EMTEL LIMITED

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

EMTEL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

CONTENTS **PAGES**

COMPANY INFORMATION

DIRECTORS	:	Mr Bashirali A Currimjee Mr Anil C Currimjee *(also alternate Director to Mr Bashirali A Currimjee)* Mr Azim F Currimjee Mr M Iqbal Oozeer Mr Mazahir F E Adamjee Mr Mukesh H Bhavnani Mr Sarvjit Singh Dhillon
SECRETARY	:	Currimjee Secretaries Limited 38, Royal Street Port Louis REPUBLIC OF MAURITIUS
REGISTERED OFFICE	:	38, Royal Street Port Louis REPUBLIC OF MAURITIUS
AUDITORS	:	PricewaterhouseCoopers PWC Centre Avenue de Telfair, Telfair 80829, Moka REPUBLIC OF MAURITIUS
BANKERS	:	Mauritius Commercial Bank Ltd Sir William Newton Street Port Louis REPUBLIC OF MAURITIUS
		Absa Bank (Mauritius) Limited Sir William Newton Street Port Louis REPUBLIC OF MAURITIUS
		SBM Bank (Mauritius) Ltd SBM Tower 1 Queen Elizabeth II Avenue Port Louis REPUBLIC OF MAURITIUS

DIRECTORS' REPORT

The Board of Directors is pleased to present the Annual Report of Emtel Limited (the “Company”) for the year ending 31 December 2022.

Principal Activity

The principal activity of the Company is the operation and provision of mobile telephony, fixed telephone, broadband and enterprise solutions to residential and corporate customers in the Republic of Mauritius, including Rodrigues & Agalega.

Review of the Business

The Company had an overall good year and achieved some important milestones during 2022. The Company has launched 5G technology in July 2022 providing 50% coverage of the population at the end of the year 2022. The plan is provide island wide 5G coverage by the end of 2024. At the same time, the Company has started to modernise its legacy radio access network.

The Company's turnover has increased by 3.6% to **Rs 3,240 million** (2021 - Rs 3,129 million) in the financial year ended 2022. The Company has registered a net profit after tax of **Rs 478 million** (against Rs 380 million in 2021) for the financial year ended 2022. The Company has not received any dividend income for year 2022 compared to Rs 47 million in 2021 from its subsidiary EMVISION Ltd. The Directors have declared dividends of **Rs 532 million** (compared to Rs 516 million in 2021) for the year ending 31 December 2022.

The Company has invested **Rs 1,479 million** (2021 - Rs 530 million) in capital expenditure. The investment were mainly in (i) deployment of 5G technology equipment (ii) modernization of old equipment and (iii) extension of the inland fibre.

The Company has also entered into a sales and leaseback of some of its immovable properties to part finance the capital expenditure requirements.

The financial position of the Company is as follows:

	2022	2021
	Rs 000	Rs 000
Profit before tax	**593,315**	509,310
Current assets	**1,212,245**	801,152
Current liabilities	**2,145,970**	1,153,537
Net assets	**1,338,369**	1,384,374

DIRECTORS' REPORT (CONTINUED)

Review of the Business (Continued)

Management continued the “Living the Brand” philosophy which was started in 2021. This initiative is geared to improve employee engagement and enhance customer experience.

Outlook and prospects

The world’s economy has been facing challenges since the beginning of 2020 as a result of the COVID 19 pandemic which has affected people, businesses and economies at large. The war situation in Ukraine and the sanctions taken against Russia since 2022 have impacted the global economy. Mauritius has witnessed high inflation rates since 2022 along with severe depreciation of the rupee against the EURO and USD.

The Company has reviewed and aligned its strategies to meet the expectations of the stakeholders through diversification of revenue and optimization of costs.

Financial Statements and auditor's report

The financial statements of the Company for the year ended 31 December 2022 are set out on pages 52 to 109. The auditor’s report on these financial statements is on pages 47 to 51.

Directors

The names of the Directors who held office as at the date of this report are set out on page 2.

Statement of Directors' Responsibilities in respect of the Financial Statements

Company law requires the Directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT (CONTINUED)

Auditors

The fees payable to the auditors, for audit and other services were:

	2022	2021
	Rs 000	Rs 000
Statutory audit services	2,200	1,572
Other services	1,600	908
TOTAL	**3,800**	2,480

The other services for the Company for the year ended 31 December 2022 relate to tax consulting services, privacy gap assessment, the audit of financial information of MFS Trust and consultancy services for Mobile Financial Services.

The auditors, PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution proposing their re-appointment will be submitted to the Annual Meeting.

ACKNOWLEDGEMENT

On behalf of the Board, we wish to express our sincere appreciation and gratitude to Management and staff for their hard work, dedication, commitment and loyalty to the Company.

We also wish to thank our fellow members of the Board for their support and contribution.

Authorised for issue by the Board of Directors on 24th April 2023

....
Mr Bashirali A Currimjee, G.O.S.K
Chairman & Managing Director

....
Mr Anil C Currimjee
Director

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Introduction

The Company is a Public Interest Entity and the Board endorses the eight principles espoused by the National Code of Corporate Governance of Mauritius 2016 (‘the Code’). The Report sets out the Company’s key corporate governance practices with reference to the Code.

Albeit a slight recovery in the Mauritian economy mainly due to higher than expected demand and consumption, backed by monetary and fiscal supports, our economy has witnessed several challenges in year 2022 including persistent inflationary pressures, rising interest rates as well as the international consequences of geopolitical fragmentation, energy crisis, and severe impact of climate change.

The Board acknowledges that the Company’s governance has been critical for operating in such a volatile, uncertain, complex and ambiguous environment. Continuous improvement in governance whilst also maintaining agility and flexibility, has been key in not only navigating the disruptions and challenges but also in harnessing opportunities to ensure sustainable growth and meet the needs of the Company’s shareholders and other stakeholders.

The Board, with the support of its Leadership Team and driven by the Company’s five core values, namely Integrity, Foresight, Responsibility, Passion and Openness, played a crucial role in upholding an effective corporate governance framework across the Company.

This report illustrates how our strong governance structure, culture and business ethics have supported the Company and its Leadership Team.

The Board is of the opinion that all material information on the Company and its governance framework, as recommended to be disclosed on the website as per the Code, is available to shareholders and stakeholders through the Annual Report & Financial Statements filed at the Registrar of Companies.

Principle 1: Governance Structure

‘All organisations should be headed by an effective Board. Responsibilities and accountabilities within the organisation should be clearly defined.’

Statement of Accountabilities

The Company is led by a committed and unitary Board with responsibility for leading and controlling the organisation and ensuring that all legal and regulatory requirements are met.

Amongst its prime objectives, the Board sets the tone for the overall organisation with regards to values and ethics in determining expected behaviours at all levels. The Company’s Code of Conduct expresses the ethical and professional standards of behaviours and attitudes to be followed by the employees and Directors.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

