868,942**	2,356,013
Depreciation for the year	**(26,436,560)**	(22,569,704)	**(23,683,618)**	(20,319,704)
	346,132,382	346,482,359	**333,285,324**	332,236,309
Revaluation gain recognised in other comprehensive incom	**30,267,618**	23,217,641	**27,114,676**	21,863,691
Carrying amount and fair value as at 31 December	**376,400,000**	369,700,000	**360,400,000**	354,100,000

There were no transfers between the levels during the year.

The buildings categorised into Level 3 of the fair value hierarchy, the following information is relevant:

	Valuation Techniques	Significant unobservable inputs	Sensitivity +5% / -5%	Sensitivity +5% / -5%
			2023	2022
GROUP				
Buildings	Depreciated replacement cost	Depreciation	(18,000,000) / 18,800,000	(18,500,000) / 17,700,000
COMPANY				
Buildings	Depreciated replacement cost	Depreciation	(17,200,000) / 18,000,000	(17,700,000) / 16,900,000

Had the buildings owned by the Group and Company been measured on a historical basis, their carrying value would have been as follows:

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs	Rs	**Rs.**	Rs.
Cost	**391,404,435**	388,535,493	**375,889,258**	373,020,316
Less accumulated depreciation	**(205,063,778)**	(189,213,280)	**(196,789,017)**	(182,984,514)
Net book value at 31 December	**186,340,657**	199,322,213	**179,100,241**	190,035,802

10(b). INTANGIBLE ASSETS

GROUP AND COMPANY	GROUP	COMPANY
Cost	Rs.	Rs.
At 1 January 2022	19,877,875	17,861,468
Additions	821,761	-
Transfer from property, plant and equipment (Note 10(a))	961,250	961,250
Exchange difference	55,129	-
Scrap assets	(1,019,855)	(1,019,855)
At 31 December 2022	20,696,160	17,802,863
At 1 January 2023	**20,696,160**	**17,802,863**
Transfer from property, plant and equipment (Note 10(a))	3,525,101	3,525,101
Exchange difference	**(31,716)**	**-**
At 31 December 2023	**24,189,545**	**21,327,964**
Amortisation		
At 1 January 2022	9,418,066	9,250,032
Charge for the year	2,268,263	1,724,439
Exchange difference	7,068	-
Scrap assets	(1,019,855)	(1,019,855)
At 31 December 2022	10,673,542	9,954,616
At 1 January 2023	**10,673,542**	**9,954,616**
Charge for the year	**2,787,703**	**2,175,199**
Exchange difference	**(20,234)**	**-**
At 31 December 2023	13,441,011	12,129,815
Carrying amount		
At 31 December 2023	**10,748,534**	**9,198,149**
At 31 December 2022	10,022,618	7,848,247

At reporting date, the directors concluded that there was no objective evidence of impairment.

10(c). RIGHT OF USE ASSETS

(i) Description of lease activities

- *Land and buildings*

The Group leases land and buildings for its office and warehouses. The leases are for a fixed period ranging from 6 to 40 years.

- *Vehicle leases*

The Group leases cars for management and sales function. The average contract is 3 to 4 years.

- *Plant and machinery*

The Group also leases machinery and equipment such as forklifts used in factory. The average contract is 2 to 3 years.

(ii) Right of use assets

31 December 2023	Land and buildings	Vehicles	Plant and Machinery	Total
GROUP	Rs.	Rs.	Rs.	Rs.
Net carrying amount	**122,984,174**	**13,198,083**	**16,943,702**	**153,125,959**
Additions for the year	**33,507,402**	**3,563,288**	**17,749,121**	**54,819,811**
Depreciation expense for the year	**14,983,389**	**4,165,433**	**11,517,640**	**30,666,461**

10(c). RIGHT OF USE ASSETS (CONTINUED)

(ii) Right of use assets (continued)

31 December 2023	**Land and buildings**	**Vehicles**	**Plant and Machinery**	**Total**
COMPANY	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Net carrying amount	**115,161,958**	**13,198,083**	**16,469,581**	**144,829,622**
Additions for the year	**9,118,567**	**3,563,288**	**17,749,121**	**30,430,976**
Depreciation expense for the year	**7,667,291**	**4,165,433**	**8,509,726**	**20,342,450**
31 December 2022				
GROUP				
Net carrying amount	117,366,866	14,554,604	9,194,162	141,115,632
Additions for the year	23,254,407	1,098,781	6,333,902	30,687,090
Depreciation expense for the year	9,540,734	3,942,503	7,389,402	20,872,639
COMPANY				
Net carrying amount	113,710,682	14,554,604	7,644,150	135,909,436
Additions for the year	28,501,055	1,098,781	7,782,676	37,382,512
Depreciation expense for the year	4,381,576	7,116,223	1,664,599	13,162,398

11. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2023	2022
	Rs.	Rs.
At 1 January	**17,407,300**	17,407,300
Additions	**3,468,750**	-
At 31 December	**20,876,050**	17,407,300

Investment held in:-

	Country of operations	**Activities**	**Value of investment**		**Shareholding**	
			2023	2022	**2023**	2022
			Rs.	Rs.	**%**	%
Direct Holding						
Kolos Building Materials Ltd	Mauritius	Retailer of cement	**1,000**	1,000	**100%**	100%
Cement Logistics Ltd	Mauritius	Retailer of cement	**121,500**	121,500	**100%**	100%
Kolos International Ltd	Mauritius	Retailer of cement	**20,753,550**	17,284,800	**100%**	85%
Indirect Holding						
Kolos Madagascar Ltd	Madagascar	Retailer of cement	**-**	-	**100%**	85%
			20,876,050	17,407,300		

The Company has an indirect stake of 100% in Kolos Madagascar Ltd through its subsidiary Kolos International Ltd (2022 :85%).

At 31 December 2023, the Group has not recognised impairment losses with respect to the operations in Madagascar.

The recoverable amount of the investments was determined based on its value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management.

11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Value-in-use was determined by discounting the future cash flows generated by applying key assumptions encircling the cash flows which were projected based on actual operating results extrapolated using an annual growth rate for a period of five years, where the cash flows after the five years period are also extrapolated using a perpetual growth rate of 3.65% (2022: 5%) in order to calculate the terminal recoverable amount.

The key assumptions are the discount rates which represent the current market assessment of the risk specific taking into consideration the time value of money and the weighted average cost of capital (WACC) of 23.6% (2022: 24%).

