KOLOS CEMENT LTD

ANNUAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2019

CONTENTS

The directors are pleased to present the Annual Report together with the audited consolidated and separate financial statements of Kolos Cement Ltd (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2019.

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 23 and the state of the Group and the Company's affairs at the reporting date is set out on page 22.

The total dividends declared by the Group and the Company for the year ended 31 December 2019 were Rs 202,500,000 (2018: Rs 75,600,000) and Rs 202,500,000 (2018: Rs 75,600,000) respectively.

Business Review

The Group reported a 31 % increase in revenue driven principally by an increase in volume of cement sold compared to prior year. Operating Profit decreased from Rs 261M to Rs 230M in the year under review. Group profit after tax in 2019 was Rs 176M, which is 13% down from Rs 201M in 2018. Group total assets decreased by 8% from Rs 969M to Rs 893M, due to changes in assumptions for the discount rates for leases *(refer to note 20)*

Future Outlook

FY 2019 was an exceptional year with high demand for cement driven by large public infrastructure projects. We expect FY 2020 demand to revert back to normal levels.

Directors

The directors of the Company during the year were:

	Appointed on	Resigned on
Dominique Rene Jacky Billon	17 May 2011	-
Chian Tat Ah Teck	17 May 2011	-
Chian Luck Ah Teck	17 May 2011	-
Javier De Benito	2 February 2016	-
Paul Halpin	2 February 2016	-
Chian Yew Ah Teck (Chairman)	2 February 2016	-
Sui Lien Chong Ah Yan	2 February 2016	-
Twalha Dhunnoo	19 May 2017	-
Jacqueline Sitorus	29 June 2018	-
Challa Vivekananda Reddy	29 May 2018	-
Charanjeet Singh	29 May 2018	30 October 2019

Auditors

Ernst & Young has indicated its willingness to continue in office as auditors and will put themselves for re-election at the next Annual Meeting.

Introduction

Kolos Cement Limited ("Kolos" 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 2019 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, while a "Kolos Charter" is in preparation.

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.

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 Committee, while retaining certain specific reserved matter to it; and
- For exercising accountability to shareholders and stakeholders.

Board Members profile

1) **Chian *Yew Ah Teck*** (also called Carl Ah Teck) - Executive Chairman

Carl holds a first class degree in Civil Engineering from Lancaster University and an MPhil. Degree in Soil Mechanics from the University of Cambridge. After university, he joined consulting firm Sir Alexander Gibb and Partners in Mauritius. He is a registered professional engineer. He has also attended several executive management programs at NUS/Stanford University, London Business School and INSEAD.

After 5 years with Sir Alexander Gibb, where he held various positions in both the design office and on site for major projects, he founded Gamma Construction Co Ltd in 1987 which has subsequently acquired Randabel & Sons Ltd (now known as Gamma-Civic Ltd).

From 1987 to 2011, he was the Chief Executive of the Gamma Group before becoming the Executive Chairman of Gamma-Civic Ltd in February 2011. From July 2015 to November 2016, he was again in the position of a non-executive director and since 11 November 2016 the Board of Directors of Gamma Civic Ltd has appointed him as the Executive Chairman of the company.

Carl joined the Board of Kolos Cement Ltd on 29 May 2008 and was appointed Executive Chairman on 11 November 2016.

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

PRINCIPLE 1- GOVERNANCE STRUCTURE (CONTINUED)

2) **Chian Tat Ah Teck** (also called Tommy Ah Teck) - Non-Executive Director

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 from 1987 to January 2011. He was appointed Group CEO in February 2011. Since July 2015, he is no longer an Executive Director, and is a member of the Board in a Non- Executive capacity.

Tommy is also the Vice Chairman of the Company and he also chairs the Gamma Foundation.

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

3) **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 Trainee Auditor 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. Since July 2015, he is no longer an Executive Director and is a member of the Board of Directors of Gamma Civic Ltd in a Non- Executive capacity.

Patrice is a Director of the Company since 2008.

Directorship in listed companies: Three (Gamma-Civic Ltd, Morning Light Co. Ltd and Lottotech 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, studied business administration and economics at the Universidad Autónoma 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 trading company and as a specialist for finance projects with a Spanish export promotion company, he joined Holcim Trading, Madrid, in 1988. Along with responsibility for controlling at the subsidiary companies division and for business development, he took on the position of Deputy General Manager in 1992, with responsibility for the trading division. On April 1, 2003, he moved to the head office in Switzerland and was appointed Area Manager for the Mediterranean, Indian Ocean and West Africa. As of September 1, 2012, Javier directly lead Africa Middle East including the Group's positions in West Africa and the Arabian Gulf that formerly have been run by Holcim Trading. As of the same date, he was also responsible for the interests in South and East Africa. Since January 2016 Javier is the Chairman of Globbulk Technologies S.L., a technical consulting services company specialized in the cement industry.

Directorship in listed companies: None.

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: Two (Gamma-Civic Ltd and Lottotech Ltd).

PRINCIPLE 1- GOVERNANCE STRUCTURE (CONTINUED)

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. She has held the function of human resource at Gamma Group since 2000. She 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. Since July 2015, she is no longer an Executive Director and is a member of the Board of Directors of Gamma Civic Ltd in a Non- Executive capacity.

Directorship in listed companies: Two (Gamma-Civic Ltd and Alternate Director in 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** - Independent 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

10) **Challa Vivekananda Reddy** - Independent 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

11) **Charanjeet Singh** - Independent Non-Executive Director

Charanjeet qualified in Electrical, Electronics and Communication Engineering. He also has a Masters' Degree in Logistics, Materials and Supply Chain Management from Northumbria University. He is also a member of the Institute of Chartered Shipbrokers.

Since 2006, Charanjeet has gained much working experience in procurement and logistics and in trading when he joined Holcim in May 2012 as Trading Manager and moved to Lafargeholcim in August 2015.

In September 2016, he joined Gama Corp Indonesia as Head of Trading for cement and solid fuels and Overseas Terminals.

Directorship in listed companies: None

He is no longer a Director of the Company since 30 October 2019.

PRINCIPLE 1- GOVERNANCE STRUCTURE (CONTINUED)

Key Governance Officers profile

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

Please refer to the section Board Members profile.

2) **Xiong Fen Lan Pan Wing** (also called Bernard Lan) - Deputy General Manager

Bernard holds a BSc (Hons) Computing with Business from the University of Hertfordshire. In 1998 he joined Gamma-Civic Ltd as IT Manager and was later promoted to be in charge of business units namely Workshop, Concrete and Stone Crushing Department. Since January 2015, he was occupying the position of General Manager at Gamma Materials Ltd and he joined Kolos in January 2018 as Deputy General Manager.

3) **Shaun Kim Tiam Fook Chong** - Chief Financial Officer

Shaun is a member of the Institute of Chartered Accountant in England & Wales. From 2005 to 2012, he worked as an Audit Manager with Harold Everett Wreford LLP (London, UK). He joined Aspen Global Incorporated as Senior Financial Accountant in February 2013 before taking up the role of Finance Manager of Kolos in December 2013.

Shaun resigned from his position at Kolos and moved to Gamma-Civic Ltd as Deputy Group CFO on 1 October 2019.

4) **Gulshan Seebaluck** (also called Ashley Seebaluck) - Finance Manager

Ashley graduated with a BCom from University of Mumbai and is a fellow of the Association of Chartered Certified Accountants. He trained with Baker Tilly London before moving to Harold Everett Wreford LLP as an Audit Manager in 2008. Ashley returned to Mauritius in 2012 joining Aspen Global Incorporated, a pharmaceutical company, heading the Accounting, Tax and Treasury team. Ashley joined the management team of Kolos in September 2019.

5) **Jayen Mareemootoo** - Sales and Logistics Manager

Jayen holds a BTS ElectroTechnique (Lycée Vaucresson-France 1998-2000), a BSTAT (Brevet Supérieur de Technicien de l'Armée de Terre) in Administration du Personnel option Chancellerie, BTS (Brevet de Technicien Supérieur) Gestion du Personnel -Ecole de Fourrier Querqueville 2006-2008 and in 2012 graduated in Marketing and Management from University of Curtin. He worked for the French Ministry of Defence as assistant to Human Resource Director from 2005 to October 2009 and joined Holcim in November 2009 in the field of Marketing & Communication. In September 2013 he was appointed as Sales and Logistics Manager.

6) **Kshil Gajadhur** - Technical Manager

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.

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, four Independent Directors and four Non-Executive Directors.

Key roles and responsibilities

Executive Chairman: *Chian Yew 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: *Jacqueline Sitorus* *Javier De Benito* *Paul Halpin* *Vivekananda Challa Reddy*	**Non-Executive Directors:** *Chian Luck Ah Teck* *Chian Tat Ah Teck* *Sui Lien Chong Ah Yan* *Twalha Dhunnoo*
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. The Board believes that the presence of the two women Directors on board, namely Jacqueline Sitorus and Sui Lien Chong Ah Yan, contributes adequately to the diversity of the Board.