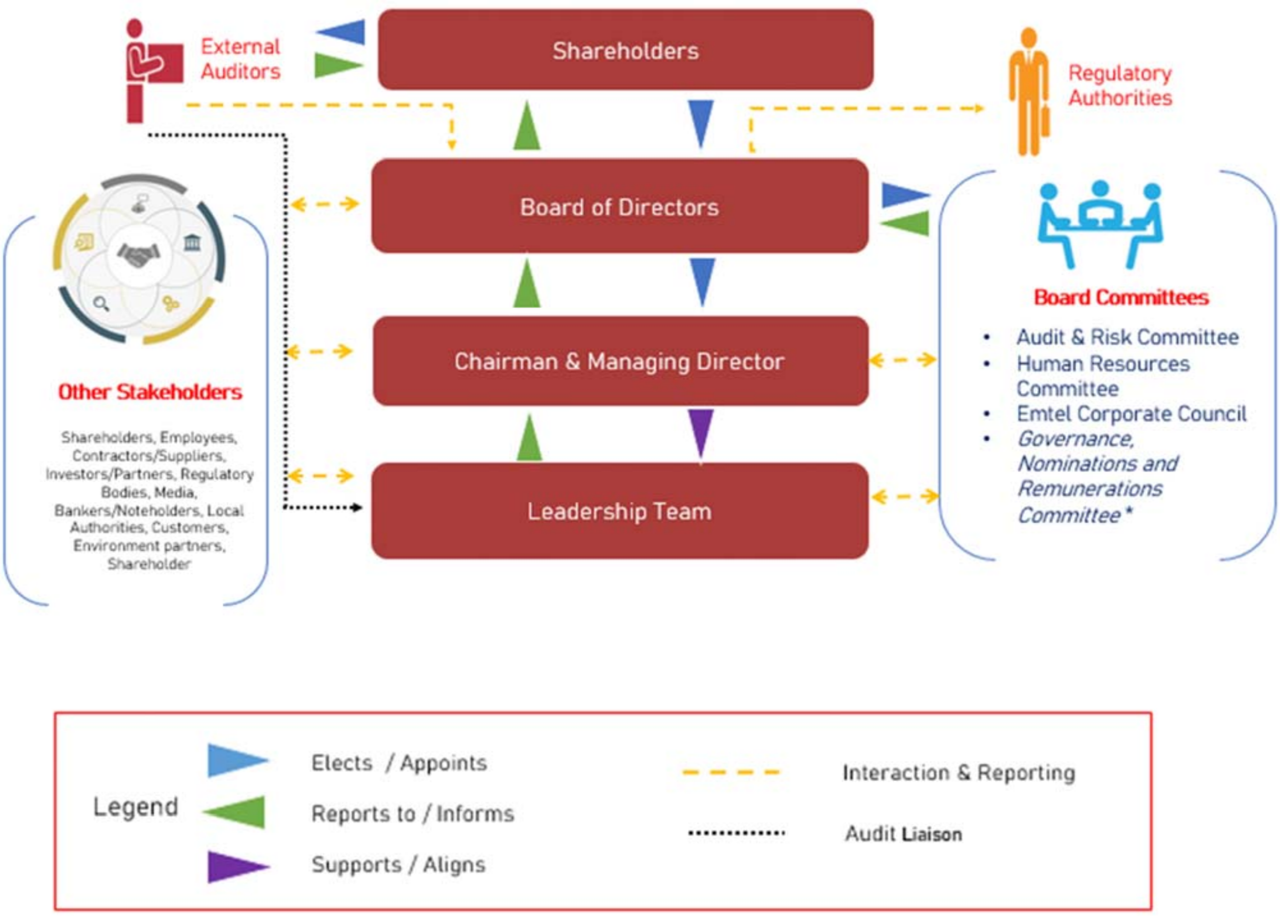
Principle 1: Governance Structure (Continued)

Statement of Accountabilities (Continued)

The Board is guided by the provisions of the Company's constitutive documents including the Shareholders' Agreement, the Company's Constitution and prevailing legislation, rules and regulations such as the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Code and has not adopted a Board Charter.

Corporate Governance Framework

The Company operates within a defined corporate governance framework, with proper delegation of authority and clear lines of reporting for the Company, the Board of Directors and its Board Committees. The Board is the focal point of the corporate governance system. It is supported by three Board Committees that are entrusted with specific responsibilities to oversee the affairs of the Company. They are also bestowed the power to act on behalf of the Board in accordance with their respective terms of reference. Nevertheless, the Board remains collectively responsible for the decisions and actions taken by the Committees.



EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 1: Governance Structure (Continued)
Corporate Governance Framework (Continued)

**The Board has delegated the authority to the Governance, Nominations and Remunerations Committee set up at the level of the holding company, Currimjee Jeewanjee and Company Limited ('CJ & CO LTD'), to advise the Board on corporate governance matters and on the application of the Code.*

Delegation of Authority
The Board has established a Delegation of Authority Framework, defining the decision-making authority and financial limits (where relevant) for the Board, the Emtel Corporate Council and the Company's Chief Executive Officer.

Key Senior Governance Positions and Responsibilities
The Board operates under the Chairmanship of Mr. Bashirali A Currimjee, who is also the Managing Director of the Company.

Mr. Krishnaduth Goomany was appointed as Chief Executive Officer in January 2021. Mr. Bashirali A Currimjee has an advisory role to the Chief Executive Officer and he supports and oversees the latter's functions.

The job descriptions of the Chairman & Managing Director, the Chief Executive Officer and the Company Secretary have not been confined within written position statements. Their key duties and responsibilities are set out below:

Chairman & Managing Director

The Chairman is responsible for leading the Board and facilitating the effective and constructive contribution of Directors and encouraging their active engagement to ensure the effectiveness of the Board in all aspects of its role. His main responsibilities include:

- Setting the Board agenda, and ensuring that adequate time is granted to the discussion of all agenda items, particularly strategic issues;
- Ensuring that the Directors receive complete and adequate information in a timely manner;
- Ensuring effective communication with Shareholders;
- Encouraging constructive relations within the Board and between the Board and Management;
- Facilitating the effective contribution of Non-Executive Directors in particular; and
- Promoting high standards of Corporate Governance.

The Chairman & Managing Director has an advisory role to the Chief Executive Officer, and assumes the responsibility for supporting and overseeing the latter's functions.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 1: Governance Structure (Continued)

Key Senior Governance Positions and Responsibilities (Continued)

Chief Executive Officer

The role and responsibilities of the Chief Executive Officer are centred towards the overall management of the Company's operations and include:

Dissemination of the Company's values and ensuring that they are lived by all employees;
Formulating and assisting the Board to establish the Company's long term strategic direction, strategic plan and risk profile for approval;
Implementing, administering and achieving the Company's objectives, goals, plans and budgets;
Developing the Company's Strategic Plan, Annual Operating Plan, Capital Budget, Operating Budget, Long Term Budget and Project Specific budget for approval by the Board;
Managing resources efficiently and effectively in the best interest of the Company;
Approving the delegation and limits of authority of all direct reportees and supervise, guide and mentor all direct reportees and other employees;
Ensuring that an appropriate, sound and effective prudent compliant risk management and compliance framework and supporting policies and controls are in place and observed to safeguard the Company's and stakeholders' interests and that these are regularly reviewed;

Company Secretary

The Company Secretary is Currimjee Secretaries Limited, represented by Mr. Ramanuj Nathoo. Mr Nathoo is a fellow Member of the Institute of Chartered Secretaries and Administrators, UK ('ICSA') and holds a MBA Finance from the University of Leicester. He also attended a professional course on Governance of Family Businesses at *'Institut Européen d'Administration des Affaires'* (INSEAD). He is a Fellow Member of the Mauritius Institute of Directors and the ICSA Mauritius Branch.

The Company Secretary is responsible for:

Ensuring that the Company complies with its Constitution, all relevant statutory and regulatory requirements and rules established by the Board;
Providing the Board as a whole and the Directors individually with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Company;
Developing the agenda of the Board and Board Committee meetings in consultation with the Chairman;
Circulating agendas and any supporting papers in a timely manner;
Taking minutes of meetings and circulating the draft minutes to all concerned parties;
Ensuring that the procedure for the appointment of Directors is properly carried out; and
Assisting in the proper induction of Directors, including assessing the specific training needs of

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 1: Governance Structure (Continued)

Board of Directors' Profiles

The profiles of the Directors are set out below. Details of their other directorships are available at the Company's registry.

Mr. Bashirali A Currimjee, G.O.S.K – Mauritian Citizen & Resident – Chairman & Managing Director

Committee Membership: Chairman of HR Committee & Emtel Corporate Council.

Qualifications:

- B.A. Arts, Major in Economics and Government, Tufts University, USA.
- OPM, Harvard Business School, USA.

Experience:

- Former President of Mauritius Chamber of Commerce and Industry, Association of Mauritian Manufacturers and Joint Economic Council (now Business Mauritius).
- Former Director of Bank of Mauritius and SBM Bank (Mauritius) Ltd.
- Held key executive positions within the Currimjee Group.
- Honorary Consul General for the Republic of Turkey in Mauritius from 1985 to 2016.
- Currently Chairman in a few companies of the Currimjee Group.

Directorship in listed and public companies: None.

Mr Anil C Currimjee – Mauritian Citizen & Resident - Non-Executive Director

Committee Membership: HR Committee and Emtel Corporate Council.

Qualifications:

- B.A. Liberal Arts, Williams College, Massachusetts, USA.
- MBA, London Business School, UK.

Experience:

- Council Member and Vice President of Business Mauritius.
- Former President of the Mauritius Chamber of Commerce & Industry.
- Former Director of the Mauritius Commercial Bank Ltd.
- Honorary Consul General of Japan in Mauritius from 2004 to 2016.
- Director of a number of companies within the Currimjee Group.