Based on the assumptions and judgement made by management, no impairment was recognised for the investment in

The table below show details of non-wholly owned susidiaries of the Group that have material Non-Controlling Interests.

	Proportion of ownership and voting rights held by non-controlling interest		Loss allocated to non-controlling interests		Accumulated Non-controlling Interest	
	2023	2022	**2023**	2022	**2023**	2022
Kolos International Ltd	**0%**	15%	**2,153,319**	(315,137)	**-**	1,668,632
Kolos Madagascar	**0%**	15%	**(12,094,726)**	(12,848,752)	**-**	(14,798,003)
			(9,941,407)	(13,163,889)	**-**	(13,129,371)

Summarised financial information in respect of the Group's subsidiaries(both direct and indirect) that have material non-controlling interests is set below

The summarised financial information below represent amounts before intra-group eliminations.

	Kolos International Ltd		Kolos Madagascar	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
Current assets	**227,336,538**	181,229,664	**48,410,071**	151,534,747
Non current assets	**6,110,385**	6,734,371	**64,541,293**	25,592,743
Current liabilities	**203,165,373**	(176,839,823)	**307,050,680**	(268,224,149)
Non current liabilities	**-**	-	**3,462,776**	(5,372,388)
Equity attributable to owners of the Company	**30,281,549**	(12,792,844)	**(197,562,094)**	81,671,044
Non-controlling Interests	**-**	1,668,632	**-**	14,798,003
Revenue	**161,755,326**	350,948,495	**290,635,491**	490,623,619
Expenses	**(142,043,368)**	(353,049,405)	**(393,133,515)**	(571,352,161)
Profit/Loss for the year	**19,711,958**	(2,100,910)	**(102,498,024)**	(80,728,542)
Profit/Loss attributable to the Owners of the Company	**17,558,639**	(1,785,774)	**(90,403,298)**	(67,879,790)
Profit/Loss attributable to the Non Controlling Interests	**2,153,319**	(315,137)	**(12,094,726)**	(12,848,752)
Profit/Loss for the year	**19,711,958**	(2,100,911)	**(102,498,024)**	(80,728,542)
Total comprehensive income:				
Allocated to Owners	**16,971,819**	(374,463)	**(86,848,385)**	(61,719,897)
Allocated to Non-controlling interest	**2,185,518**	(55,273)	**(12,673,540)**	(1,313,291)
	19,157,337	(429,736)	**(99,521,925)**	(63,033,188)
Net Cash outflow from Operating Activities	**91,294,056**	38,692,813	**(16,675,691)**	(68,803,801)
Net Cash outflow from Investing Activities	**-**	(821,676)	**(12,137,828)**	(1,749,394)
Net Cash ouflow from Financing Activities	**(92,841,000)**	(43,336,690)	**-**	(4,814,625)
Net cash outflow	**(1,546,944)**	(5,465,553)	**(28,813,519)**	(75,367,820)

12. INVENTORIES

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
Cement	**89,506,006**	159,194,826	**85,527,658**	78,834,627
Packaging	**42,232,128**	53,440,270	**38,403,932**	53,440,270
Stock in transit	**148,836,732**	11,249,773	**148,836,732**	11,249,773
Spare parts	**114,352,714**	84,050,395	**113,083,679**	84,050,395
Provision for spare parts	**(19,128,041)**	(13,777,887)	**(19,128,041)**	(13,777,887)
	375,799,538	294,157,377	**366,723,960**	213,797,178

Amount charged to cost of sales	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
Inventories consumed	**1,769,102,001**	1,759,660,220	**1,584,463,149**	1,425,784,360

The Group and the Company provided for impairment on spare parts based on slow moving and obsolete items. The provision for impairment in respect of inventories during the year ended was as follows:

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
At 1 January	**13,777,887**	19,547,099	**13,777,887**	19,547,099
Impairment charge	**5,350,154**	(5,769,212)	**5,350,154**	(5,769,212)
At 31 December	**19,128,041**	13,777,887	**19,128,041**	13,777,887

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
Trade receivables				
- Related parties	**35,635,878**	8,029,806	**35,635,878**	7,961,841
- Non-related parties	**173,567,402**	118,214,225	**161,549,584**	88,817,136
	209,203,280	126,244,031	**197,185,462**	96,778,977
Allowance for expected credit losses	**(5,900,922)**	(7,235,986)	**(2,386,330)**	(4,799,033)
	203,302,358	119,008,045	**194,799,132**	91,979,944
Other receivables*	**41,593,584**	25,945,544	**13,263,292**	16,415,249
VAT receivable	**2,388,483**	30,393,200	**1,234,646**	15,345,623
Amount due by subsidiaries	**-**	-	**180,717,353**	67,158,649
Amount due by related party	**-**	81,810	**-**	81,810
Prepayments	**2,954,439**	1,209,551	**1,410,612**	533,245
Advance to suppliers	**3,853,327**	12,129,750	**3,853,327**	9,441,429
	254,092,191	188,767,900	**395,278,362**	200,955,949

*Other receivables include loan receivable from third parties and amount receivable from supplier in respect to unloading cost.

Trade receivables (including related parties and non-related parties) are non-interest bearing and are generally on 60-90 days' term. For terms and conditions relating to amount due from related companies, refer to note 21. Prepayments and other assets are out of scope of IFRS 9 for both Group and Company.