Independence

The four Independent Non-Executive Directors meet the independence criteria as set out in the Code.

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 relevancy 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 would be circulated at least 5 days before the meeting. All Board papers are circulated to Directors on Boardpad.

Matters considered by the Board for the period under review

Board meetings are scheduled one year in advance so as to allow Board members to ample time to plan organise for the meetings. For the year 2019, the Board held statutory meetings for approval of accounts and strategy/ budget meetings, as follows:

Year 2019			
		Board Meetings	ARC Meetings
1	Results for Year ending 31 December 2018	26 March 2019	14 March 2019
2	Results for the Quarter ending 31 March 2019	7 May 2019	7 May 2019
3	Annual Meeting for Financial Year ended 31 December 2018	31 May 2019	
4	Results for the Quarter and Half Year ending 30 June 2019	30 October 2019	30 October 2019

Decisions have also 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 4 times during the year under review

Directors	Category	Attendance
Mr Chian Yew Ah Teck	Executive Chairman	4/4
Mr Patrice Ah Teck	Non-Executive	4/4
Mr Tommy Ah Teck	Non-Executive	4/4
Mr Dominique Billon	Executive	4/4
Mr Javier De Benito	Independent Non-Executive	4/4
Mr Paul Halpin	Independent Non-Executive	4/4
Mrs Sui Lien Chong Ah Yan	Non-Executive	4/4
Mr Twalha Dhunnoo	Non-Executive	4/4
Mr Vivekananda Challa	Independent Non-Executive	4/4
Mr Charanjeet Singh	Independent Non-Executive	1/4
Mrs Jaqueline Sitorus	Independent Non-Executive	2/4

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.

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.

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.

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

The Committees of the Board (Continued)

(b) Corporate Governance Committee (Continued)

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	1/1	Independent Non-Executive Director
Carl Ah Teck	1/1	Non-Executive Director
Tommy Ah Teck	-	Non-Executive Director
Marie Claire Chong Ah Yan	-	Non-Executive Director

For the year under review the Corporate Governance Committee met once on 14 March 2019.

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 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.

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.

PRINCIPLE 4- DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

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 attract and retain 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.

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.

Board evaluation

For the year under review the Board has carried out a Self and Peer Performance evaluation.

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

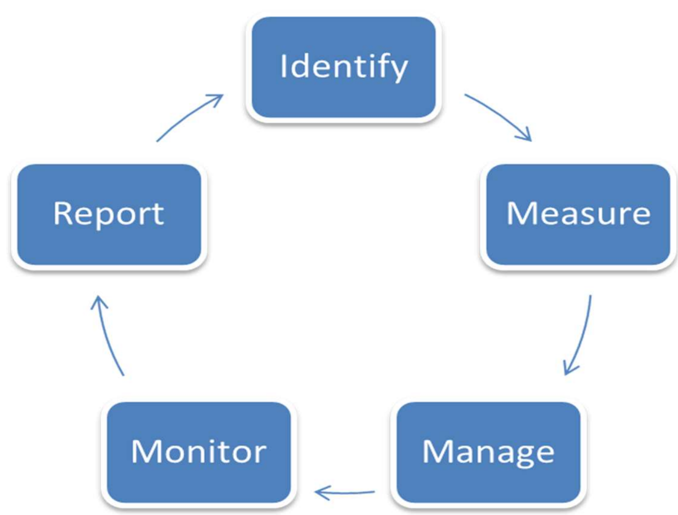
Risk Framework

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.

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, set 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 provide The Audit & Risk Committee and the Board 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 are the independent assurance providers (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.

PRINCIPLE 5- RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

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. The Board is responsible for the Group and 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 have 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.

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

Financial and operational performance

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

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 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.

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 legally. 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.

Corporate Social Responsibility ("CSR")

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 remain committed to CSR and have 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. The internal auditor reports directly to the Audit and Risk Committee and a report is subsequently 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 assess its performance and relevant work experience.

The internal audit plan is prepared by the internal audit following discussions with Management under the supervision of the Audit and Risk Committee, which is the body entitled to approve the final audit plan.

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. The Company's external auditor for the year under review is Ernst & Young.

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 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.

Annual Meeting of Shareholders

The Company's Annual Meeting 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.

Website

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 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.

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

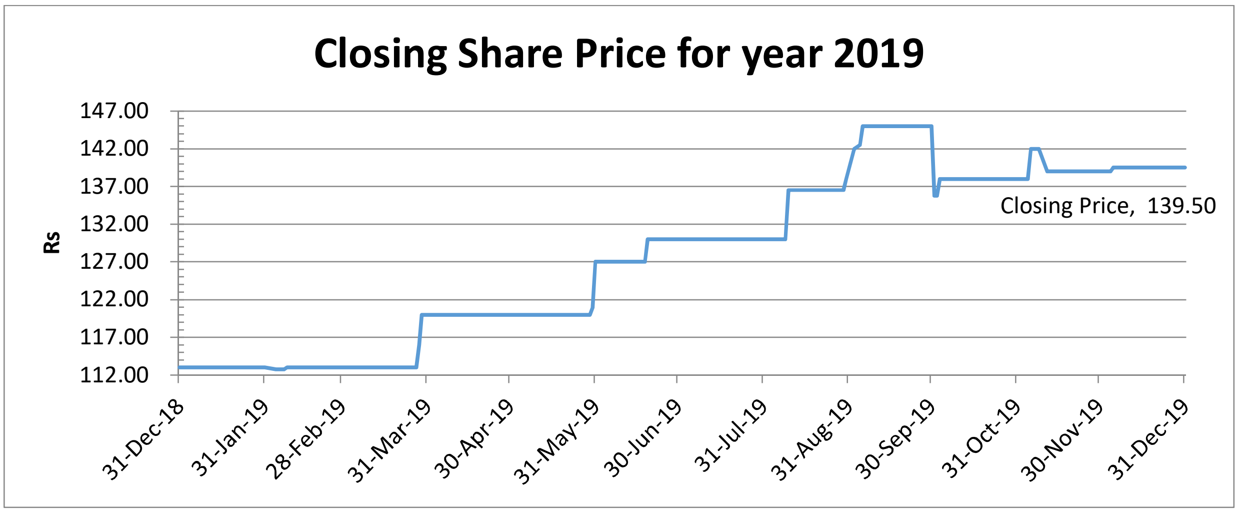
Shareholders' Agreement

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

Breakdown of share ownership as at 31 December 2019

Shareholders	Shareholding
Gamma Cement Ltd	74%
Public	26%

Share Price Graph



Shares in Public Hands

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

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 signed a certificate of solvency and declares the dividend.

Statement of Compliance

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

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 cementious products in Mauritius.

Directors

The name of the Directors of the Company and its subsidiaries as at 31 December 2019 were as follows:

	Mr Chian Luck Ah Teck	Mr Chian Tat Ah Teck	Mr Chian Yew 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		√		√						

Directors' and Senior Officers' Interests in Shares

KOLOS CEMENT LTD STATEMENT OF DIRECT AND INDIRECT INTERESTS OF INSIDERS AS AT 31 DECEMBER 2019		
	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 Chian Yew Ah Teck	-	3,477,875
Mr Dominique Billon	-	-
Mr Javier de Benito	-	-
Mr Paul Halpin	-	-
Mr Twalha Dhunnoo	-	-
Mrs Sui Lien Chong Ah-Yan	-	297,013
Mrs Jacqueline Sitorus	-	-
Mr Vivekananda Challa	-	-

Directors' Remuneration and Benefits

Total remuneration and benefits received by the Directors from the Group and Company were:

Remuneration and benefits paid by the Group and Company	Rs
Directors	29,210,855

Note: The Directors' remuneration is disclosed in aggregate due to the confidentiality of the information and no remuneration in the form of share options or bonuses associated with the organisation performance have been issued to non-executive directors.

STATUTORY DISCLOSURES (CONTINUED)

Directors' service contracts

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

Contract of Significance

The Group and Company has no contract of significance with any Director. 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 have its own CSR program, namely Batir Agir. For the year 2019, the Group and the Company have contributed Rs 1,149,303 and Rs 1,059,877 respectively, as donations, including Corporate Social Responsibility (CSR).

The Group and Company made the following political donations during the year

	Group	Company
	2019	2019
	Rs	Rs
Political donations	1,500,000	1,500,000

Auditors' remuneration

Ernst & Young are the auditors of the Group and Company.

The auditors' remuneration paid during the year 2019 by the Group and Company and its subsidiaries, was as follows:

	Group	Company
	2019	2019
	Rs	Rs
Fees for audit services (Ernst & Young)	908,000	600,000
Fees for internal audit services (KPMG)	832,000	416,000
Fees for taxation services (KPMG)	78,000	39,000

Approved by the Board of Directors on 19 March 2020 and duly signed on its behalf by

Director

Director

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 2019.