Directorship in other listed and public companies: African Rainbow Capital Investments Limited, Compagnie Immobilière Limitée, Island Life Assurance Co Ltd and Sanlam Africa Core Real Estate Investments Limited.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 1: Governance Structure (Continued)

Board of Directors' Profiles (Continued)

Mr Azim F Currimjee – Mauritian Citizen & Resident - Non-Executive Director

Committee Membership: HR Committee.

Qualifications:

- B.A. Mathematics, Williams College, Massachusetts, USA.
- MBA, Trinity College, Dublin, Ireland.

Experience:

- Over 10 years' experience in the textile industry.
- Has held key executive positions in the Food and Beverages Cluster of the Currimjee Group for the last 20 years and is currently the Managing Director of Quality Beverages Limited, which is listed on the Stock Exchange of Mauritius.
- Director of a number of companies within the Currimjee Group.
- Director of Air Mauritius Ltd.
- Chairman of the Business Regulatory Review Council, set up under the aegis of Ministry of Finance, Economic Planning and Development of Mauritius.
- Chairman of Joint Business Council Mauritius-India.
- President of the Mauritius Chamber of Commerce and Industry ('MCCI') 2016 to 2018. He also held this position during 2007 and 2008.
- Former Manufacturing Director of Bonair Group of Companies.
- Former Vice-President of COMESA Business Council.
- Former Vice-President of Economic Development Board of Mauritius.
- Former Director of SBM Holdings, SBM Mauritius and SBM Kenya.
- Former Chairman of SBM India.

Directorship in other listed and public companies: Soap & Allied Industries Limited.

Mr Mazahir F E Adamjee – Mauritian Citizen & Resident - Non-Executive Director

Committee Membership: Audit & Risk Committee.

Qualifications: Fellow Member of the Institute of Chartered Accountants in England and Wales.

Experience:

- Former Deputy Managing Director and Director of Currimjee Jeewanjee and Company Limited.
- Former Chairman of Mauritius Export Processing Zone Association.
- Former Director of Bramer Banking Corporation Ltd.
- Former Managing Director of Bonair Group of companies.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 1: Governance Structure (Continued)
Board of Directors' Profiles (Continued)

- Former Managing Director of Quality Beverages Limited, a company listed on the Stock Exchange of Mauritius Ltd.
- Former Director of National Investment Trust Ltd.
- Held key executive positions within the Currimjee Group.
- Non-Executive Director in a number of companies within the Currimjee Group.

Directorship in other listed and public companies: None

Mr M Iqbal Oozeer – Mauritian Citizen & Resident – Non-Executive Director
Committee Membership: Chairman of the Audit & Risk Committee.

Qualifications:
- Fellow Member of the Association of Chartered Certified Accountants, UK.
- Attended a number of professional courses at Alliance Manchester Business School, Euromoney and INSEAD.

- *Experience:* Audit Assistant at Kemp Chatteris Deloitte from 1982 to 1986.
- Accountant at Elf Antargaz (Maurice) Ltée from 1987 to 1988.
- Has held key executive positions in CJ & CO LTD for over thirty years.
- Currently Chief Finance Officer and Director of CJ & CO LTD.
- Director in a number of companies within the Currimjee Group.

Directorship in other listed and public companies: Compagnie Immobilière Limitée and Island Life Assurance Co. Ltd.

Mr Sarvjit Singh Dhillon – British Citizen & Non-Resident - Non-Executive Director
Committee Membership: Emtel Corporate Council.

Qualifications:
- B.A. Hons. In Accounting and Finance, Middlesex University, UK.
- Chartered Management Accountant, Chartered Institute of Management Accountants, UK.
- MBA with specialization in Human Resource Management & advanced Marketing, University of Birmingham, UK.
- Completed the Stanford Executive Program, Stanford Graduate School of Business, USA.

Principle 1: Governance Structure (Continued)

Board of Directors' Profiles (Continued)

Experience:

- Over thirty years of experience of general and financial management experience in multinational and Indian corporations, of which twenty years have been with the Bharti Group.
- Former Executive at Pitney Bowes Corporation (USA) and British Telecom Plc (UK).
- Former Group CFO of Bharti Enterprises.
- Advisor to the Bharti Global and other companies.

Mr Mukesh H Bhavnani – Indian Citizen & Mauritian Resident - Non-Executive Director

Committee Membership: Audit & Risk Committee.

Qualifications:

- Bachelor in Commerce (Hons), LLB; ACS

Experience:

- Forty years of work experience including at the Corporate Management level, covering advice, implementation and monitoring strategic decisions on Legal and commercial matters in India, Africa, Middle East, Europe, and North Africa.
- Former employee of P&G, Coca-Cola, Sony, Essar, Bharti Airtel
- Director of Bharti Airtel companies based in Mauritius, Airtel Tanzania PLC, Airtel Africa Mauritius Limited, Indian Continent Investment Limited, and Network i2i Limited.

Directorship in other listed and public companies: None

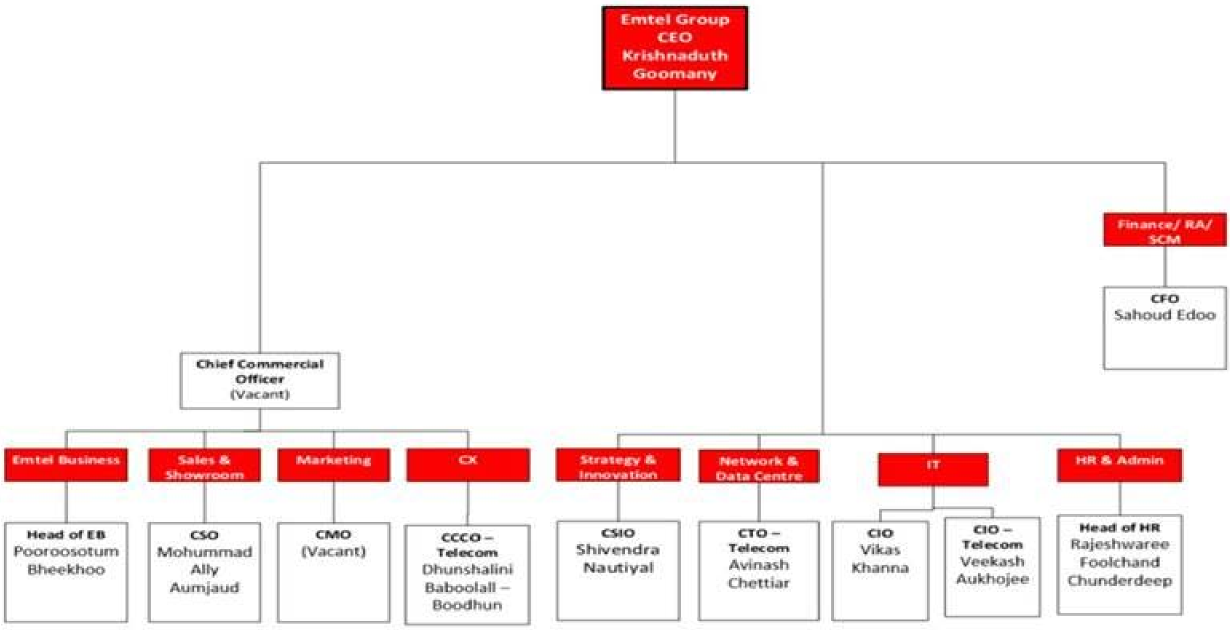
EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 1: Governance Structure (Continued)

Organisational Chart of Leadership Team

The organisational chart as at the date of this report is as follows:



Profile of Leadership Team

Mr Krishnaduth Goomany – Chief Executive Officer (CEO)

Qualifications:

- Degree in Electronic and Electrical Engineering, University of Birmingham, UK
- Master's degree in Telematics, University of Surrey, UK
- MBA, Heriot-Watt University

Experience:

- Has 31 years of experience in the telecommunication industry and deep understanding of local market needs.
- Formerly held Senior Management roles at Mauritius Telecom, Cellplus Mobile Communications Ltd and Comviva Technologies Ltd.
- Consultant in the Company from August 2014 – May 2015, Chief Operations Officer as from June 2015. Deputy Chief Executive Officer as from April 2018, CEO Designate as from August 2020.
- Appointed Chief Executive Officer in January 2021.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 1: Governance Structure (Continued)

Profile of Leadership Team (Continued)

Mr Sahoud Edoo - Chief Financial Officer (CFO)

Qualifications:

- Fellow Member of the Association of Chartered Certified Accountants.
- Postgraduate Diploma in Leadership

Experience:

- Has 27 years' experience in the Telecom sector.
- Previously worked for the Company for 15 years prior to joining Millicom International Cellular Group where he worked for 5 years in three different countries in Africa.
- Former CFO, Millicom Tanzania Ltd.
- Joined as CFO for Emtel Ltd in November 2015.
- Also appointed as CFO for MC Vision as from September 2020.