For amount receivable from subsidiaries and related party, the Company has assessed the counterparties' ability to pay their debt as they become due in the normal course of business and/or in any adverse economic and business conditions. The probability of default in respect of these financial assets are negligible as are considered to have a low credit risk given that these are intercompany balances. The Company has not accounted for any impairment loss as deemed immaterial.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

The ageing of trade receivables at the reporting date was:

	Gross 2023	**Impairment 2023**	**Net 2023**	Gross 2022	Impairment 2022	Net 2022
	Rs.	**Rs.**	**Rs.**	Rs.	Rs.	Rs.
GROUP						
Not past due	**147,618,955**	**(66,244)**	**147,552,711**	100,948,452	(563,338)	100,385,114
Past due 0-30 days	**52,371,602**	**(288,712)**	**52,082,890**	13,074,926	(89,536)	12,985,390
Past due 31-90 days	**3,170,849**	**(79,058)**	**3,091,791**	3,416,136	(31,027)	3,385,109
More than 90 days	**6,041,874**	**(5,466,908)**	**574,966**	8,804,517	(6,552,085)	2,252,432
	209,203,280	**(5,900,922)**	**203,302,358**	126,244,031	(7,235,986)	119,008,045
COMPANY						
Not past due	**147,404,577**	**(66,244)**	**147,338,333**	78,351,095	(9,722)	78,341,373
Past due 0-30 days	**44,937,310**	**(288,712)**	**44,648,598**	13,074,926	(89,536)	12,985,390
Past due 31-90 days	**2,242,680**	**(79,058)**	**2,163,622**	438,491	(16,142)	422,349
More than 90 days	**2,600,895**	**(1,952,316)**	**648,579**	4,914,465	(4,683,633)	230,832
	197,185,462	**(2,386,330)**	**194,799,132**	96,778,977	(4,799,033)	91,979,944

The loss rate for the year ended 31 December 2023 is 0.08% (2022: 0.15%) for balances not past due, 0.85% (2022: 2.97%) for those less than 30 days past due, 4.38%-10.11% (2022: 6.64% - 24.79%) for those between 30 days and 90 days past due,19.32%-100% (2022: 50% - 100%) for those greater than 90 days past due. The Group and Company experienced a decrease in trade debtors in the bucket for those more than 90 days, which resulted in a decrease in expected credit loss for the current year.

The movement in the expected credit losses in respect of trade receivables during the year was as follows:

	GROUP		**COMPANY**	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
At 1 January	**7,235,986**	5,382,490	**4,799,033**	5,011,214
Debt written off	**(2,011,278)**	(916,329)	**(2,011,278)**	(916,329)
Expected credit losses	**641,484**	2,907,377	**(401,425)**	704,148
Foreign exchange differences	**34,730**	(137,552)	**-**	-
At 31 December	**5,900,922**	7,235,986	**2,386,330**	4,799,033

The average contactual credit period on sales of goods is between 60 to 90 days. Allowance for credit losses is determined by the Group using provision matrix. No interest is charged on the trade receivables. Management expects full recoverability of due balances which are neither past due nor impaired. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

14. CASH AND CASH EQUIVALENTS

	GROUP		**COMPANY**	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
Cash in hand	**180,140**	242,537	**180,140**	213,537
Cash at bank	**53,310,370**	152,654,194	**50,589,736**	125,482,170
	53,490,510	152,896,731	**50,769,876**	125,695,707
Bank overdraft	**(404,581,214)**	(219,660,547)	**(359,413,191)**	(146,469,123)
Cash and cash equivalents	**(351,090,704)**	**(66,763,816)**	**(308,643,315)**	**(20,773,416)**

The Group and the Company has overdraft facilities amounting to Rs 745.7 million and Rs 662.5 million respectively, unsecured with interest payable monthly and capital repayable on demand. Interest is charged based on bank specific prime lending rate plus a margin.

15. STATED CAPITAL

	GROUP AND COMPANY	
	2023	2022
	Rs.	Rs.
Authorised, issued and fully paid		
27,000,000 (2022: 27,000,000) ordinary shares of Rs 10	**270,000,000**	270,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Group's residual assets.

Final dividend amounting to Rs 47,790,000 (Rs 1.77 per share) were declared and paid by the Company during the year (2022 interim: Rs 66,150,000; Rs 2.45 per share, 2022 final: Rs 53,190,000; Rs 1.97 per share).

16. RESERVES

REVALUATION RESERVE

The revaluation reserve comprises the cumulative increase in the value of building at the date of the revaluation over and above the carrying amount as at 31 December 2023.

RETRANSLATION RESERVE

The retranslation reserve relates to exchange difference arising on translation of foreign subsidiaries.

17. EMPLOYEE BENEFIT LIABILITIES

Amount recognised in the statement of financial position	GROUP AND COMPANY	
	2023	2022
	Rs.	Rs.
Present value of defined benefit obligation	**7,052,073**	4,396,713
Fair value of plan assets	**(85,046)**	(67,216)
	6,967,027	4,329,497

Reconciliation of present value of defined benefit obligation

	GROUP AND COMPANY	
	2023	2022
	Rs.	Rs.
Opening balance	**4,396,713**	5,818,858
Current service cost	**627,748**	367,750
Interest cost	**278,610**	273,462
Past service cost	**(1,014,123)**	528,340
Liabilities of new employees who left the company before the year ended 31 December 2023	**-**	13,741
Benefits paid	**(13,277)**	(16,459)
Actuarial gain	**2,776,402**	(2,588,979)
Closing balance	**7,052,073**	4,396,713

Reconciliation of fair value of plan assets	GROUP AND COMPANY	
	2023	2022
	Rs.	Rs.
Opening balance	**67,216**	-
Contributions to plan assets	**31,107**	83,675
Benefits paid out of plan assets	**(13,277)**	(16,459)
Closing balance	**85,046**	**67,216**

17. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

Amount recognised in profit or loss

	GROUP AND COMPANY	
	2023	2022
	Rs.	Rs.
Current service cost	**627,748**	367,750
Past service cost	**(1,014,123)**	528,340
Interest cost	**278,610**	273,462
	(107,765)	1,169,552

Amount recognised in other comprehensive income

	GROUP AND COMPANY	
	2023	2022
	Rs.	Rs.
(Actuarial gain)/loss	**2,776,402**	(2,588,979)

The Company has the above residual liability on top of its defined contribution plan. The amounts deductible in accordance with the Workers' Right Act are as detailed in the accounting policy note under the employee benefits section. It is therefore exposed to investment under-performance of the defined contribution plan.

The principal actuarial assumptions at the end of the year were:-

	GROUP AND COMPANY	
	2023	2022
Financial assumptions:		
Discount rate	**5.2%**	6.3%
Future salary increases	**3%**	3%
Normal retirement age	**65**	65
Demographic assumptions:		
Withdrawal before retirement	5% up to age of 40, decreasing to 0% at age of 45 and nil thereafter	
Mortality before retirement	PMA92_PFA92	PMA92_PFA92

Sensitivity analysis

Changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have changed the employee benefit obligation to the amount shown below:

	GROUP AND COMPANY	
	2023	2022
	Rs.	Rs.
1% decrease in discount rate	**9,676,268**	6,144,105
1% increase in discount rate	**4,952,172**	3,061,518
1% increase in salary increase assumption	**9,386,403**	5,899,951
1% decrease in salary increase assumption	**5,205,623**	3,229,142
Effect of changing longevity - rate up	**6,904,722**	4,283,701
Effect of changing longevity - rate down	**7,190,462**	4,476,198

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the relevant assumptions while leaving all other assumptions unchanged. The results are particularly sensitive to a change in discount rate due to the nature of the liabilities being the difference between the pure retirement gratuities under the Workers' Rights Act 2019 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 Group's and the Company's share of contributions.