……………………………
For and behalf of
Company Secretary

Date: 19 March 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOLOS CEMENT LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Kolos Cement Ltd Ltd (the "Company) and its subsidiaries (collectively referred to as the "Group") set out on pages 22 to 61 which comprise the statement of financial position as at 31 December 2019, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of the Group as at 31 December 2019, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and the Financial Reporting Act 2004.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Corporate Governance Report and the Company Secretary's Certificate as required by the Companies Act 2001, which we obtained prior to the date of this report and the Annual Report which is expected to be made available to us after that date. Other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Corporate Governance Report

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOLOS CEMENT LTD (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOLOS CEMENT LTD (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

We communicate with the directors 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 the directors 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 the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law 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.

Use of our report

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

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

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

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

ERNST & YOUNG
Ebène, Mauritius

ANDRE LAI WAN LOONG, F.C.A.
Licensed by FRC

Date: 19 March 2020

	Notes	GROUP		COMPANY	
		2019	2018	2019	2018
		Rs	Rs	Rs	Rs
Assets					
Non-current assets					
Property, plant and equipment	10(a)	633,622,281	672,918,185	604,728,959	641,800,646
Intangible assets	10(b)	11,979,759	13,663,920	11,979,759	13,663,920
Investments in subsidiaries	11	-	-	122,500	122,500
		645,602,040	686,582,105	616,831,218	655,587,066
Current assets					
Inventories	12	140,186,570	144,381,082	138,822,182	144,206,946
Trade and other receivables	13	96,736,508	111,886,034	112,636,343	122,901,631
Cash in hand and at bank	14	10,128,286	26,052,787	4,714,431	13,370,125
		247,051,364	282,319,903	256,172,956	280,478,702
Total assets		892,653,404	968,902,008	873,004,174	936,065,768
EQUITY AND LIABILITIES					
Stated capital	15	270,000,000	270,000,000	270,000,000	270,000,000
Revaluation reserve	16	101,973,330	92,675,877	100,683,914	92,675,877
Retained earnings		95,443,933	119,609,606	93,170,709	107,102,716
Total equity		467,417,263	482,285,483	463,854,623	469,778,593
LIABILITIES					
Non-current liabilities					
Employee benefit liabilities	17	10,831,969	8,708,283	10,831,969	8,708,283
Lease liabilities	20	115,052,948	166,767,022	103,449,938	152,955,761
Deferred tax liabilities	18	51,263,150	48,340,198	51,401,195	48,297,099
		177,148,067	223,815,503	165,683,102	209,961,143
Current liabilities					
Bank overdraft	14	19,122,497	-	19,122,497	-
Trade and other payables	19	205,364,691	234,088,451	204,187,764	231,972,483
Lease liabilities	20	11,608,936	12,278,542	8,733,692	9,683,410
Current tax liabilities	9(b)	11,991,950	16,434,029	11,422,496	14,670,139
		248,088,074	262,801,022	243,466,449	256,326,032
Total liabilities		425,236,141	486,616,525	409,149,551	466,287,175
Total equity and liabilities		892,653,404	968,902,008	873,004,174	936,065,768

Approved by the Board of directors on ......19 March 2020............ and signed on its behalf by:

....

Director *Director*

The notes on pages 27 to 61 form part of these consolidated and separate financial statements.

		GROUP		COMPANY	
		2019	2018	**2019**	2018
	Notes	**Rs**	Rs	**Rs**	Rs
Revenue	5	**1,477,424,772**	1,125,025,900	**1,457,246,068**	1,097,747,214
Cost of sales	6,1	**(1,077,203,475)**	(734,743,985)	**(1,078,596,310)**	(742,840,749)
Gross profit		**400,221,297**	390,281,915	**378,649,758**	354,906,465
Selling and distribution expenses	6.2	**(40,568,373)**	(43,449,847)	**(34,898,104)**	(34,931,682)
Administrative expenses	6.3	**(156,237,566)**	(125,825,196)	**(151,525,814)**	(126,196,745)
Expected credit loss on receivables	13	**(515,262)**	(1,547,438)	**666,238**	(1,141,743)
Other gains	8(b)	**23,875,572**	17,218,302	**23,875,572**	17,200,022
Other income	7	**3,521,169**	24,078,781	**21,458,484**	23,922,815
Operating profit		**230,296,837**	260,756,517	**238,226,134**	233,759,132
Finance income		**113,870**	167,505	**113,870**	167,505
Finance costs		**(16,371,827)**	(15,009,736)	**(15,637,883)**	(14,244,901)
Net finance costs	8(a)	**(16,257,957)**	(14,842,231)	**(15,524,013)**	(14,077,396)
Profit before tax		**214,038,880**	245,914,286	**222,702,121**	219,681,736
Income tax expense	9	**(38,360,951)**	(44,712,927)	**(36,790,526)**	(39,790,053)
Profit for the year		**175,677,929**	201,201,359	**185,911,595**	179,891,683
Other comprehensive income not to be reclassified to profit or loss in subsequent period					
Gain on revaluation of buildings	10(a)	**15,462,707**	8,230,073	**13,909,194**	8,230,073
Deferred tax effect on gain on revaluation of buildings	18	**(2,628,660)**	(1,399,112)	**(2,364,563)**	(1,399,112)
Remeasurement loss on employee benefit liabilities	17	**(1,060,477)**	(2,183,276)	**(1,060,477)**	(2,183,276)
Deferred tax effect on remeasurement loss on employee benefit liabilities	18	**180,281**	371,157	**180,281**	371,157
Other comprehensive income for the year, net of tax		**11,953,851**	5,018,842	**10,664,435**	5,018,842
Total comprehensive income for the year		**187,631,780**	206,220,201	**196,576,030**	184,910,525
Earning per share (basic and diluted)	23	**6.51**	7.45		

The notes on pages 27 to 61 form part of these consolidated and separate financial statements.

GROUP	Notes	Stated capital	Revaluation reserve	Retained earnings	Total
		Rs	Rs	Rs	Rs
At 1 January 2018		270,000,000	88,160,551	(6,495,269)	351,665,282
Total comprehensive income for the year					
Profit for the year			-	201,201,359	201,201,359
Transfer of depreciation for building		-	(2,315,635)	2,315,635	-
Gain on revaluation of building	10(a)	-	8,230,073	-	8,230,073
Deferred tax effect on gain on revaluation of building	18	-	(1,399,112)	-	(1,399,112)
Remeasurement loss on employee benefit liabilities	17	-	-	(2,183,276)	(2,183,276)
Deferred tax effect on remeasurement loss on employee benefit liabilities	18	-	-	371,157	371,157
Other comprehensive income/(loss) for the year net of tax		-	6,830,961	(1,812,119)	5,018,842
Transaction with owners of the Company recognised directly in equity					
Distributions to owners of the Company					
Dividends	15	-	-	(75,600,000)	(75,600,000)
Balance at 31 December 2018		270,000,000	92,675,877	119,609,606	482,285,483
Total comprehensive income for the year					
Profit for the year		-	-	175,677,929	175,677,929
Transfer of depreciation for building		-	(3,536,594)	3,536,594	-
Gain on revaluation of building	10(a)	-	15,462,707	-	15,462,707
Deferred tax effect on gain on revaluation of building	18	-	(2,628,660)	-	(2,628,660)
Remeasurement loss on employee benefit liabilities	17	-	-	(1,060,477)	(1,060,477)
Deferred tax effect on remeasurement loss on employee benefit liabilities	18	-	-	180,281	180,281
Other comprehensive income/(loss) for the year net of tax		-	12,834,047	(880,196)	11,953,851
Transaction with owners of the Company recognised directly in equity					
Distributions to owners of the Company					
Dividends	15	-	-	(202,500,000)	(202,500,000)
Balance at 31 December 2019		270,000,000	101,973,330	95,443,933	467,417,263

The notes on pages 27 to 61 form part of these consolidated and separate financial statements.

COMPANY	Notes	Stated capital	Revaluation reserve	Retained earnings	Total
		Rs	Rs	Rs	Rs
At 1 January 2018		270,000,000	88,160,551	2,307,517	360,468,068
Total comprehensive income for the year					
Profit for the year		-	-	179,891,683	179,891,683
Transfer of depreciation for building		-	(2,315,635)	2,315,635	-
Gain on revaluation of building	10(a)	-	8,230,073	-	8,230,073
Deferred tax effect on gain on revaluation of building	18	-	(1,399,112)	-	(1,399,112)
Remeasurement loss on employee benefit liabilities	17	-	-	(2,183,276)	(2,183,276)
Deferred tax effect on remeasurement loss on employee benefit liabilities	18	-	-	371,157	371,157
Other comprehensive income/(loss) for the year net of tax		-	6,830,961	(1,812,119)	5,018,842
Transaction with owners of the Company recognised directly in equity					
Distributions to owners of the Company					
Dividends	15	-	-	(75,600,000)	(75,600,000)
Balance at 31 December 2018		270,000,000	92,675,877	107,102,716	469,778,593
Total comprehensive income for the year					
Profit for the year		-	-	185,911,595	185,911,595
Transfer of depreciation for building		-	(3,536,594)	3,536,594	-
Gain on revaluation of building	10(a)	-	13,909,194	-	13,909,194
Deferred tax effect on gain on revaluation of building	18	-	(2,364,563)	-	(2,364,563)
Remeasurement loss on employee benefit liabilities	17	-	-	(1,060,477)	(1,060,477)
Deferred tax effect on remeasurement loss on employee benefit liabilities	18	-	-	180,281	180,281
Other comprehensive income/(loss) for the year net of tax		-	11,544,631	(880,196)	10,664,435
Transaction with owners of the Company recognised directly in equity					
Distributions to owners of the Company					
Dividends	15	-	-	(202,500,000)	(202,500,000)
Balance at 31 December 2019		270,000,000	100,683,914	93,170,709	463,854,623

The notes on pages 27 to 61 form part of these consolidated and separate financial statements.