Mr Shivendra Nautiyal - Chief Strategy and Innovation Officer (CSIO)

Qualifications:

- Diploma in Electronics and Communications with specialisation in Telecommunications.
- Building Future Leaders Program, Wharton Business School, University of Pennsylvania, USA.

Experience:

- Has over 26 years' experience in the Technical Network field.
- Former Chief Technical Officer (CTO), Digicel Suriname.
- Joined the Company as Chief Technical Officer (CTO) in September 2016.
- Effective January 2023, appointed as 'Chief Strategy and Innovation Officer' to head a new unit 'Strategy & Innovation'. He will continue to support Network team on strategic technical issues and strategic directions pertaining to Emtel and MCV.

Mr Vikas Khanna - Chief Information Officer (CIO)

Qualifications:

- MBA, IT with specialisation in Telecommunication, All India Association, India.

Experience:

- Has over 23 years' experience in the Telecom IT operations and Service Delivery field.
- Joined the Company as CIO in November 2016.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 1: Governance Structure (Continued)

Profile of Leadership Team (Continued)

- Effective January 2023, Vikas has been assigned new responsibilities to drive strategic projects like the digitalization processes across Emtel, MCV & CJ Group companies and is also responsible for the creation of strategy for Data Science and Analytics. He will continue to provide guidance and support as required to IT Team on Strategic IT Projects and directions.

Mrs Rajeshwaree (Priya) Foolchand-Chunderdeep – Head of Human Resources

Qualifications:

- BSc (Hons) Management, with specialisation in Human Resource Management.
- MSc Human Resource Studies.

Experience:

- Has 20 years' experience in the HR field, mainly in international banks based locally and in financial services sector.
- Prior to joining Emtel, was Head of HR at Standard Chartered Bank Mauritius for 5 years.
- Previously worked for Standard Bank Mauritius, Standard Bank Trust Company Mauritius and the BAI group (financial services cluster).
- Joined the Company in September 2017.

Mr Pooroosotum ('Prakash') Bheekhoo – Head of Emtel Business

Qualifications:

- Executive MBA.
- MBA Marketing.
- Bachelor in Engineering (Electronics & Communications Engineering).
- Registered Professional Engineer.

Experience:

- Has 25 years of experience in telecoms industry.
- Former Head of Business Development & Sales at Kathrein Africa Ltd.
- Joined the Company in July 2018.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 1: Governance Structure (Continued)

Profile of Leadership Team (Continued)

Mrs Dhunshalini (Brinda) Baboolall-Boodhun - Chief Customer Care Officer (CCCO) – Telecom

Qualifications:

- MBA.
- BSc (Hons) Accounting.

Experience:

- Has overall 27 years of experience in Emtel.
- Joined Emtel as Assistant Customer Service Manager in August 1995.
- Promoted to Operations Manager in January 1997.
- Promoted to Deputy Chief Customer Care Officer in August 2020.
- Promoted to Chief Customer Care Officer - Telecom in January 2021.

Mr Avinash Chettiar- Chief Technical Officer (CTO) – Telecom

Qualifications:

- BSc (Hons) Information Technology.
- Diploma in Telecommunication at City & Guilds (2004).
- International Diploma in Computer Studies (2008).

Experience:

- Has overall 25 years of experience in Emtel.
- Joined the Company in February 1998 as Technician.
- Promoted to 'Manager-Operation & Maintenance' in January 2012.
- Assigned additional responsibilities in the absence of CTO in July 2016.
- Promoted to 'Deputy – CTO' in January 2019
- Promoted to CTO - Telecom in January 2021.

Mr Veekash Aukhojee - Chief Information Officer (CIO) – Telecom

Qualifications:

- MSC Computational Science.
- BA Mathematics.

Experience:

- Has overall 21 years of experience in Telecom.
- Joined Emtel in September 2007 as Operations Executive.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 1: Governance Structure (Continued)

Profile of Leadership Team (Continued)

- Promoted to Head of IT & Billing projects in January 2011 and IT Manager in March 2016.
- Assigned additional responsibilities in the absence of CIO in May 2016.
- Promoted to Deputy – CIO in January 2019.
- Promoted to CIO - Telecom in January 2021.

Mr Mohummad Ally Aumjaud – Chief Sales Officer (CSO)

Qualifications:

- Bachelor in Science in Physics and Mathematics.

Experience:

- 12 years of experience in distribution/ FMCG at Pepsi & New Zealand Milk.
- 17 years of experience in Telecom.
- Joined Emtel in February 2005 as Retail Sales Manager.
- Appointed as Territory Manager in July 2008.
- Re-designated to Manager – Distribution in October 2013.
- Re-designated to Manager – Showroom in June 2017.
- Appointed as Chief Sales Officer in April 2022.

Mr Jayanta Dutta – Chief Marketing Officer (CMO)

Qualifications:

- Bachelor of Technology in Electronics and Communication Engineering.
- Diploma in Electronics & Communication Engineering.

Experience:

- 15 years of experience in the marketing field and mobile business, and has previously worked with companies like Smile Communications, Etisalat, Digicel Pacific, Online Mobile Global and Flytext.
- Joined Emtel in July 2022 as Chief Marketing Officer.
- Resigned in March 2023.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 2: The Structure of the Board and its Committees

'The Board should contain independently minded Directors. It should include an appropriate combination of executive Directors, independent Directors and non-independent non-executive Directors to prevent one individual or a small group of individuals from dominating the Board's decision taking. The Board should be of a size and level of diversity commensurate with the sophistication and scale of the organisation. Appropriate Board committees may be set up to assist the Board in the effective performance of its duties.'

Size and Composition of the Board

The composition of the Board is regulated by the Shareholders Agreement which provides for the nomination of Board Directors by the Shareholders in proportion to their respective shareholding in the Company. The Board comprises of seven (7) Directors, including one (1) Executive Director and six (6) Non-Executive Directors. The Directors come from different industries and backgrounds with strong business, international and management experience which are crucial given the nature and scope of activities of the Company and the Board Committees.

The Board has ascertained that its current size, mix of skills, competencies, set of expertise and knowledge is appropriate to enable it to carry out its duties and responsibilities in an effective and competent manner so as to achieve the Company's objectives.

The Company has adopted an Equal Opportunity policy and a Diversity and Inclusion policy which advocate for gender parity at all levels within the Company.

The Company is in the process of reviewing its Board composition to comply with the requirements of the Code.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 2: The Structure of the Board and its Committees (Continued)

Company Secretary

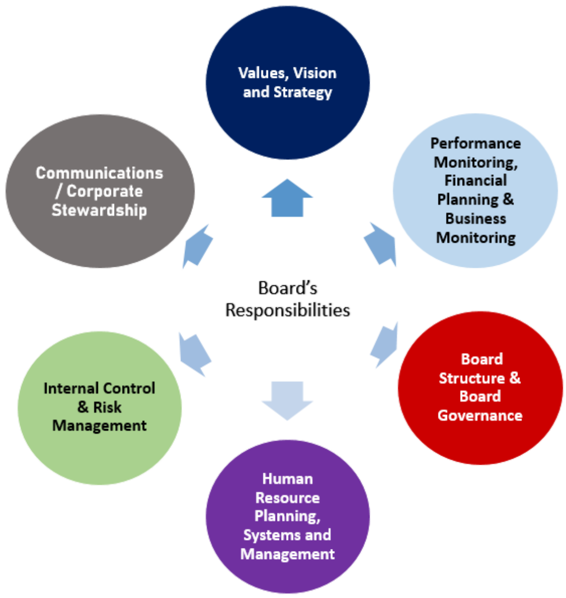
Currimjee Secretaries Limited is the Company Secretary and is represented by Mr. Ramanuj Nathoo.