17. RETIREMENT BENEFIT LIABILITIES (CONTINUED)

The Group and the Company is subject to an unfunded defined benefit plan for the employees. The plan exposes the Company to normal risks described below:

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

18. DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
At 01 January,	**53,628,739**	52,376,249	**65,531,083**	56,927,573
Charge for the year (Note 9)	**(20,746,049)**	(5,108,151)	**(136,873)**	4,700,885
Charge to other comprehensive income	**7,921,897**	4,387,125	**4,137,507**	3,902,625
Exchange difference	**539,732**	1,973,516	**-**	-
At 31 December	**41,344,320**	53,628,739	**69,531,717**	65,531,083
Split as follows:				
Deferred tax assets	**(32,294,383)**	(12,549,433)	**-**	-
Deferred tax liabilities	**70,390,313**	66,178,172	**69,531,717**	65,531,083
	38,095,930	53,628,739	**69,531,717**	65,531,083

Deferred tax assets and liabilities are attributable to the following:

GROUP	Profit or loss		Other Comprehensive income		Statement of financial position	
	2023	2022	**2023**	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.	**Rs.**	Rs.
Deferred tax assets:						
Provisions	**(485,525)**	1,077,742	**-**	-	**(3,669,960)**	(3,160,290)
Tax losses	**(19,744,951)**	(9,054,129)	**-**	-	**(32,294,383)**	(12,549,435)
Employee benefit liabilities	**35,035**	(198,362)	**(471,988)**	440,126	**(1,184,395)**	(747,443)
Deferred tax liabilities:						
Accelerated capital allowances	**4,131,336**	3,319,404	**-**	-	**39,375,172**	35,219,692
Right of use and lease liability	**(4,142,212)**	290,453	**-**	-	**(2,319,563)**	1,822,649
Revaluation of buildings	**-**	-	**5,145,495**	3,946,999	**38,189,059**	33,043,566
Net deferred tax liabilities	**(20,206,317)**	(4,564,892)	**4,673,507**	4,387,125	**38,095,930**	53,628,739

COMPANY	Profit or loss		Other Comprehensive income		Statement of financial position	
	2023	2022	**2023**	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.	Rs.	**Rs.**
Deferred tax assets:						
Provisions	**(497,153)**	1,014,624	**-**	-	**(3,657,443)**	(3,160,290)
Employee benefit liabilities	**35,035**	(198,362)	**(471,988)**	440,126	**(1,184,395)**	(747,443)
Deferred tax liabilities:						
Accelerated capital allowances	**4,467,457**	3,452,609	**-**	-	**40,415,496**	35,948,039
Right of use and lease liability	**(4,142,212)**	432,014	**-**	-	**(2,319,563)**	1,822,649
Revaluation of buildings	**-**	-	**4,609,495**	3,462,499	**36,277,622**	31,668,128
Net deferred tax liabilities	**(136,873)**	4,700,885	**4,137,507**	3,902,625	**69,531,717**	65,531,083

As at 31 December 2023, the Group has an accumulated tax loss of Rs 163,318,699 (2022: Rs 62,747,167). The tax loss will expire in 2027.

19. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
Trade payables	**226,511,350**	91,908,050	**195,410,154**	87,660,192
Other payables and accruals	**16,835,102**	38,485,772	**7,603,952**	9,437,935
Amount due to ultimate holding company	**12,636,794**	9,114,290	**12,636,794**	9,114,290
Amount due to subsidiary	**-**	-	**8,747,543**	225,391
Amount due to related parties	**14,718**	1,016,120	**14,718**	1,016,120
At 31 December	**255,997,964**	140,524,232	**224,413,161**	107,453,928

Other payables and accruals include among other, staff remuneration and other costs accruals.

Trade payables are non-interest bearing and are normally settled on 60 days' term. For terms and conditions relating to amount due from related parties, refer to note 21.

20. LEASE LIABILITIES

The Group and Company have lease contracts for land and buildings, vehicles, machinery and equipment used in its operation. Leases of land and buildings are for period ranging between 6 and 40 years, while motor vehicles, machinery and equipment have lease terms between 3 and 4 years. The Group and Company's obligations under the leases are secured by the lessors' title to the leased assets.

The Group and Company also have certain leases of office equipment with low value for which recognition exemption is applied.

The carrying amounts of right-of-use assets recognised and movements during the year are disclosed in note 10(c).

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
As at 1 January	**152,003,289**	142,081,661	**146,630,901**	119,897,659
Additions	**54,819,811**	30,687,090	**30,430,976**	37,382,512
Disposal	**(12,881,469)**	(1,031,437)	**(1,168,340)**	-
Accretion of interest	**12,218,613**	9,821,778	**10,881,839**	9,664,399
Payments	**(40,439,095)**	(29,038,117)	**(28,301,267)**	(20,313,669)
Exchange difference	**1,286,129**	(517,686)	**-**	-
	167,007,278	152,003,289	**158,474,109**	146,630,901
Current	**21,025,023**	15,904,983	**15,954,629**	12,421,829
Non current	**145,982,255**	136,098,306	**142,519,480**	134,209,072
	167,007,278	152,003,289	**158,474,109**	146,630,901

The following are the amounts recognised in profit or loss:

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
Depreciation expense of right-of-use assets (Note 10c)	**30,666,462**	20,930,418	**20,342,450**	13,162,406
Interest expense on lease liabilities	**12,218,613**	9,821,778	**10,881,839**	9,664,399
Expense relating to leases of low value assets (included in administrative expenses)	**1,055,500**	936,329	**1,055,500**	936,329
Total amount recognised in profit or loss	**43,940,575**	31,688,525	**32,279,789**	23,763,134

The total cash outflows for the leave for the Group and Company amounted to Rs 40.4 millions and Rs 28.3 millions respectively (2022: Group Rs 29 millions and Company Rs 20.3 millions).