		GROUP		COMPANY	
		2019	2018	2019	2018
	Notes	Rs	Rs	Rs	Rs
Cash flows from operating activities					
Profit before tax		214,038,880	245,914,286	222,702,121	219,681,736
Adjustments for:					
Depreciation and amortisation	10	48,930,280	49,112,471	44,329,417	46,453,700
Net foreign exchange differences		(635,859)	(832,732)	(635,859)	(832,732)
Interest on bank overdraft	8(a)	6,673,586	7,501,153	6,652,992	7,482,355
Finance income	8(a)	(113,870)	(167,505)	(113,870)	(167,505)
Dividend income		-	-	(18,000,000)	-
Interest charged on lease liabilities	8(a)	9,698,241	7,508,583	8,984,891	6,762,546
Expected credit loss	13	515,262	-	(666,238)	-
Provision for pallets and spare parts	12	2,250,090	-	2,250,090	-
Movement in employee benefits liability.	17	1,063,209	698,856	1,063,209	698,856
		282,419,819	309,735,112	266,566,753	280,078,956
Changes in:					
(Increase)/Decrease in inventories		1,944,422	(74,526,446)	3,134,674	(66,714,576)
(Increase)/Decrease in trade and other receivables		14,634,264	(41,730,956)	28,931,526	(46,488,632)
(Decrease)/Increase in trade and other payables		(128,723,760)	123,289,533	(127,784,719)	124,001,732
Movement in employee benefit liabilities		-	3,124,619	-	3,124,619
		170,274,745	319,891,862	170,848,234	294,002,099
Interest paid	8(a)	(16,371,827)	(15,009,736)	(15,637,883)	(14,244,901)
Interest received	8(a)	113,870	167,505	113,870	167,505
Income tax paid	9	(42,328,457)	(30,257,644)	(39,118,355)	(25,106,261)
Net cash generated from operating activities		111,688,331	274,791,987	116,205,866	254,818,442
Cash flows from investing activities					
Purchase of property, plant and equipment and intangibles assets	10(a)	(34,401,869)	(49,627,104)	(34,429,565)	(36,054,730)
Net cash used in investing activities		(34,401,869)	(49,627,104)	(34,429,565)	(36,054,730)
Cash flows from financing activities					
Dividend paid	15	(202,500,000)	(75,600,000)	(202,500,000)	(75,600,000)
Lease payment	24	(10,469,319)	(12,877,506)	(7,690,351)	(11,050,462)
Short term loan received	24	227,000,000	68,000,000	227,000,000	68,000,000
Short term loan repayment	24	(127,000,000)	(28,000,000)	(127,000,000)	(28,000,000)
Net cash used in financing activities		(112,969,319)	(48,477,506)	(110,190,351)	(46,650,462)
Net movement in cash and cash equivalents		(35,682,857)	176,687,377	(28,414,050)	172,113,250
Net foreign exchange differences		635,859	832,732	635,859	832,732
Cash and cash equivalents at 1 January		26,052,787	(151,467,322)	13,370,125	(159,575,857)
Cash and cash equivalents at 31 December 2019	14	(8,994,211)	26,052,787	(14,408,066)	13,370,125

The notes on pages 27 to 61 form part of these consolidated and separate financial statements.

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 statement of the parent and it 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 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 2019, the Group had net current liabilities position of Rs 1.03m and the Company had net current asset position of Rs 12.7m (2018: Rs 19.5m and Rs 24.2m net current assets position respectively). The directors consider there is no going concern issue given that the Group and Company has sufficient resources to meet its short-term obligations. Therefore, the financial statements continue to be prepared on the going concern basis.

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (Continued)

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.

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 estimates judgement to cater for the absence of level detectors. 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 consider factors such as customers' financial strength and collateral requirement in certain circumstances. Also, specific provision is recorded when the Group becomes aware of the customer's inability to meet its finance obligation. Refer to Note 13.

(e) Changes in accounting policies and disclosures

Amendments	**Effective for accounting period beginning on or after**
Prepayment Features with Negative Compensation - Amendments to IFRS 9	1 January, 2019
Long-term Interests in Associates and Joint Ventures - Amendments to IAS 28	1 January, 2019
IAS 12 – Income Taxes – Income tax consequences of payments on financial instruments classified as equity	1 January, 2019
IAS 23 – Borrowing Costs – Borrowing costs eligible for capitalisation	1 January, 2019
Plan Amendment, Curtailment or Settlement - Amendments to IAS 19	1 January, 2019
IFRS 11 – Joint Arrangements – Previously held interests in joint	1 January, 2019
IFRS 3 Business Combinations - Previously held interests in a joint operation	1 January, 2019
Sales or Contribution of Assets between an Investor and its Associate or Joint Venture -Amendments to IFRS 10 and IAS 28	1 January, 2019
IFRIC Interpretations 23 Uncertainty over Income Tax Treatments	1 January, 2019

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

3. SIGNIFICANT ACCOUNTING POLICIES

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).

(b) Revenue recognition and cost of sales

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 transactions 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.

Included in cost of sales are expenses directly related to production which included direct materials, direct labour, utilities and shipping costs.

Revenue from contract with customers

The main stream 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.

3. SIGNIFICANT ACCOUNTING POLICIES

(d) Other income

Other income includes transactions such as sales of pallets/plastics for recycling purposes, transport services. This year, other income included dividend income from subsidiary while last year, other income included an exceptional revenue received for unloading services provided to third party. Other income is recognised in the statement of profit and loss at one 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 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Taxation (Continued)

(ii) Deferred tax (Continued)

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.

(iii) 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.

(iv) 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.

(v) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment (Continued)

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.

(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.

(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.

(1) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leases (Continued)

Group as a lessee (Continued)

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

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	20%
Plant and machinery	33 1/3%
Motor vehicles	between 28% to 32%

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment.

(2) 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.

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.

(3) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Intangible assets (Continued)

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

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.

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)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial instruments (Continued)

(i) Financial assets (Continued)

Subsequent measurement (Continued)

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 and cash at bank.

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.

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).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial instruments (Continued)

(i) Financial assets (Continued)

Impairment of financial assets (Continued)

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 fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, 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.

Subsequent measurement

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

(a) loans and borrowings

After initial recognition, interest-bearing loans and borrowings 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

For assets existing 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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Employee benefits (Continued)

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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Provisions (Continued)

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) 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.

New or revised standards	Effective for accounting period beginning on or after
IFRS 17 Insurance Contracts	1 January, 2021
The Conceptual Framework for Financial Reporting	1 January, 2020
Definition of a Business - Amendments to IFRS 3	1 January, 2020
Definition of Material- Amendments to IAS 1 and IAS 8	1 January, 2020
Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7	1 January, 2020
Sale or Contribution of Assets between an Investor and its associate or joint venture – amendments to IFRS 10 and IAS 28	Not yet effective

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 only in Mauritius. Sales made to external parties amount to Rs 1,080m (2018: Rs 843m). There is no single external customer who generates more than 10% of the revenue of the Group.