Mr Nathoo is a fellow Member of the Institute of Chartered Secretaries and Administrators, UK ('ICSA') and also holds an MBA from the University of Leicester. He is a Fellow Member of the Mauritius Institute of Directors and the ICSA Mauritius Branch. He also attended a professional course on Governance of Family Businesses at 'Institut Européen d'Administration des Affaires' (INSEAD).

Board Responsibilities

The Board is ultimately responsible for the performance and affairs of the Company. Its key areas of responsibilities encompass the following:

- **Values, Vision and Strategy**
  To establish, communicate and spread the Company's core values and ensure that these values lead into a coherent vision in line with that of the Shareholders. The vision should drive strategy & strategic plans, which serves to strengthen the competitive advantages of the business & ensure optimal allocation of capital.
- **Performance Monitoring, Financial Planning & Business Monitoring**
  To ensure a proper system of financial & business planning, including periodic plans to achieve strategic objectives and effective monitoring of results and milestones.
- **Board Structure & Board Governance**
  To ensure that the Board is of the right size, structure and composition to enable it to fulfill its role effectively in leading and controlling the Company, with the support of its Board Committees.
- **Human Resource Planning, Systems and Management**
  To ensure that the Human Resources, their management and development are given the proper thrust and importance & that the HR strategies, systems, policies and issues relating to human potential, enable the Company to be an employer of choice.
- **Internal Control & Risk Management**
  To put in place & maintain a sound and robust system of internal control & risk management for proper monitoring, albeit with flexibility to adapt to new risks.
- **Communications / Corporate Stewardship**
  To ensure that the necessary systems are in place for the discharge of the Board's responsibility for effective governance & stewardship towards all stakeholders through appropriate governance policies & regular communications.



EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 2: The Structure of the Board and its Committees (Continued)

Board Meetings Process

Board Committees normally precede Board Meetings and additional Committee meetings may be convened, if required. A similar process as set out above is followed. The agenda for the Committee meeting are set in consultation with the respective Committee Chairman, the Company Executives and the Secretary.

Board Focus Areas

Three (3) Board Meetings were held during the year under review. Board Meetings were organized both in-person and by videoconference to give the opportunity to all Directors to attend and participate.

The key items discussed at 2022 Board Meetings are set out below:

- Approval of the Annual Report for the year ended 31 December 2021.
- Quarterly review of the Company's performance v/s budget (including operational/financial highlights).
- The reports from the Chairman of Board Committees, with respect to the main deliberations at these Committee meetings.
- Declaration and payment of dividends for the year ended 31 December 2022.
- Update on major projects.
- Launch of new services such as 5G and 'blink'.
- Approval of capital expenditures.
- Approval of banking facilities.
- Presentation of the Company's budget for the years 2023 – 2025.

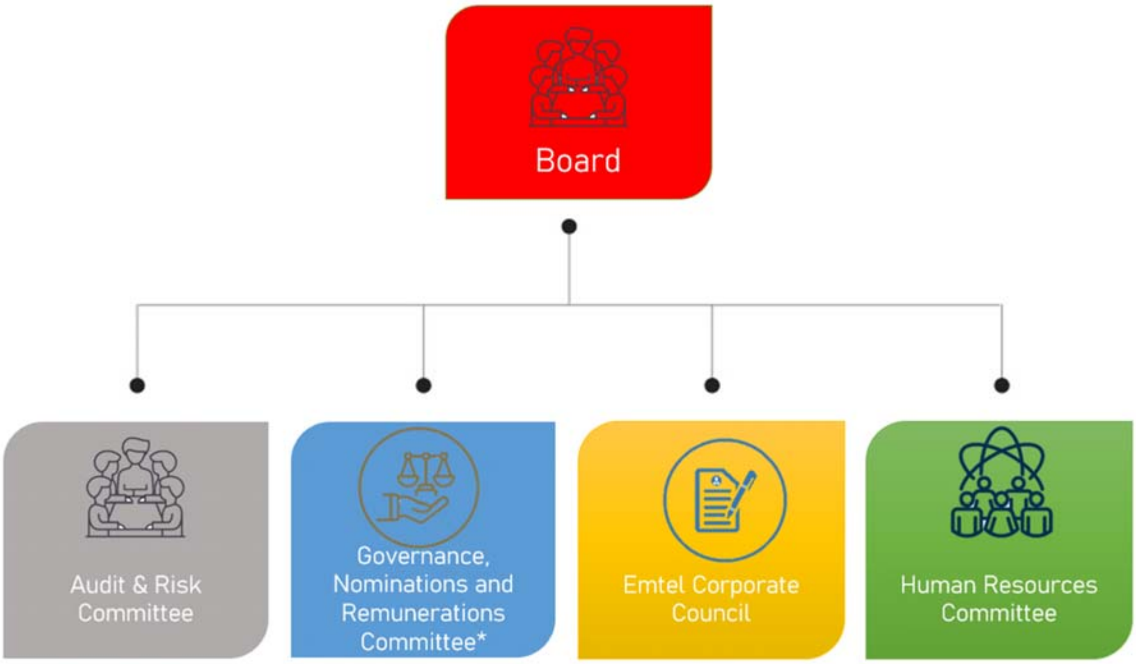
EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 2: The Structure of the Board and its Committees (Continued)

Board Committees

The Board has established three Board Committees as illustrated below to assist it in the execution of its duties:



Board Committees operate within defined terms of reference outlining their objectives, composition, functioning, responsibilities and reporting requirements.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 2: The Structure of the Board and its Committees (Continued)

Board Committees (Continued)

Audit & Risk Committee

Composition

- The Audit & Risk Committee was chaired by Mr M Iqbal Oozeer. In the absence of an Independent Director on the Board of the Company at this stage, the Audit & Risk Committee is currently being chaired by a Non-Executive Director.

- The Committee's current composition is as follows:
  - Mr M Iqbal Oozeer - Chairman
  - Mr Mazahir F E Adamjee
  - Mr Mukesh Bhavnani.

Main responsibilities

- Monitoring the integrity of the financial statements & Annual Report and reviewing significant financial reporting issues and judgements therein.
- Reviewing the Company's internal controls related to financial reporting and disclosure controls and procedures and monitoring the effectiveness of the internal audit function.
- Reviewing the internal audit's recommendations & monitoring their implementation.
- Making recommendion to the Board on the appointment, re-appointment & removal of the External Auditor.
- Agreeing with the External Auditor on their terms of engagement, scope of audit and fees (whether for audit or non-audit services).
- Assessing on an annual basis the independence and objectivity of the External Auditor, their expertise and resources and the effectiveness of the audit process.
- Advising the Board on the overall risk appetite, tolerance and strategy, ensuring that an overall Risk Management Framework is in place and reviewing policies related to risk management.

Focus areas for year 2022

- Review of Audited Financial Statements for financial year 2021.
- Review of client service report from external auditors and letter of representation.
- Appointment of External Auditors for financial year 2022.
- Approval of External Auditor's engagement letter and client service plan.
- Review of internal audit reports, approval of internal audit plan and monitor implementation of audit recommendations.
- Review of the implementation of the Company's Enterprise Risk Management process.
- Updates on information security matters.
- Receive reports on the Company's revenue assurance framework, its implementation and effectiveness.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 2: The Structure of the Board and its Committees (Continued)

Board Committees (Continued)

Human Resources Committee

Composition

- The HR Committee was chaired by Mr Bashirali A Currimjee.
- The Committee's current composition is as follows:
  - Mr Bashirali A Currimjee – Chairman
  - Mr Anil C Currimjee
  - Mr Azim F Currimjee

Main responsibilities

- Review and recommend for Board approval the HR Strategy, including key HR policies, plans and human resources requirement and monitor implementation of same.

Focus areas for year 2022

- Review of HR dashboards and HR metrics.
- Talent Review and Performance management updates.
- Employee engagement updates.
- Key staff movements.
- Key recruitments.
- HR focus areas for year 2022.