21. RELATED PARTY TRANSACTIONS

GROUP

Nature of relationship	Nature of transactions	Value of transaction for the year ended 31 December 2023	Value of transaction for the year ended 31 December 2022	Receivable/ (Payable) as at 31 December 2023	Receivable/ (Payable) as at 31 December 2022
		Rs.	Rs.	**Rs.**	Rs.
Ultimate holding company	Management fees	**83,153,076**	72,114,253	**(8,239,437)**	(7,520,542)
	Purchase of goods and services	**7,183,270**	5,359,915	**-**	-
	Amount due to ultimate holding company	**-**	-	**(4,397,357)**	(5,330,049)
	Loans and borrowings	**-**	-	**(100,000,000)**	(220,000,000)
Shareholder	Management fees (Included in other payables)	**27,717,692**	24,038,085	**(15,069,134)**	(12,759,448)
Entities under common control: Sister companies	Sales of goods	**10,254,240**	2,058,106	**-**	-
	Purchase of goods and services	**3,679,149**	6,250,367	**-**	-
	Trade receivables (Note 13)	**-**	-	**2,444,101**	1,258,116
	Amount due to related parties	**-**	-	**-**	(153,355)
Entities under common control: Joint Venture	Sales of goods	**254,651,937**	357,699,942		
	Purchase of goods and services	**1,587,798**	9,526,959	**-**	-
	Trade receivables (Note 13)	**-**	-	**33,191,777**	6,703,725
	Amount due to related parties	**-**	-	**(14,718)**	(862,765)

COMPANY

Nature of relationship	Nature of transactions	Value of transaction for the year ended 31 December 2023	Value of transaction for the year ended 31 December 2022	Receivable/ (Payable) as at 31 December 2023	Receivable/ (Payable) as at 31 December 2022
		Rs.	Rs.	**Rs.**	Rs.
Ultimate holding company	Management fees	**83,153,076**	72,114,253	**(8,239,437)**	(7,520,542)
	Purchase of goods and services	**7,183,270**	5,359,915	**-**	-
	Amount due to ultimate holding company	**-**	-	**(4,397,357)**	(5,330,049)
	Loans and borrowings	**-**	-	**(100,000,000)**	(220,000,000)
Shareholder	Management fees (Included in other payables)	**27,717,692**	24,038,085	**(15,069,134)**	(12,759,448)
Entities under common control: Sister companies	Sales of goods	**10,254,240**	2,058,106	**-**	-
	Purchase of goods and services	**3,679,149**	6,250,367	**-**	-
	Trade receivables (Note 13)	**-**	-	**2,444,101**	1,258,116
	Amount due by related parties	**-**	-	**-**	81,810
	Amount due to related parties	**-**	-	**-**	(153,355)
Entities under common control: Joint Venture	Sales of goods	**254,651,937**	357,699,942	**-**	-
	Purchase of goods and services	**1,587,798**	9,526,959	**-**	-
	Trade receivables (Note 13)	**-**	-	**33,191,777**	6,703,725
	Amount due to Joint Venture	**-**	-	**(14,718)**	(862,765)
Subsidiaries	Staff costs recharge	**-**	1,500,000	**-**	-
	Sale of goods	**-**	572,209,243	**-**	-
	Trade receivables (Note 13)	**-**	-	**-**	-
	Amount due by subsidiaries	**-**	-	**180,717,353**	67,158,649
	Amount due from subsidiary	**-**	-	**(8,747,543)**	(225,391)

21. RELATED PARTY TRANSACTIONS (CONTINUED)

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. At each financial year, an assessment for impairment is undertaken through examining the financial position of the related party and the market in which the related party operates. As at 31 December 2023, the expected credit loss expense on related parties was assessed as not material.

Key management personnel

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Group including directors. Directors fees paid during the year are included in the short term benefits below.

Summarised below are key management personnel emoluments:

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
Short term benefits	**21,853,279**	40,553,591	**18,338,472**	36,862,792
Post retirement benefits	**-**	2,662,577	**-**	2,662,577
	21,853,279	43,216,168	**18,338,472**	39,525,369

The Company has provided bank guarantees to the Board of Investment for its executive director amounting to Rs 40,000 (2022: Rs 40,000).

22. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

(a) *Accounting classifications and fair values*

The following table shows the cclassification of financial assets and liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

GROUP		Carrying amount			
	Notes	**Financial Assets at amortised cost**	**Derivatives not designated as hedging instruments**	**Financial Liabilities at amortised cost**	**Total**
		Rs.	**Rs.**	**Rs.**	**Rs.**
2023					
Financial assets					
Trade and other receivables	13	**244,895,942**	**-**	**-**	**244,895,942**
Cash in hand and at bank	14	**53,490,510**	**-**	**-**	**53,490,510**
		298,386,452	**-**	**-**	**298,386,452**
Financial liabilities					
Trade and other payables	19	**-**	**-**	**255,997,964**	**255,997,964**
Bank overdraft	14	**-**	**-**	**404,581,214**	**404,581,214**
Foreign exchange forward contracts	24	**-**	**1,062,919**	**-**	**1,062,919**
Lease liabilities	20	**-**	**-**	**167,007,278**	**167,007,278**
Interest bearing loan and borrowings	23	**-**	**-**	**220,511,471**	**220,511,471**
		-	**1,062,919**	**1,048,097,927**	**1,049,160,846**
2022					
Financial assets					
Trade and other receivables	13	145,035,399	-	-	145,035,399
Cash in hand and at bank	14	152,896,731	-	-	152,896,731
		297,932,130	-	-	297,932,130
Financial liabilities					
Trade and other payables	19	-	-	140,524,232	140,524,232
Bank overdraft	14	-	-	219,660,547	219,660,547
Foreign exchange forward contracts	24	-	4,027,388	-	4,027,388
Lease liabilities	20	-	-	152,003,289	152,003,289
Interest bearing loan and borrowings	23	-	-	445,505,386	445,505,386
		-	4,027,388	957,693,454	961,720,842

22. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(a) Accounting classifications and fair values (continued)