	2019	2018
	Rs.	Rs.
Revenue (Note 5)	1,477,424,772	1,125,025,900
Cost of sales	(1,077,203,475)	(734,743,985)
Gross profit	400,221,297	390,281,915
Total assets	892,653,404	968,902,008
Total liabilities	425,236,141	486,616,525
Total equity	467,417,263	482,285,483
Total equity and liabilities	892,653,405	968,902,008

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

	GROUP		COMPANY	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Sales				
Internal	403,130,427	281,720,474	819,076,504	486,583,744
External	1,074,294,345	843,305,426	638,169,564	611,163,470
	1,477,424,772	1,125,025,900	1,457,246,068	1,097,747,214

5. REVENUE

	GROUP		COMPANY	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Sale of cement in bulk	609,245,930	340,515,819	609,245,930	340,519,293
Sale of cement in bags	868,178,842	784,510,081	848,000,138	757,227,921
	1,477,424,772	1,125,025,900	1,457,246,068	1,097,747,214

6. EXPENSES

6.1 *Cost of sales*

Cost of sales include the following:	GROUP		COMPANY	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Wages, Salaries and bonuses * (Note 6.4)	16,428,815	15,844,888	16,428,815	15,844,888
Fuel & oil	14,681,347	16,403,031	14,681,347	16,403,031
Spare parts	22,898,515	16,482,194	22,898,515	16,482,194
Movement in provision for stock obsolescence	(42,132)	2,141,216	(42,132)	2,141,216
Inventories consumed	914,489,069	563,495,121	915,881,905	571,631,771
Depreciation and amortisation	44,711,993	44,127,135	44,711,993	44,127,135

6. EXPENSES (CONTINUED)

6.2 *Selling and distribution expenses*

Selling and distribution expenses include the following:

	GROUP		COMPANY	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Wages, Salaries and bonuses * (Note 6.4)	10,654,632	9,323,690	8,854,632	8,123,690
Depreciation and amortisation	4,512,103	2,657,561	-	-
Movement in provision for doubtful debts	515,262	(260,554)	(666,238)	(666,249)

6.3 *Administrative expenses*

Administrative expenses include the following:	GROUP		COMPANY	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Wages, Salaries and bonuses* (Note 6.4)	43,495,481	40,670,397	43,495,481	40,670,397
Pension and security costs	4,880,622	5,155,227	4,880,622	5,155,227
Management fees	73,626,696	51,880,764	73,626,696	51,880,764
Depreciation and amortisation	2,388,786	2,327,775	2,388,786	2,326,565

6.4 *Analysis of salaries, wages and allowances*

	GROUP		COMPANY	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Wages, salaries and bonuses – (Note	70,578,928	65,838,975	68,778,928	64,638,975
Social security	2,265,280	1,951,154	2,265,280	1,951,154
Pension costs	2,615,342	3,204,073	2,615,342	3,204,073
	75,459,550	70,994,202	73,659,550	69,794,202

* Wages, salaries and bonuses are allocated to either other operating expenses, 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	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Sundry Income	3,521,169	1,523,966	3,458,484	1,368,000
Dividend Income	-	-	18,000,000	-
Unloading services	-	22,554,815	-	22,554,815
	3,521,169	24,078,781	21,458,484	23,922,815

8(a). NET FINANCE COST

	GROUP		COMPANY	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Interest income	113,870	167,505	113,870	167,505
Finance income	113,870	167,505	113,870	167,505
Interest on bank overdraft	(6,673,586)	(7,501,153)	(6,652,992)	(7,482,355)
Interest on lease liabilities	(9,698,241)	(7,508,583)	(8,984,891)	(6,762,546)
Finance costs	(16,371,827)	(15,009,736)	(15,637,883)	(14,244,901)
Net finance costs	(16,257,957)	(14,842,231)	(15,524,013)	(14,077,396)

8(b). OTHER GAINS

	GROUP		COMPANY	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Foreign exchange gains	23,875,572	17,218,302	23,875,572	17,200,022
Other gains	23,875,572	17,218,302	23,875,572	17,200,022

9. INCOME TAX EXPENSE

The Group and the Company are liable to income tax at the rate of 15% (2018: 15 %).

		GROUP		COMPANY	
		2019	2018	2019	2018
		Rs.	Rs.	Rs.	Rs.
(a)	*In the statement of profit or loss:*				
	Corporate social responsibility	4,642,542	8,897,864	4,454,042	6,829,884
	Income tax on the adjusted profit for the year	33,243,836	34,340,214	31,416,670	31,752,317
	Over provision in previous years	-	-	-	-
	Deferred tax charge	474,573	1,474,849	919,814	1,207,852
		38,360,951	44,712,927	36,790,526	39,790,053
	Reconciliation of effective tax rate				
	Profit before taxation	214,038,880	245,914,286	222,702,121	219,681,736
	Income tax at 15%	32,105,832	36,887,143	33,405,318	32,952,260
	Corporate social responsibility	4,280,778	8,897,864	4,454,042	6,829,884
	Non-deductible expenses	1,974,341	204,047	1,991,166	132,819
	Exempt income	-	(124,910)	(3,060,000)	(124,910)
	Tax effets of consolidation adjustments	-	(1,151,217)	-	-
		38,360,951	44,712,927	36,790,526	39,790,053
		-	-	-	-

(b) *Income tax liability*

	GROUP		COMPANY	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
At 01 January	16,434,029	3,453,595	14,670,139	1,194,199
Charge for the year	37,886,378	43,238,078	35,870,712	38,582,201
Paid during the year	(42,328,457)	(30,257,644)	(39,118,355)	(25,106,261)
At 31 December	11,991,950	16,434,029	11,422,496	14,670,139

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 2018	8,843,592	310,900,000	432,294,751	5,343,516	4,097,323	-	2,351,347	763,830,529
Impact on adoption of IFRS 16	-	-	-	-	-	71,129,182	-	71,129,182
Additions	48,587,303	-	-	-	-	120,793,888	-	169,381,191
Transfer	(41,351,727)	20,184,504	21,167,223	-	-	-	-	-
Revaluation	-	(4,673,056)	-	-	-	-	-	(4,673,056)
At 31 December 2018	**16,079,168**	**326,411,448**	**453,461,974**	**5,343,516**	**4,097,323**	**191,923,070**	**2,351,347**	**999,667,846**
At 01 January 2019	16,079,168	326,411,448	453,461,974	5,343,516	4,097,323	191,923,070	2,351,347	999,667,846
Adjustments (note 20)	-	-	-	-	-	(55,408,762)	-	(55,408,762)
Additions	34,401,869	-	-	-	-	13,494,402	-	47,896,271
Transfer	(17,049,731)	303,729	16,746,002	-	-	-	-	-
Revaluation	-	(515,177)	-	-	-	-	-	(515,177)
At 31 December 2019	**33,431,306**	**326,200,000**	**470,207,976**	**5,343,516**	**4,097,323**	**150,008,710**	**2,351,347**	**991,640,178**
Accumulated Depreciation								
At 01 January 2018	-	-	282,350,018	3,841,700	4,097,323	-	1,848,790	292,137,831
Charge for the year	-	13,410,177	17,704,301	411,000	-	15,714,091	275,391	47,514,960
Revaluation	-	(12,903,129)	-	-	-	-	-	(12,903,129)
At 31 December 2018	**-**	**507,048**	**300,054,319**	**4,252,700**	**4,097,323**	**15,714,091**	**2,124,181**	**326,749,662**
At 01 January 2019	-	507,048	300,054,319	4,252,700	4,097,323	15,714,091	2,124,181	326,749,662
Charge for the year	-	15,470,836	18,607,232	411,000	-	12,529,885	227,166	47,246,119
Revaluation	-	(15,977,884)	-	-	-	-	-	(15,977,884)
At 31 December 2019	**-**	**-**	**318,661,551**	**4,663,700**	**4,097,323**	**28,243,976**	**2,351,347**	**358,017,897**
NET BOOK VALUE								
At 31 December 2018	16,079,168	325,904,400	153,407,655	1,090,816	-	176,208,979	227,166	672,918,184
At 31 December 2019	**33,431,306**	**326,200,000**	**151,546,425**	**679,816**	**-**	**121,764,734**	**-**	**633,622,281**

*The incremental borrowing rate for land and buildings was amended from 3.6% to 7.6% such that an adjustment was made to right of use of asset and lease liability.

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 2018	6,873,093	310,900,000	432,294,751	5,343,516	4,097,323	-	2,351,347	761,860,030
Impact on adoption of IFRS 16	-	-	-	-	-	66,882,127	-	66,882,127
Additions	35,014,929	-	-	-	-	106,807,507	-	141,822,436
Transfer	(26,140,279)	4,973,056	21,167,223	-	-	-	-	-
Revaluation	-	(4,673,056)	-	-	-	-	-	(4,673,056)
At 31 December 2018	**15,747,743**	**311,200,000**	**453,461,974**	**5,343,516**	**4,097,323**	**173,689,634**	**2,351,347**	**965,891,537**
At 01 January 2019	15,747,743	311,200,000	453,461,974	5,343,516	4,097,323	173,689,634	2,351,347	965,891,537
Adjustments (note 20)	-	-	-	-	-	(55,742,645)	-	(55,742,645)
Additions	34,429,565	-	-	-	-	12,977,455	-	47,407,020
Transfer	(16,746,002)		16,746,002	-	-	-	-	-
Revaluation	-		-	-	-	-	-	-
At 31 December 2019	**33,431,306**	**311,200,000**	**470,207,976**	**5,343,516**	**4,097,323**	**130,924,444**	**2,351,347**	**957,555,912**
Accumulated Depreciation								
At 01 January 2018	-	-	282,350,018	3,841,700	4,097,323	-	1,848,790	292,137,831
Charge for the year	-	12,903,129	17,704,301	411,000	-	13,562,368	275,391	44,856,189
Revaluation	-	(12,903,129)	-	-	-	-	-	(12,903,129)
Disposal	-	-	-	-	-	-	-	-
At 31 December 2018	**-**	**-**	**300,054,319**	**4,252,700**	**4,097,323**	**13,562,368**	**2,124,181**	**324,090,891**
At 01 January 2019	-	-	300,054,319	4,252,700	4,097,323	13,562,368	2,124,181	324,090,891
Charge for the year	-	13,909,194	18,607,232	411,000	-	9,490,664	227,166	42,645,256
Revaluation	-	(13,909,194)	-	-	-	-	-	(13,909,194)
At 31 December 2019	**-**	**-**	**318,661,551**	**4,663,700**	**4,097,323**	**23,053,032**	**2,351,347**	**352,826,953**
NET BOOK VALUE								
At 31 December 2018	15,747,743	311,200,000	153,407,655	1,090,816	-	160,127,266	227,166	641,800,646
At 31 December 2019	**33,431,306**	**311,200,000**	**151,546,425**	**679,816**	**-**	**107,871,412**	**-**	**604,728,959**

*The incremental borrowing rate for land and buildings was amended from 3.6% to 7.6% such that an adjustment was made to right of use of asset and lease liability.