Emtel Corporate Council

The Emtel Corporate Council was established for the strategic management and supervision of the Company's operations within a framework approved by the Board.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 2: The Structure of the Board and its Committees (Continued)

Board Committees (Continued)

Emtel Corporate Council (Continued)

Composition

- The Emtel Corporate Council was chaired by Mr Bashirali A Currimjee.
- The Committee's current composition is as follows:
  - Mr Bashirali A Currimjee – Chairman
  - Mr Anil C Currimjee
  - Mr Sarvjit Singh Dhillon

Main responsibilities

- Providing guidance to the Board on the establishment of the Company's values and vision.
- Recommending the long-term strategic direction, plans and risk profiles to the Board for approval.
- Monitoring of the Company's financial and non-financial performance and financial planning.
- Making recommendations to the Board on Board structure and Board governance matters.
- Making recommendations on Human Resources planning, systems and management.
- Reviewing and recommending to the Board for approval, the status of business risk exposures, its management and related action plans.
- Reviewing, approving and ensuring effective communication with internal and external stakeholders.

Focus areas for year 2022

- Monthly review and monitoring of financial and operational performance.
- Review of Big Ticket items.
- Update on major projects and initiatives.
- Approval of capital expenditures.
- Review of HR initiatives and efficiency.
- Review of Treasury reports.
- Recommend dividend declarations to the Board for approval.
- Update on legal and regulatory matters.

Governance, Nominations and Remunerations Committee*

The Corporate Governance Committee's functions have been assigned by the Board of the Company to the Corporate Governance Committee set up at the level of CJ & CO LTD, its Holding company.

Effective as from 01 January 2023, the Corporate Governance Committee of CJ & CO LTD was combined with the Nominations and Remunerations Committee of that company to constitute the newly formed Governance, Nominations and Remunerations Committee ('CJ GNR Committee').

The CJ GNR Committee is thus mandated to advise the Board of Emtel Limited on corporate governance matters and on the application of the Code.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 2: The Structure of the Board and its Committees (Continued)

Attendance at Board Meetings and Board Committees

The table below presents the attendance records at the Company's Board and Committee meetings for the year under review:

Directors & Committee Members	Category of Directors	Board Meeting	Audit & Risk Committee	Human Resources Committee	Emtel Corporate Council
Number of Meetings held during the year		**3**	**3**	**3**	**7**
Mr Bashirali A Currimjee	ED	3	n/a	3	6
Mr Anil C Currimjee	NED	3	n/a	3	7
Mr Azim F Currimjee	NED	3	n/a	2	n/a
Mr Mazahir F E Adamjee	NED	3	3	n/a	n/a
Mr M Iqbal Oozeer	NED	3	3	n/a	n/a
Mr Sarvjit Singh Dhillon	NED	3	n/a	n/a	7
Mr Mukesh Bhavnani	NED	1	3	n/a	n/a

Key: ED – Executive Director NED: Non-Executive Director

Principle 3: Director Appointment Procedures

There should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of directors. The search for Board candidates should be conducted, and appointments made, on merit, against objective criteria (to include skills, knowledge, experience, and independence and with due regard for the benefits of diversity on the Board, including gender). The Board should ensure that a formal, rigorous and transparent procedure be in place for planning the succession of all key officeholders.

Director's Appointment, Re-election, Induction and Orientation

The Company is party to a Shareholders' Agreement ('SHA') that makes provisions for the nomination of Directors by the Shareholders on the Board of the Company in proportion to their shareholding in the Company. All Directors are eligible for re-election at the Annual Meeting of Shareholders.

Newly appointed Directors benefit from an induction programme that includes meetings and business presentation sessions with Management, aimed at deepening their understanding of the businesses, the environment and market in which the Group operates.

During the year under review, the Board composition remained unchanged.

Principle 3: Director Appointment Procedures (Continued)

Professional Development of Directors

The Board values ongoing professional development and recognises the importance of all Directors receiving regular training to be able to serve effectively on, and contribute to, the Board and Board Committees.

The Company provides regular updates to the Directors to best develop their knowledge and capabilities. Directors are kept abreast of trends in the business, competitive and regulatory environments regularly at Board meetings.

Directors are further encouraged to undergo continual professional development to ensure that they can fulfill their obligations and to continually improve the performance of the Board. They are given the opportunity to attend training workshops organised by external facilitators. An in-house training on the duties and responsibilities of Directors, including an overview of some key legislations of direct relevance to the Group, was organized by Dentons Training & Consultancy (Mauritius) Ltd for the Directors and Leadership Team during the year.

The Board also recognises and nurtures talent. To this end, it has put in place a Talent Development Programme for key Executives to ensure that the Group creates opportunities to develop current and future leaders.

Succession Planning

The Board is responsible for the succession planning of Directors and maintains a database of prospective candidates for Board appointments.

Principle 4 - Director Duties, Remuneration and Performance

Directors should be aware of their legal duties. Directors should observe and foster high ethical standards and a strong ethical culture in their organisation. Each Director must be able to allocate sufficient time to discharge his or her duties effectively. Conflicts of interest should be disclosed and managed. The Board is responsible for the governance of the organisation's information strategy, information technology and information security. The Board, committees and individual directors should be supplied with information in a timely manner and in an appropriate form and quality in order to perform to required standards. The Board, committees and individual directors should have their performance evaluated and be held accountable to appropriate stakeholders. The Board should be transparent, fair and consistent in determining the remuneration policy for directors and senior executives.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 4 - Director Duties, Remuneration and Performance (Continued)

The Directors are fully appraised of their fiduciary duties as laid out in the Companies Act.

The Induction Pack for newly appointed Directors contains *inter-alia* the following documents to help the Director better understand the Company and the governance system in place for the effective discharge of his/ her duties:

- Corporate Details and high-level Company organigram;
- Governance Framework;
- Code of Conduct;
- Company Constitution; and
- Information on the Company’s strategy, major projects and financials.

Conflict of Interest / Related Party Transactions

The Company’s Constitution allows a Director who has declared his interest in any transaction/proposed transaction with the Company to vote on any matter relating to the said transaction.

The Company Secretary maintains an interest register, which is available to Shareholders, upon written request.

Information

The Chairman, with the assistance of the Leadership Team, ensures that Directors are provided with relevant Board papers in a timely manner so that they can participate effectively in Board deliberations and decisions. Ongoing relevant information is also shared with Directors between two Board meetings to keep them abreast of developments.

The Directors also have access to the Company’s Senior Management Team as and when required with the approval of the Chairman & Managing Director.

Information Technology (‘IT’) and Information Security Governance

The Company has implemented a framework on Information Technology and Information Security Governance and adopted operational policies pertaining to IT. It also follows the ISO 27001:2013 standard for its Data Centre.

The Company’s key policies and their purposes are as follows:

- Information Security (‘IS’) and Information Security Management System (‘ISMS’) policy - The purpose of this policy is to establish a culture of security and trust for all employees. It also gives a brief introduction of the organisation, lists down the objectives of ISMS and describes the methodology adopted to establish ISMS. The policy encompasses the following activities:

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 4 - Director Duties, Remuneration and Performance (Continued)

Information Technology ('IT') and Information Security Governance (Continued)

clear desk/ screen policy, acceptable use policy, password policy, logical access control, removable media and storage devices, BYOD (Bring Your Own Device) and data protection.

- IT General policy - This policy covers all the different activities and guidelines related to Information Technology, such as backup retention, email, maintenance and configuration, internet, wireless connectivity, computer network logins, operating systems computer network use and change management.
- Incident Management policy - The purpose of this policy is to provide an effective way to ensure a quick, effective and orderly response to incidents so as to minimise damages.
- Physical Access Control policy - The purpose of this policy is to regulate the provisioning, granting, controlling, monitoring and removing of physical access and ID card system also referred to as Proximity Card throughout the Company, including the offices at Ebène & Boundary Road, Rose Hill, Arsenal Data Centre, showrooms and cell sites.
- Business Continuity Management ('BCM') policy – The BCM policy describes the various steps to be taken by the Company to protect critical business processes and assets from the effects of major disasters and identify continuity plans for business resumption.
- Data Centre policy – The Data Centre provides a secure and controlled environment necessary to support the operations of customers and telecommunications equipment that stores, processes and transmits information.

The Company is committed to securing the confidentiality, integrity and availability of information for the day-to-day business activities and technical operations. The security of information and other assets is therefore regarded as fundamental for the successful business operation of Emtel's Data Centre. The Data Centre has adopted an Information Security Management System comprising of Information Security policies, procedures and processes to effectively protect data / information of Emtel's Data Centre and its customers from information security threats, whether internal or external, deliberate or accidental. The Data Centre is ISO 27001 certified with the Mauritius Standards Bureau for providing secured Data Centre operations and services.

All significant investments in information technology and expenditures, based on the business needs for the financial year, are provided for in the Company's annual budget and approved by the Board.