COMPANY	Notes	Financial Assets at amortised cost	Derivatives not designated as hedging instruments	Financial Liabilities at amortised cost	Total
		Rs.	Rs.	Rs.	Rs.
2023					
Financial assets					
Trade and other receivables	13	**388,779,777**	**-**	**-**	**388,779,777**
Foreign exchange forward contracts	24	**-**	**-**	**-**	**-**
Cash in hand and at bank	14	**50,769,876**	**-**	**-**	**50,769,876**
		439,549,653	**-**	**-**	**439,549,653**
Financial liabilities					
Trade and other payables	19	**-**	**-**	**224,413,161**	**224,413,161**
Bank overdraft	14	**-**	**-**	**359,413,191**	**359,413,191**
Foreign exchange forward contracts	24	**-**	**1,062,919**	**-**	**1,062,919**
Lease liabilities	20	**-**	**-**	**158,474,109**	**158,474,109**
Interest bearing loan and borrowings	23	**-**	**-**	**220,511,471**	**220,511,471**
		-	**1,062,919**	**962,811,932**	**963,874,851**
2022					
Financial assets					
Trade and other receivables	13	175,635,652	-	-	175,635,652
Foreign exchange forward contracts	24	-	-	-	-
Cash in hand and at bank	14	125,695,707	-	-	125,695,707
		301,331,359	-	-	301,331,359
Financial liabilities					
Trade and other payables	19	-	-	107,453,928	107,453,928
Bank Overdraft	14	-	-	146,469,123	146,469,123
Foreign exchange forward contracts	24	-	4,027,388	-	4,027,388
Lease liabilities	20	-	-	146,630,901	146,630,901
Interest bearing loan and borrowings	23	-	-	351,635,386	351,635,386
		-	4,027,388	752,189,338	756,216,726

At 31 December 2023, all financial assets and financial liabilities carrying amount approximate their fair values. For those assets and liabilities that are current in nature, their carrying amount will approximate the fair value. For the longterm financial liabilities, the rate for those loans are at market rate and hence the fair value will approximate the carrying amount.

(b) Financial risk management

The main risks arising from the Group's financial instruments are as follows:

- credit risk
- liquidity risk
- market risk (which includes currency risk, interest rate risk and price risk)

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by the Group's Internal Audit. The Group's internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

22. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (Continued)

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has no concentration of credit risk.

The Credit Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the Credit Committee.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due of customers segments. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed below. The Group does not hold collateral as security.

Amount due by subsidiaries

For amount receivable from subsidiaries and related party, the Company has assessed the counterparties' ability to pay their debt as they become due in the normal course of business and/or in any adverse economic and business conditions. The probability of default in respect of these financial assets are negligible as are considered to have a low credit risk given that these are intercompany balances. The Company has not accounted for any impairment loss as deemed immaterial.

22. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (Continued)

Amount due by subsidiaries

	Trade Receivables					
GROUP	Days past due					
31 December 2023	**Current**	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
Expected credit loss rate	**0.04%**	**0.55%**	**3.02%**	**4.21%**	**90.48%**	
Estimated total gross carrying amount at default	**147,618,955**	**52,371,602**	**2,617,342**	**553,507**	**6,041,874**	**209,203,280**
Expected Credit loss	**66,244**	**288,712**	**55,777**	**23,281**	**5,466,908**	**5,900,922**

GROUP	Days past due					
31 December 2022	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0.56%	0.68%	0.97%	0.00%	74.42%	
Estimated total gross carrying amount at default	100,948,452	52,371,602	3,213,529	202,607	6,041,874	162,778,064
Expected Credit loss	563,338	288,712	20,660	10,367	5,466,908	6,349,985

COMPANY	Days past due					
31 December 2023	**Current**	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
Expected credit loss rate	**0.04%**	**0.64%**	**3.10%**	**5.77%**	**75.06%**	
Estimated total gross carrying amount at default	**147,404,577**	**44,937,310**	**1,886,201**	**356,479**	**2,600,895**	**197,185,462**
Expected Credit loss	**66,244**	**288,712**	**58,482**	**20,576**	**1,952,316**	**2,386,330**

COMPANY	Days past due					
31 December 2022	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0.01%	0.68%	3.68%	0.00%	95.30%	
Estimated total gross carrying amount at default	78,351,095	13,074,926	438,451	40	4,914,465	96,778,977
Expected Credit loss	9,722	89,536	16,142	0	4,683,633	4,799,033

22. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (Continued)

- Exposure to credit risk

Cash and cash equivalents

The cash and cash equivalents are held with banks which are of good repute. Management has assessed its expected credit losses on cash and bank and concluded that it is immaterial.

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

	GROUP		**COMPANY**	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
Trade and other receivables	**244,895,942**	145,035,399	**388,779,777**	175,635,652
Cash in hand and at bank	**53,490,510**	152,896,731	**50,769,876**	125,695,707
	298,386,452	297,932,130	**439,549,653**	301,331,359

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

22. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (Continued)

Liquidity risk (Continued)

- Exposure to Liquidity risk

The following are the contractual maturities of financial liabilities:

GROUP

		Contractual cash flows					
	Carrying Amount	On Demand	Less than three months	Less than one year	Between one to five years	More than five year	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At 31 December 2023							
Trade and other payables	**255,997,964**	**-**	**255,997,964**	**-**	**-**	**-**	**255,997,964**
Lease liabilities	**167,007,278**	**-**	**4,319,690**	**16,705,333**	**29,933,361**	**116,048,894**	**167,007,278**
Bank overdraft	**404,581,214**	**404,581,214**	**-**	**-**	**-**	**-**	**404,581,214**
Foreign exchange forward contracts	**1,062,919**	**-**	**1,062,919**	**-**	**-**	**-**	**1,062,919**
Interest-bearing loans and borrowings	**220,511,471**	**100,000,000**	**70,000,000**	**11,911,164**	**38,600,307**	**-**	**220,511,471**
	1,049,160,846	**504,581,214**	**331,380,573**	**28,616,497**	**68,533,668**	**116,048,894**	**1,049,160,846**
At 31 December 2022							
Trade and other payables	140,524,232	-	140,524,232	-	-	-	140,524,232
Lease liabilities	152,003,289	-	4,840,573	10,889,156	28,790,366	107,483,194	152,003,289
Bank overdraft	219,660,547	219,660,547	-	-	-	-	219,660,547
Foreign exchange forward contracts	4,027,388	-	4,027,388	-	-	-	4,027,388
Interest-bearing loans and borrowings	445,505,386	220,000,000	70,000,000	105,020,362	50,485,024	-	445,505,386
	961,720,842	439,660,547	219,392,193	115,909,518	79,275,390	107,483,194	961,720,842

22. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (Continued)

Liquidity risk (Continued)

- Exposure to Liquidity risk (continued)

COMPANY

	Carrying Amount	On Demand	Contractual cash flows Less than three months	Less than one year	Between one to five years	More than five year	Total
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
At 31 December 2023							
Trade and other payables	**224,413,161**	**-**	**224,413,161**	**-**	**-**	**-**	**224,413,161**
Lease liabilities	**158,474,109**	**-**	**4,319,690**	**11,634,939**	**27,968,558**	**114,550,922**	**158,474,109**
Bank overdraft	**359,413,191**	**359,413,191**		**-**	**-**	**-**	**359,413,191**
Foreign exchange forward contracts	**1,062,919**	**-**	**1,062,919**	**-**	**-**	**-**	**1,062,919**
Interest-bearing loans and borrowings	**220,511,471**	**100,000,000**	**70,000,000**	**11,911,164**	**38,600,307**	**-**	**220,511,471**
	963,874,851	**459,413,191**	**299,795,770**	**23,546,103**	**66,568,865**	**114,550,922**	**963,874,851**
At 31 December 2022							
Trade and other payables	107,453,928	-	107,453,928	-	-	-	107,453,928
Lease liabilities	146,630,901	-	3,497,476	8,924,353	27,292,393	106,916,679	146,630,901
Bank overdraft	146,469,123	146,469,123	-	-	-	-	146,469,123
Foreign exchange forward contracts	4,027,388	-	4,027,388	-	-	-	4,027,388
Interest-bearing loans and borrowings	351,635,386	220,000,000	70,000,000	11,150,357	50,485,029	-	351,635,386
	756,216,726	366,469,123	184,978,792	20,074,710	77,777,422	106,916,679	756,216,726

Lease liabilities and Interest-bearing loans and borrowings and inclusive of interest.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Group's operating cash flows are substantially independent of changes in market interest rates. The Group's significant interest-bearing financial assets and liabilities are cash at bank and bank loans. Interest rate risk is managed by the Group by regular monitoring and review of its cash flows and all of its banking facilities to minimise bank overdraft balance. Interest income and expense may fluctuate in amount, in particular due to changes in interest rates.

22. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (Continued)

Interest rate risk (Continued)

- Exposure

(a) At 31 December 2023, the Group and the Company's interest bearing financial assets including cash at bank amounted to Rs 53,490,510 and Rs 50,769,876respectively (2022: Rs 152,896,731 and Rs 125,695,707), on which no significant interest is earned.

(b) At 31 December 2023, the Group and the Company's financial bearing liabilities including bank overdraft amounted to Rs 404,581,214 and Rs 359,413,191 respectively (2022: Rs 219,660,547 and 146,469,123 respectively) and loans amounted to Rs 220,511,471 (2022 :Rs 445,505,386 and Rs 351,635,386 respectively).

Sensitivity analysis

The sensitivity analysis for the above exposures is as follows as at 31 December 2023:

GROUP AND COMPANY

	Prime lending rate 2023	**Effect on profit after tax 2023**	Prime lending rate 2022	Effect on profit after tax 2022
	%	**Rs**	%	Rs
GROUP				
Interest expense on borrowing	**+/- 0.5%**	**(3,125,463)/ 3.125.463**	+/- 0.5%	(3,325,830)/ 3.325.830
COMPANY				
Interest expense on borrowing	**+/- 0.5%**	**(2,899,623)/ 2,899,623**	+/- 0.5%	(2,490,523)/ 2,490,523

Currency risk

The Group is exposed to currency risk on transactions that are denominated in a currency other than the functional currency.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. The Group uses foreign currency-denominated foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to six months.

The Group's revenues and costs are transacted in different currencies and exposes the Group to foreign currency risk on its transactions that are denominated in currencies other than the Mauritian rupee.

Currency profile

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

GROUP

	Financial assets 2023	**Financial liabilities 2023**	Financial assets 2022	Financial liabilities 2022
	Rs.	**Rs.**	Rs.	Rs.
MUR	**217,905,355**	**799,786,364**	94,537,090	740,395,382
USD	**34,314,614**	**172,358,467**	126,516,456	117,780,111
EUR	**7,726,742**	**11,374,774**	2,777,186	7,468,995
MGA	**38,080,062**	**65,641,241**	66,042,688	88,828,676
ZAR	**359,679**	**-**	8,058,710	7,247,678
	298,386,452	**1,049,160,846**	297,932,130	961,720,842

22. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (Continued)

Currency profile (Continued)

COMPANY

	Financial assets 2023	**Financial liabilities 2023**	Financial assets 2022	Financial liabilities 2022
	Rs	**Rs**	Rs	Rs
MUR	**397,594,427**	**802,643,548**	95,384,940	939,386,515
USD	**34,251,317**	**149,856,529**	191,711,294	7,618,154
EUR	**7,344,230**	**11,374,774**	2,777,186	7,468,495
ZAR	**359,679**	**-**	8,058,710	7,247,678
	439,549,653	**963,874,851**	297,932,130	961,720,842

Sensitivity analysis

At 31 December, if exchange rate has strengthened/weakened against the following currencies, the result would be as follows:

GROUP

	Changes in foreign exchange rates 2023	**Effect on profit after tax 2023**	Changes in foreign exchange rates 2022	Effect on profit after tax 2022
	%	Rs	%	Rs
USD	+/- 5%	**(6,902,218)/ 6,902,218**	+/- 5%	(436,817)/ 436,817
EUR	+/- 5%	**(182,402)/ 182,402**	+/- 5%	234,590/ (234,590)
MGA	+/- 5%	**(1,124,540)/ 1,124,540**	+/- 5%	1,139,274/ (1,139,274)
ZAR	+/- 5%	**17,984/ (17,984)**	+/- 5%	40,552/ (40,552)

COMPANY

	Changes in foreign exchange rates 2023	**Effect on profit after tax 2023**	Changes in foreign exchange rates 2022	Effect on profit after tax 2022
	%	Rs	%	Rs
USD	+/- 5%	**(5,780,261)/ 5,780,261**	+/- 5%	9,204,657/ (9,204,657)
EUR	+/- 5%	**201,527/ (201,527)**	+/- 5%	(234,565)/ 234,565
ZAR	+/- 5%	**17,984/ (17,984)**	+/- 5%	40,552/ (40,552)

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as long term debt to shareholder's equity ratio.

22. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (Continued)

Capital risk

The gearing ratios as at 31 December 2023 and 2022 were as follows:

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	Rs.	Rs.	**Rs.**	Rs.
Total borrowings	**792,099,963**	817,169,222	**738,398,771**	648,762,798
Less: Cash in hand and at bank	**(53,490,510)**	(152,896,731)	**(50,769,876)**	(125,695,707)
Net debt	**738,609,453**	664,272,491	**687,628,895**	523,067,091
Total equity	**385,393,927**	391,516,486	**540,935,741**	478,429,457
Total capital	**1,124,003,380**	1,055,788,977	**1,228,564,636**	1,001,496,548
Gearing ratio	**66%**	63%	**56%**	52%

23. INTEREST BEARING LOANS AND BORROWINGS

	Interest Rate	Maturity	GROUP		COMPANY	
			2023	2022	**2023**	2022
			Rs.	Rs.	**Rs.**	Rs.
Current						
Bank loan (note)	5.30-5.65%	20 January 2024	**70,000,000**	70,000,000	**70,000,000**	70,000,000
Bank loan (note)	6.80%	31 December 2024	**11,911,164**	11,150,357	**11,911,164**	11,150,357
Loan from related party (note (c))	3.50-4.30%	Payable on demand	**100,000,000**	220,000,000	**100,000,000**	220,000,000
Import Loan (note (d))	8.43%	15 April 2023	**-**	93,870,000	**-**	-
			181,911,164	395,020,357	**181,911,164**	301,150,357
Non current						
Bank loan (note (b))	4.15%	30 October 2027	**38,600,307**	50,485,029	**38,600,307**	50,485,029
Total Interest-bearing loans and borrowings			**220,511,471**	445,505,386	**220,511,471**	351,635,386

(a) The bank loan is a short term loan renewable every 3 months.
(b) The bank loan is secured by way of first rank floating charges of Rs 80m pari passu over all the assets of the Company.
(c) The loan from related party is repayable on demand.

24. FORWARD

	GROUP and COMPANY	
	2023	2022
	Rs.	Rs.
Loss on Foreign	**1,062,919**	4,027,388

Foreign exchange forward contracts are valued using valuation technique which employ the use of market observable inputs i.e forward pricing. The models incorporate inputs such as foreign exchange spot and forward rates.

Fair value measurement hierarchy for forward contract as at 31 December 2023:

		GROUP and COMPANY Fair value measurement using			
		2023		**2022**	
	Date of valuation	**Total**	**Significant observable inputs (Level 2)**	**Total**	**Significant observable inputs (Level 2)**
		Rs.	**Rs.**	**Rs.**	**Rs.**
Foreign currency	31 December 2023	**1,062,919**	**1,062,919**	**4,027,388**	**4,027,388**

25. EARNINGS PER SHARE (BASIC/DILUTED)

	GROUP	
	2023	2022
Basic and diluted	**Rs.**	Rs.
Profit attributable for the year to owners of the company	**15,575,273**	51,804,714
Number of shares	**27,000,000**	27,000,000
Earnings per share	**0.58**	1.92

26. CHANGES IN LIABILITIES ARISING FROM FINANCING L

	01-Jan-23	**Cash inflows**	**Others**	**New leases**	**Cash outflows**	**31-Dec-23**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
GROUP						
Lease liabilities	**152,003,289**	**-**	**623,273**	**54,819,811**	**(40,439,095)**	**167,007,278**
Short term loan	**395,020,357**	**2,154,961,544**	**9,743,177**	**-**	**(2,377,813,914)**	**181,911,164**
Long term Loan	**50,485,029**	**-**	**(11,884,722)**	**-**	**-**	**38,600,307**
	597,508,675	**2,154,961,544**	**(1,518,272)**	**54,819,811**	**(2,418,253,009)**	**387,518,749**
COMPANY						
Lease liabilities	**146,630,901**	**-**	**9,713,504**	**30,430,976**	**(28,301,272)**	**158,474,109**
Short Term Loan	**301,150,357**	**2,067,330,495**	**10,772,177**	**-**	**(2,197,341,865)**	**181,911,164**
Long term Loan	**50,485,029**	**-**	**(11,884,722)**	**-**	**-**	**38,600,307**
	498,266,287	**2,067,330,495**	**8,600,959**	**30,430,976**	**(2,225,643,137)**	**378,985,580**

	01-Jan-22	Cash inflows	Others	New leases	Cash outflows	31-Dec-22
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
GROUP						
Lease liabilities	142,081,661	-	8,272,655	30,687,090	(29,038,117)	152,003,289
Short Term Loan	425,310,959	624,182,967	2,870,406	-	(657,343,975)	395,020,357
Long term Loan	61,498,301	-	-	-	(11,013,272)	50,485,029
	628,890,921	624,182,967	11,143,061	30,687,090	(697,395,364)	597,508,675
COMPANY						
Lease liabilities	119,897,659	-	9,664,399	37,382,512	(20,313,669)	146,630,901
Short Term Loan	291,257,680	330,000,000	-	-	(320,107,323)	301,150,357
Long term Loan	61,498,301	-	-	-	(11,013,272)	50,485,029
	472,653,640	330,000,000	9,664,399	37,382,512	(351,434,264)	498,266,287

The 'others' column includes the effect of adjusting for the lease's IBR rate, write off and interest. The Group classifies interest paid as cash flows from operating activities.

27. ULTIMATE HOLDING COMPANIES

The Intermediate holding company is Gamma Cement Ltd and the ultimate holding company is Gamma Civic Ltd, a company incorporated in Mauritius and listed on the Stock Exchange of Mauritius.

28. COMMITMENTS

No liability has been recognised in respect of bank guarantees given to the Board of Investment for its executive director amounting to Rs 40,000 (2022: Rs 40,000). Capital commitment amounted to Rs 13,294,946 (2022: Rs 11,514,412) and relates to Property, plant and equipment. The company has provided a corporate guarantee of MGA 8,000,000,000 (equivalent to approximately USD 2M) to Kolos Madagascar SA.

29. EVENTS AFTER REPORTING DATE

There have been no material events after the reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 December 2023, except for the approval of the capitalisation of the accumulated losses in Kolos Madagascar SA.