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

Buildings of the Group and the Company were revalued as at 31 December 2019 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.

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	
	2019	2018	**2019**	2018
	Rs.	Rs.	**Rs.**	Rs.
Carrying amount as at 1 January	**325,904,400**	310,900,000	**311,200,000**	310,900,000
Additions for the year	**303,729**	20,184,504	**-**	4,973,056
Depreciation for the year	**(15,470,836)**	(13,410,177)	**(13,909,194)**	(12,903,129)
	310,737,293	317,674,327	**297,290,806**	302,969,927
Revaluation gain as at 31 December	**15,462,707**	8,230,073	**13,909,194**	8,230,073
Carrying amount and fair value as at 31 December	**326,200,000**	325,904,400	**311,200,000**	311,200,000

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% 2019	Sensitivity +5% / -5% 2018
GROUP				
Buildings	Depreciated replacement cost	Depreciation	**(3,600,000) / 3,400,000**	(5,400,000)/ 1,800,000
COMPANY				
Buildings	Depreciated replacement cost	Depreciation	**(3,600,000) / 3,400,000**	(5,400,000)/ 1,800,000

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

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

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	Rs	Rs.	**Rs.**	Rs.
Cost	**348,224,351**	347,920,622	**332,709,174**	332,709,174
Less accumulated depreciation	**(146,473,737)**	(134,539,495)	**(144,405,047)**	(134,032,447)
Net book value at 31 December	**201,750,614**	213,381,127	**188,304,127**	198,676,727

10(b). INTANGIBLE ASSETS

GROUP AND COMPANY	**Computer software**
Cost	**Rs.**
At 1 January 2018	16,821,668
Additions	1,039,800
At 31 December 2018	**17,861,468**
At 1 January 2019	17,861,468
Additions	-
At 31 December 2019	**17,861,468**
Amortisation	
At 1 January 2018	2,600,037
Charge for the year	1,597,511
At 31 December 2018	**4,197,548**
At 1 January 2019	4,197,548
Charge for the year	1,684,161
At 31 December 2019	**5,881,709**
Carrying amount	
At 31 December 2018	13,663,920
At 31 December 2019	**11,979,759**

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.

10(c) RIGHT OF USE ASSETS (CONTINUED)

(ii) Right of use assets

31 December 2019	Land and buildings	Vehicles	Plant and Machinery	Total
GROUP	Rs.	Rs.	Rs.	Rs.
Net carrying amount	113,195,163	12,139,161	10,274,991	135,609,315
Depreciation expense for the year	5,673,170	4,611,826	3,559,585	13,844,581
COMPANY				
Net carrying amount	97,697,759	12,139,161	8,883,153	118,720,073
Depreciation expense for the year	3,240,242	4,611,826	2,996,593	10,848,661

31 December 2018	Land and buildings	Vehicles	Plant and Machinery	Total
GROUP	Rs.	Rs.	Rs.	Rs.
Net carrying amount	159,428,031	11,473,519	5,307,429	176,208,979
Depreciation expense for the year	6,256,181	4,270,247	5,187,663	15,714,091
COMPANY				
Net carrying amount	144,738,153	11,473,519	3,915,593	160,127,265
Depreciation expense for the year	4,468,820	4,270,247	4,823,301	13,562,368

11. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2019	2018
	Rs.	Rs.
At 1 January	122,500	122,500
Additions	-	-
At 31 December	122,500	122,500

Investment held in:-

	Country of Operation	Activities	Value of investment		Shareholding	
			2019	2018	2019	2018
			Rs.	Rs.	%	%
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%
			122,500	122,500		

12. INVENTORIES

	GROUP		COMPANY	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Cement	78,317,205	33,384,848	78,317,205	33,384,848
Packaging	34,984,860	29,003,805	33,620,472	28,829,669
Stock in transit	1,710,174	56,592,401	1,710,174	56,592,401
Spare parts	41,535,432	39,511,039	41,535,432	39,511,039
Provision for pallets and spare parts	(16,361,101)	(14,111,011)	(16,361,101)	(14,111,011)
	140,186,570	144,381,082	138,822,182	144,206,946

12. INVENTORIES (CONTINUED)

Amount charged to cost of sales	GROUP		COMPANY	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Inventories consumed	914,489,069	563,495,121	915,881,905	571,631,771

The Group and the Company make a provision for impairment based on slow moving ,obsolete items in stock and pallets on consignment with customers. The provision for impairment in respect of inventories during the year ended was as follows:

	GROUP		COMPANY	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
At 1 January	14,111,011	11,969,795	14,111,011	11,969,795
Impairment charge	2,250,090	2,141,216	2,250,090	2,141,216
At 31 December	16,361,101	14,111,011	16,361,101	14,111,011

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Trade receivables				
- Related parties	4,544,092	29,483,280	12,471,043	49,104,146
- Non-related parties	76,036,036	83,865,914	62,906,793	74,378,960
	80,580,128	113,349,194	75,377,836	123,483,106
Allowance for expected credit losses	(9,979,232)	(9,463,970)	(8,146,052)	(8,812,290)
	70,600,896	103,885,224	67,231,784	114,670,816
Other receivables	4,548,705	334,366	22,191,652	141,214
Amount due by subsidiary	-	-	1,626,000	1,301,000
Prepayments	2,856,400	4,093,573	2,856,400	3,215,730
Other assets	18,730,507	3,572,871	18,730,507	3,572,871
	96,736,508	111,886,034	112,636,343	122,901,631

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.

The ageing of trade receivables at the reporting date was:

GROUP	Gross 2019	Impairment 2019	Net 2019	Gross 2018	Impairment 2018	Net 2018
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Not past due	67,679,335	(86,156)	67,593,179	93,721,774	(124,685)	93,597,089
Past due 0-30 days	790,925	(365,761)	425,164	1,398,224	(311,430)	1,086,794
Past due 31-90 days	(279,455)	(308,515)	(587,970)	7,997,916	(888,128)	7,109,788
More than 90 days	12,389,323	(9,218,800)	3,170,523	10,231,280	(8,139,727)	2,091,553
	80,580,128	(9,979,232)	70,600,896	113,349,194	(9,463,970)	103,885,224

13. TRADE AND OTHER RECEIVABLES

COMPANY	Gross 2019	Impairment 2019	Net 2019	Gross 2018	Impairment 2018	Net 2018
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Not past due	68,128,611	(73,224)	68,055,387	108,801,804	(115,220)	108,686,584
Past due 0-30 days	(1,532,078)	(274,684)	(1,806,762)	(1,994,469)	(196,695)	(2,191,164)
Past due 31-90 days	(22,812)	(274,185)	(296,997)	7,274,295	(857,254)	6,417,041
More than 90 days	8,804,115	(7,523,959)	1,280,156	9,401,476	(7,643,121)	1,758,355
	75,377,836	(8,146,052)	67,231,784	123,483,106	(8,812,290)	114,670,816

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

	GROUP		COMPANY	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
At 1 January	9,463,970	9,724,524	8,812,290	9,478,539
Expected credit losses	515,262	1,547,438	(666,238)	1,141,743
Write off during the year	-	(1,807,992)	-	(1,807,992)
At 31 December	9,979,232	9,463,970	8,146,052	8,812,290

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. Expected credit loss recognised on trade receivables refers to allowances for expected losses as required by IFRS 9.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	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Cash in hand	232,538	218,672	203,538	189,672
Cash at bank	9,895,748	25,834,115	4,510,893	13,180,453
	10,128,286	26,052,787	4,714,431	13,370,125
Bank overdraft	(19,122,497)	-	(19,122,497)	-
Cash and cash equivalents	(8,994,211)	26,052,787	(14,408,066)	13,370,125

The Group and the Company has overdraft facilities amounting to Rs 340 million 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	
	2019	2018
	Rs.	Rs.
Authorised, issued and fully paid		
27,000,000 (2018: 27,000,000) ordinary shares of Rs	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.