Principle 4 - Director Duties, Remuneration and Performance (Continued)

Data Protection

At Emtel Limited, privacy matters. We respect the privacy of our employees, customers, suppliers and other interested parties with whom we have business interactions. We are committed to complying with all applicable data protection legislations. The Company is registered with the Data Protection Office as a Data Controller and a Data Processor; the Certificates of Registration were last renewed in December 2020 as per the Data Protection (Fees) Regulations 2020 and shall be renewed in July 2023.

The Company had appointed PricewaterhouseCoopers (Mauritius) ('PWC') to conduct an independent Data Privacy Assessment against the EU-GDPR and DPA regulations with a focus on current privacy capabilities and gaps. The main objective was to assess the privacy practices adopted by Emtel in regard to the processing of the personal data across its lifecycle (collection, processing, storage, transfer and archival/destruction) and design the future state to demonstrate compliance to processing of personal data of Mauritians and foreign subscribers for service subscription as well as that of its employees. It was reported that the Company has implemented a privacy framework which is aligned with leading practices and flexible enough to adapt to continued changes and ongoing regulatory/business implementations.

Our commitment towards data privacy was strengthened during 2022 with a series of planned activities and initiatives supported by our appointed Data Privacy Champions and the Data Privacy Committee. This has helped the Company to define and implement the main requirements of the applicable data protection laws, regulations and business practices, while addressing the recommendations from PwC Mauritius to improve our data privacy maturity level.

The Company has published and communicated its Privacy Notice to all stakeholders and is available on the corporate website https://www.emtel.com/privacy-policy. The Company's Data Protection Officer can be contacted at dataprotection@emtel.com

Board, Board Committee & Individual Director evaluation

No evaluation of the Board, Board Committees or individual Directors has been undertaken during the year under review.

Remuneration Policy

None of the Directors received any remuneration and benefits from the Company during the financial year ended 31 December 2022 (2021: Nil).

The Managing Director is not remunerated by the Company. He is deputed by Currimjee Jeewanjee and Company Limited, with which the Company has a Business Support Services Agreement.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 4 - Director Duties, Remuneration and Performance (Continued)

Remuneration Policy (Continued)

The remuneration policy for employees is determined by the Human Resources Committee and follows the guidelines below:

- Ensure that remuneration is commensurate with qualifications, skills and experience;
- Ensure that pay levels are internally consistent and aligned with market rates;
- Reward employees according to their responsibilities and performance; and
- Provide a remuneration package that attracts, retains and motivates staff.

Remuneration also includes a variable component based on the performance of both the Company and the employee.

Directors' Service Contracts

None of the Directors has a service contract with the Company.

Directors' & Officers' Liability Insurance

A liability insurance cover for Directors and Officers has been subscribed by the Company. The policy provides cover for the risks arising out of acts or omissions of the Directors and Officers of the Company in the performance of their duties, to the extent permitted by law.

Directors' interests in shares

The Directors' indirect interests in the stated capital of the Company at 31 December 2022 were as follows:

Director	Indirect interests in the Company's shares through Currimjee Limited %
Mr Bashirali A Currimjee	0.08
Mr Anil C Currimjee	3.52
Mr Azim F Currimjee	5.74

Principle 5 - Risk Governance and Internal Control

The Board should be responsible for risk governance and should ensure that the organisation develops and executes a comprehensive and robust system of risk management. The Board should ensure the maintenance of a sound internal control system.

Risk Governance

Managing risks and uncertainties is essential to achieving our long-term success and strategic objectives. Risks are inherently dynamic; as the environment evolves, certain risks reduce or grow, while new ones emerge.

An effective Enterprise Risk Management framework has been established at Emtel in line with the Group's policy. It not only focuses on operational and business (including strategic and financial) risks, but also its regulatory, societal, human capital, health and safety risks. Emtel's ERM is a well-defined, three-step procedure comprising risk identification, risk mitigation, and monitoring and reporting.

- In the first step, a set of well-defined criteria helps to identify enterprise-level strategic risks that pose business and operational continuity, brand and market perception, the ability to generate resources for future expansion, etc. A dedicated risk owner is responsible for the main risks and sub-risks.
- In the next step, risk mitigation strategies are identified and deployed to eliminate exposure to potential risks and reduce their chance and negative impact. This includes the action plan and the assignment of the responsibilities to risk owners
- In the third stage, quarterly monitoring of key risks, as well as the effectiveness of the mitigation plan is carried out by the Audit and Risk Committee (ARC).

Risk Management Model

Emtel's Risk Management model aligns with CJ's group risk management strategy, which is equipped to identify, evaluate, respond to, and manage risks. The process comprises the adoption of a rigorous and collaborative approach across the entire organization, in which key individuals contribute by recognizing risks in their particular areas of responsibility and expertise and providing suitable responses to these risks.

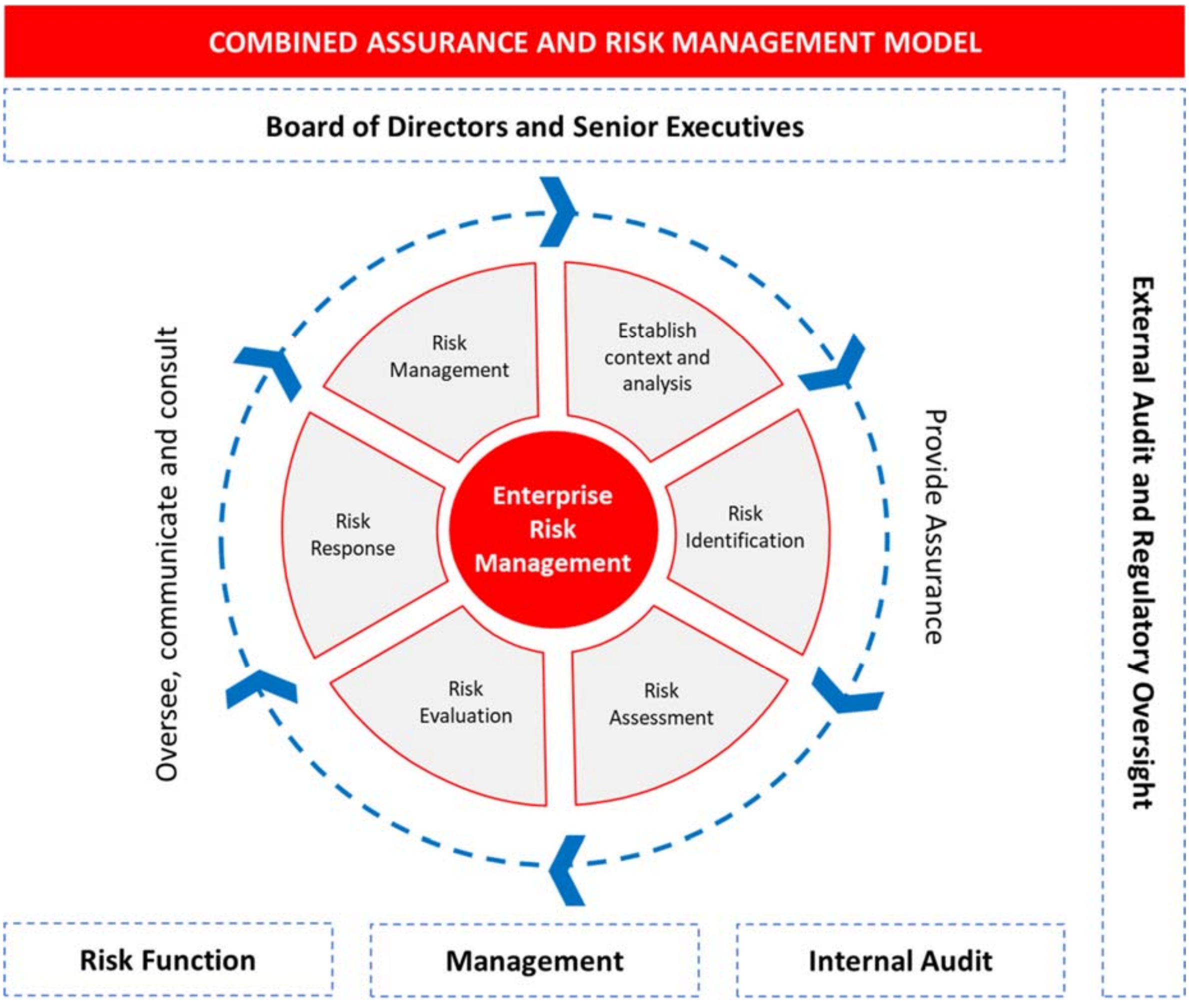
One of the key outputs of this process is the creation of a comprehensive Risk Register, which establishes the risk context and risk treatment plan for each key risk. As a result, risk management remains a priority and operational managers are adequately prepared to respond quickly to changing conditions. Refer to Figure 1 for the CJ Risk Management Model adopted for Emtel.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 5 - Risk Governance and Internal Control (Continued)