Dividends amounting to Rs 202,500,000 (Rs 7.50 per share) were declared and paid by the Group and Company during the year (2018: Rs 75,600,000; Rs 2.80 per share).

16. 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 2019.

17. EMPLOYEE BENEFIT LIABILITIES

Reconciliation of Present Value of Defined Benefit Obligation

	GROUP AND COMPANY	
	2019	2018
	Rs.	Rs.
Opening balance	8,708,283	2,701,532
Current service cost	716,915	547,570
Interest cost	346,294	151,286
Transfer *	-	3,124,619
Actuarial loss	1,060,477	2,183,276
Closing balance	10,831,969	8,708,283

*Transfer amount relates to payment received from a sister company for the internal transfer on an employee.

Amount recognised in profit or loss

	GROUP AND COMPANY	
	2019	2018
	Rs.	Rs.
Current service cost	716,915	547,570
Interest cost	346,294	151,286
	1,063,209	698,856

Amount recognised in other comprehensive income

	GROUP AND COMPANY	
	2019	2018
	Rs.	Rs.
Actuarial loss	1,060,477	2,183,276

The Company has the above residual liability on top of its defined contribution plan. The amounts deductible in accordance with the ERA 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	
	2019	2018
Financial assumptions:		
Discount rate	3.89 %-5.32%	5.07%-6.20%
Future salary increases	3%	4%
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

17. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

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	
	2019	2018
	Rs.	Rs.
1% decrease in discount rate	10,412,945	7,734,568
1% increase in discount rate	5,526,070	3,863,089
1% increase in salary increase assumption	10,247,435	7,567,188
1% decrease in salary increase assumption	5,661,056	3,995,954
Effect of changing longevity - rate up	7,573,582	5,471,012
Effect of changing longevity - rate down	7,832,944	5,689,390

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 (WRA) 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.

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.

There has been no plan amendment, curtailment or settlement during the year.

18. DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
At 01 January,	48,340,198	45,837,394	48,297,099	46,061,292
Charge for the year	474,573	1,474,849	919,814	1,207,852
Charge to Other Comprehensive Income	2,448,379	1,027,955	2,184,282	1,027,955
At 31 December	51,263,150	48,340,198	51,401,195	48,297,099

Deferred tax assets and liabilities are attributable to the following:

GROUP	Profit or loss		Other Comprehensive income		Statement of financial position	
	2019	2018	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred tax assets:						
Provisions	(191,254)	(250,744)	-	-	(4,088,180)	(3,896,926)
Tax losses	-	223,898	-	-	-	-
Employee benefit liabilities	(180,746)	(118,806)	(180,281)	(371,157)	(1,310,249)	(949,223)
Deferred tax liabilities:						
Accelerated capital allowances	846,573	1,620,501	-	-	34,186,121	33,339,549
Revaluation of buildings	-	-	2,628,660	1,399,112	22,475,458	19,846,798
Net deferred tax liabilities	474,573	1,474,849	2,448,379	1,027,955	51,263,150	48,340,198

18. DEFERRED TAX LIABILITIES (CONTINUED)

COMPANY	Profit or loss		Other Comprehensive income		Statement of financial position	
	2019	2018	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred tax assets:						
Provisions	120,387	(250,744)	-	-	(3,776,539)	(3,896,926)
Employee benefit liabilities	(180,746)	(118,806)	(180,281)	(371,157)	(1,310,249)	(949,223)
Deferred tax liabilities:						
Accelerated capital allowances	980,173	1,577,402	-	-	34,276,622	33,296,450
Revaluation of buildings	-	-	2,364,563	1,399,112	22,211,361	19,846,798
Net deferred tax liabilities	919,814	1,207,852	2,184,282	1,027,955	51,401,195	48,297,099

19. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Trade payables	49,074,115	165,846,203	48,039,775	164,169,431
Other payables and accruals	16,290,576	28,120,748	16,147,989	27,681,552
Amount due to ultimate holding company	50,000,000	40,121,500	50,000,000	40,121,500
Amount due to related parties	90,000,000	-	90,000,000	-
At 31 December	205,364,691	234,088,451	204,187,764	231,972,483

Trade payables are non-interest bearing and are normally settled on 60 days' term. For terms and conditions relating to amount due from related companies, 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	GROUP	COMPANY	COMPANY
	2019	2018	2019	2018
As at 1 January	179,045,564	185,359,718	162,639,171	167,979,032
Adjustment	(55,408,762)	-	(55,742,645)	
Additions	13,494,401	6,563,354	12,977,455	5,710,591
Accretion of interest	9,698,241	7,508,583	8,984,891	6,762,556
Payments	(20,167,560)	(20,386,091)	(16,675,242)	(17,813,008)
	126,661,884	179,045,564	112,183,630	162,639,171
Current	11,608,936	12,278,542	8,733,692	9,683,410
Non current	115,052,948	166,767,022	103,449,938	152,955,761
	126,661,884	179,045,564	112,183,630	162,639,171

The following are the amounts recognised in profit or loss:	GROUP	GROUP	COMPANY	COMPANY
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Depreciation expense of right-of-use assets	12,529,885	15,714,091	9,490,664	13,562,368
Interest expense on lease liabilities	9,698,241	7,508,583	8,984,891	6,762,546
Expense relating to leases of low value assets (included in administrative expenses)	901,048	796,428	745,648	631,928
Total amount recognised in profit or loss	23,129,174	24,019,102	19,221,203	20,956,842

The incremental borrowing rate for land and buildings was amended from 3.6% to 7.6% such that an adjustment was made to right of use of asset and lease liability.

21. RELATED PARTY TRANSACTIONS

GROUP

Nature of relationship	Nature of transactions	Value of transaction for the year ended 31 December 2019	Value of transaction for the year ended 31 December 2018	Receivable/ (Payable) as at 31 December 2019	Receivable/ (Payable) as at 31 December 2018
		Rs.	Rs.	Rs.	Rs.
Ultimate holding company	Management fees	53,993,069	41,935,105	(4,509,283)	(9,701,455)
	Short term loan (Note 19)	-	-	(50,000,000)	(40,000,000)
	Other payables (Note 19)	-	-	-	(121,500)
Shareholder	Management fees (Included in other payables)	18,815,612	9,945,660	(1,503,094)	(8,810,650)
Sister companies	Sales of goods	403,130,427	281,720,474	-	-
	Purchase of goods and services	12,810,924	7,862,393	-	-
	Trade receivables (Note 13)	-	-	4,544,092	29,483,280
	Other Payables	-	-	(680,637)	(1,730,492)
	Short Term loan	-	-	(90,000,000)	-

COMPANY

Nature of relationship	Nature of transactions	Value of transaction for the year ended 31 December 2019	Value of transaction for the year ended 31 December 2018	Receivable/ (Payable) as at 31 December 2019	Receivable/ (Payable) as at 31 December 2018
		Rs.	Rs.	Rs.	Rs.
Ultimate holding company	Management fees	53,993,069	41,935,105	(4,509,283)	(9,701,455)
	Short term loan (Note 19)	-	-	(50,000,000)	(40,000,000)
	Other payables (Note 19)	-	-	-	(121,500)
Shareholder	Management fees (Included in other payables)	18,815,612	9,945,660	(1,503,094)	(8,810,650)
Sister companies	Sales of goods	402,700,144	281,423,772	-	-
	Purchase of goods and services	12,810,924	4,715,576	-	-
	Trade receivables (Note 13)	-		4,151,872	29,466,408
	Short term loan (Note 19)	-	-	(90,000,000)	-
	Other Payables	-	-	(680,637)	(1,730,492)
Subsidiary	Staff costs recharge	1,800,000	1,200,000	-	-
	Sale of goods	416,376,360	205,156,492	-	-
	Trade receivables (Note 13)	-	-	8,319,171	19,637,738
	Other receivables (Note 13)	-	-	1,626,000	1,301,000
	Dividend Income	18,000,000	-	18,000,000	-

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 of provision for impairment is undertaken through examining the financial position of the related party and the market in which the related party operates. However, the ECL expense on related parties was not

None of the balances are secured and all dues and receivables are under normal payment terms.

Key management personnel

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Group including directors.

Summarised below are key management personnel emoluments:

	GROUP		COMPANY	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Short term benefits	46,246,680	40,732,572	46,246,680	40,732,572
Other long term benefits	2,694,824	2,027,387	2,694,824	2,027,387
	48,941,505	42,759,959	48,941,505	42,759,959

22. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. 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		
	Financial Assets at amortised cost	Financial Liabilities at amortised cost	Total
2019			
Financial assets			
Trade and other receivables	75,149,601	-	75,149,601
Cash in hand and at bank	10,128,286	-	10,128,286
	85,277,887	-	85,277,887
Financial liabilities			
Trade and other payables	-	205,364,691	205,364,691
Bank Overdraft	-	19,122,497	19,122,497
	-	224,487,188	224,487,188

COMPANY

	Financial Assets at amortised cost	Financial Liabilities at amortised cost	Total
2019			
Financial assets			
Trade and other receivables	91,049,436	-	91,049,436
Cash in hand and at bank	4,714,431	-	4,714,431
	95,763,867	-	95,763,867
Financial liabilities			
Trade and other payables	-	204,187,764	204,187,764
Bank Overdraft	-	19,122,497	19,122,497
	-	223,310,260	223,310,260

GROUP

	Carrying amount		
	Financial Assets at amortised cost	Financial Liabilities at amortised cost	Total
2018			
Financial assets			
Trade and other receivables	104,219,590	-	104,219,590
Cash in hand and at bank	26,052,787	-	26,052,787
	130,272,377	-	130,272,377
Financial liabilities			
Trade and other payables	-	234,088,451	234,088,451

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

(a) Accounting classifications and fair values (Continued)

COMPANY

	Carrying amount		
	Financial Assets at amortised cost	Financial Liabilities at amortised cost	Total
2018			
Financial assets			
Trade and other receivables	116,113,030	-	116,113,030
Cash in hand and at bank	13,370,125	-	13,370,125
	129,483,155	-	129,483,155
Financial liabilities			
Trade and other payables	-	215,793,532	215,793,532

At 31 December 2019, all financial assets and financial liabilities' carrying amount approximate their fair values as they are current in nature.

(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 Company's Internal Audit. The Company'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 various customer segments with similar loss patterns. 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.

- Exposure to credit risk

Cash and cash equivalents

The cash and cash equivalents are held with banks which are of good repute.

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	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Trade and other receivables	75,149,601	104,219,590	91,049,436	116,113,030
Cash in hand and at bank	10,128,286	26,052,787	4,714,431	13,370,125
	85,277,887	130,272,377	95,763,867	129,483,155

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.

The Group maintains overdraft facilities amounting to Rs 340 million and has a short term loan facility amounting to Rs 100 million.

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

	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 2019							
Trade and other payables	205,364,691	-	205,364,691	-	-	-	205,364,691
Lease liabilities	126,661,885	-	4,731,597	14,194,790	57,364,051	254,044,143	330,334,581
Bank Overdraft	19,122,497	19,122,497	-	-	-	-	-
	351,149,073	19,122,497	210,096,288	14,194,790	57,364,051	254,044,143	535,699,272
At 31 December 2018							
Trade and other payables	234,088,451	-	234,088,451	-	-	-	234,088,451
Lease liabilities	179,045,564	-	5,464,404	14,067,431	59,832,177	242,892,602	322,256,614
	413,134,015	-	239,552,855	14,067,431	59,832,177	242,892,602	556,345,065

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 2019							
Trade and other payables	204,187,764	-	204,187,764	-	-	-	204,187,764
Lease liabilities	112,183,631	-	3,851,134	11,553,403	45,531,957	252,841,945	313,778,439
Bank Overdraft	19,122,497	19,122,497	-	-	-	-	-
	335,493,892	19,122,497	208,038,898	11,553,403	45,531,957	252,841,945	517,966,203
At 31 December 2018							
Trade and other payables	215,793,532	-	215,793,532	-	-	-	215,793,532
Lease liabilities	162,639,171	-	4,606,225	11,492,897	45,952,611	240,773,438	302,825,171
	378,432,703	-	220,399,757	11,492,897	45,952,611	240,773,438	518,618,703

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 only significant interest-bearing financial assets and liabilities are cash at bank. 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 2019, the Group and the Company's financial instruments included cash at bank amounted to Rs 10,128,286 and Rs 4,714,431 respectively (2018: Rs 26,052,787 and Rs 13,370,125 respectively), on which no significant interest is earned.

(b) At 31 December 2019, the Group and the Company's overdraft amounted to Rs 19,122,497 (2018: Nil)

Sensitivity analysis

The sensitivity analysis for the above exposures is as follows:

(a) At 31 December 2019, if the prime lending rate had been 0.5% higher/lower, the Group's and Company's profit after tax and equity would have been Rs 92,611 and Rs 92,611 respectively (2018: Rs 806,114 and Rs 806,114 respectively) higher/lower; mainly because of higher or lower interest expense on borrowings.

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'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 2019	**Financial liabilities 2019**	Financial assets 2018	Financial liabilities 2018
	Rs.	**Rs.**	Rs.	Rs.
MUR	82,990,264	221,782,840	128,879,796	411,495,315
USD	2,205,188	2,055,393	1,389,753	1,638,700
EUR	82,435	648,955	2,827	-
	85,277,887	224,487,188	130,272,376	413,134,015

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

(b) Financial risk management (Continued)

Currency profile (Continued)

COMPANY

	Financial assets 2019	Financial liabilities 2019	Financial assets 2018	Financial liabilities 2018
	Rs	Rs	Rs	Rs
MUR	93,476,244	220,605,912	128,090,575	376,794,003
USD	2,205,188	2,055,393	1,389,753	1,638,700
EUR	82,435	648,955	2,827	-
	95,763,867	223,310,260	129,483,155	378,432,703

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 2019	Effect on profit after tax 2019	Changes in foreign exchange rates 2018	Effect on profit after tax 2018
	%	Rs	%	Rs
USD	+/- 5%	(7,490)/7,490	+/- 5%	(12,447)/12,447
EUR	+/- 5%	(28,326)/28,326	+/- 5%	(141)/141

COMPANY

	Changes in foreign exchange rates 2019	Effect on profit after tax 2019	Changes in foreign exchange rates 2018	Effect on profit after tax 2018
	%	Rs	%	Rs
USD	+/- 5%	(7,490)/7,490	+/- 5%	(12,447)/12,447
EUR	+/- 5%	(28,326)/28,326	+/- 5%	(141)/141

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 management (Continued)

The gearing ratios as at 31 December 2019 and 2018 were as follows:

	GROUP		COMPANY	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Total borrowings	145,784,380	179,045,564	131,306,126	162,639,171
Less: Cash in hand and at bank	(10,128,286)	(26,052,787)	(4,714,431)	(13,370,125)
Net debt	135,656,094	152,992,777	126,591,695	149,269,046
Total equity	467,417,263	482,285,483	463,854,623	469,778,593
Total capital	603,073,357	635,278,260	590,446,318	619,047,639
Gearing ratio	22%	24%	21%	24%

23. EARNINGS PER SHARE (BASIC/DILUTED)

	GROUP	
	2019	2018
Basic and diluted earning per share	Rs.	Rs.
Profit for the year	175,677,929	201,201,359
Number of shares	27,000,000	27,000,000
Earnings per share	6.51	7.45

24. CHANGES IN LIABILITIES ARISING FROM FINANCING LIABILITIES

	01-Jan-19	Cash inflows	Others	New leases	Cash outflows	31-Dec-19
GROUP	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Lease liabilities	179,045,564	-	(55,408,762)	13,494,401	(10,469,319)	126,661,884
Short term loan	40,000,000	227,000,000	-	-	(127,000,000)	140,000,000
	219,045,564	227,000,000	(55,408,762)	13,494,401	(137,469,319)	266,661,884
COMPANY						
Lease liabilities	162,639,171	-	(55,742,645)	12,977,455	(7,690,351)	112,183,630
Short term loan	40,000,000	227,000,000	-	-	(127,000,000)	140,000,000
	202,639,171	227,000,000	(55,742,645)	12,977,455	(134,690,351)	252,183,630

	01-Jan-18	Cash inflows	New leases	Cash outflows	31-Dec-18
GROUP	Rs.	Rs.	Rs.	Rs.	Rs.
Lease liabilities	71,129,182	-	120,793,888	(12,877,506)	179,045,564
Short term loan	-	68,000,000	-	(28,000,000)	40,000,000
	71,129,182	68,000,000	120,793,888	(40,877,506)	219,045,564
COMPANY					
Lease liabilities	66,882,127	-	106,807,506	(11,050,462)	162,639,171
Short term loan	-	68,000,000	-	(28,000,000)	40,000,000
	66,882,127	68,000,000	106,807,506	(39,050,462)	202,639,171

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

25. 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 (2018: Rs 40,000).

26. 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.

27. EVENTS AFTER REPORTING DATE

The recent outbreak of Coronavirus, a virus causing potentially deadly respiratory tract infections originating in China and spreading in various jurisdictions, may negatively affect economic conditions regionally as well as globally, disrupt operations situated in countries particularly exposed to the contagion, affect supply chains or otherwise impact our businesses. Governments in affected countries are imposing travel bans, quarantines and other emergency public safety measures. Those measures, though temporary in nature, may continue and increase depending on developments in the virus' outbreak. The impact of the Coronavirus outbreak on our business is unclear yet and we are monitoring the situation closely. Risk mitigating actions are being taken.