Risk Management Model (Continued)



Top 10 Risks identified by the Company

During the year, the Company has undertaken an initiative to perform an assessment of its Enterprise Risk Register, which has been updated on quarterly basis. The Top 10 risks and their corresponding mitigation measures are set out below:

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 5 - Risk Governance and Internal Control (Continued)

Top 10 Risks identified by the Company (Continued)

Risk Category	Sr. No	Risk	Brief Description	Mitigation Plan
Operational	1	Inconsistent Network quality leading to negative Customer Experience	Seamless connectivity is a crucial pillar of EMTEL's customer experience strategy. Better network quality and fewer lags will boost EMTEL's reputation and protect market share & revenues.	• Ongoing activity to improve customer experience by evaluating complaints and optimizing network in congested areas. Network coverage expansion on identified and strategic locations
Strategic	2	Hyper competitive market leading to loss of market share	Aggressive pricing strategies in market may result in churn of the existing customer base & will require aggressive pricing / margin reduction from EMTEL, ultimately impacting the profitability & market share	• Enhance focus on growing technology skills and capabilities to compete with disruptive market players • The introduction of 5G with expanding coverage across the island will help attract new customers and decreased churn Develop new strategies and take appropriate action on a timely basis to ensure increase in market share
Strategic	3	Failure to diversify into newer revenue streams	Mauritius has a highly saturated mobile market and due to limited scope of growth for mobility segment it is pertinent to continue identifying new sources of revenue through continuous market scan, diversifying current product portfolio	• The launch of FinTech App and 5G have provided opportunities for new use cases for both B2B & B2C segment that will create new revenue sources and enhance customer engagement as well as retention. Focus on driving data adoption through innovative products and offer's
Strategic	4	Limited fibre infrastructure & roll-out	Restricted fibre capabilities may lead to loss of first mover advantage as compared to competition and may impact growth and sustenance of market share	Strategic expansion of fibre backbone across the island to increase the fibre coverage
Strategic	5	Inability to leverage and deploy new age technologies viz. Data Science, Social Media Analytics, Behavioural analytics.	To better leverage consumer data, their journeys, monitor demand, and build strong customer relationships, building data science capabilities, internal up-skilling initiatives are required	• Focus on scenario based simplified structured data analysis based on user requirements. Invest in technologies, infrastructure and skills to support innovation.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 5 - Risk Governance and Internal Control (Continued)

Top 10 Risks identified by the Company (Continued)

Risk Category	Sr. No	Risk	Brief Description	Mitigation Plan
Financial	6	Depreciation of local currency	The depreciation in local currency is increasing the cost of payments to suppliers, which could cause cost overrun	• Demand for Forex has gone up due to increase in price. However, supply exceeds demand due to backlog. Spot and forward FX purchases are done to cover payments along with usage of forex overdraft to satisfy immediate needs
Strategic	7	Global supply chain disruptions	Disruption in Supply Chain caused by Covid19, geo-political relations and Ukraine-Russia war may impact the cost of operations	• Constantly monitoring of vulnerability in supply chain of key suppliers to ascertain any adverse impact on the Company Identification of alternate supply sources
Operational	8	Lack of end to end system integration	Stability and end-to-end integration of essential systems and platforms to assure EMTEL's go-to-market competitiveness and minimize potential leakage	• Explore automation feasibility to eliminate misalignment Strengthen process & controls to minimize gaps till complete automation is achieved
Operational	9	Cyber Security risk	Increased device, interface, and network interaction raises security risk, and IoT coalitions conceal service provider responsibilities for privacy and security. Cyberattacks on EMTEL's critical infrastructure and consumer data might disrupt service and impact brand image	• Implementation of a robust cybersecurity framework • Continuous monitoring and upgrade of our IT activities, infrastructure & cloud environment. • Reliable anti-virus software and firewalls are installed and updated regularly across all systems • External and internal IT audit
Strategic	10	Supplier Concentration & overreliance on a single supplier	EMTEL relies on a single OEM for much of its network equipment, which will hamper its network operations if geopolitical and global trade factors restrict or limit Chinese vendor hardware	• Dependency on strategic supplier is well managed through planned investment and continuous performance monitoring • Supplier has a well-established local office in Mauritius and provides full support as needed.

Principle 5 - Risk Governance and Internal Control (Continued)

Internal Control

The Board is responsible for reviewing the internal control system and satisfy itself that the system is functioning effectively. Management is responsible for the design, implementation and monitoring of the internal control system. Appropriate policies, processes, and procedures incorporating relevant internal controls, have been designed and implemented, to provide reasonable assurance that the control objectives are attained.

Whilst retaining the overall responsibilities, the Board has delegated the authority for monitoring and reviewing the effectiveness of the Company's internal control and compliance systems to the Audit & Risk Committee. The Board has delegated the authority to the Audit & Risk Committee for monitoring and reviewing the effectiveness of the Company's internal control and compliance systems. The Board also relies on the internal audit function to report on any weaknesses in the internal control systems, and make recommendations to Management and to the Audit & Risk Committee for appropriate actions.

The Board acknowledges that a system of internal control can only provide reasonable but not absolute assurance against the occurrence of misstatements, human error, losses, fraud and other irregularities.

Whistleblower Policy

The Company's Whistleblower Policy is communicated to the Directors and all employees. The Company aims at encouraging its Directors, employees and anyone associated with the Company, who have concerns about any aspect of malpractices encountered within the Company to come forward and voice those concerns within a defined process with the confidence that they will be treated fairly.

An employee who reasonably believes that inappropriate business conduct is occurring should raise the concern with their immediate supervisor/ manager or their superior. This may depend, however, on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. If the employee believes that management is involved, he/she should approach a more senior level of management within the company and/or the Chief Human Resource Officer and/or the Chairman of the Audit and Risk Committee for CJ & CO LTD.

The Chairman of the Audit and Risk Committee of CJ & CO LTD shall be notified of all financial or accounting irregularities or suspected irregularities. The policy does not supersede that requirement.

Should the matter have a direct link with the Chief Human Resource Officer of CJ & CO LTD, the Whistleblower is advised to report the case to the Chairman of the HROC at ChairmanHROECommittee@currimjee.com.

The Company will take appropriate action to protect the employee when he/she raises a concern in good faith and if the claim of questionable practice is substantiated and proved, appropriate disciplinary action will be taken against the responsible individual(s) up to and including termination of employment.

The policy ensures that the whistle-blower's identity is treated with confidentiality.

Principle 6 - Reporting with Integrity

The Board should present a fair, balanced and understandable assessment of the organisation's financial, environmental, social and governance position, performance and outlook in its annual report and on its website.

Environment & Sustainability

The Company aims to grow and conduct business sustainably with respect to the market environment, technological innovation and Sustainable Development Goals (SDGs). It actively implements ecological projects in its business operations and supports external institutions and non-governmental organisations within the Republic of Mauritius. The Company's activities focus on four core strategic drivers:

Addressing Climate Change

In 2022, the Company reinforced its sustainability commitment to address the impacts of climate change by conducting a carbon footprint assessment, aimed at understanding its direct and indirect contributions (Scope 1, 2 and 3 of the GHG Protocol) to climate change and identifying the carbon intensive operations throughout its business.

A long-term action plan focusing on a decarbonisation strategy (using the Science Based Target Initiative (SBTi) methodology) has been worked out and shall be implemented.

Preserving Ecosystems and Natural Resources

The Company closely monitors its key sustainability areas including energy, water and paper consumption; measures are continually being identified to reduce consumption across the Company's operations, buildings and cell sites. The Company also collaborated with:

- The Currimjee Foundation and Friends of Environment for the endemic revegetation project at La Citadelle in Port Louis.
- The Mauritian Wildlife Foundation for its conservation projects on Ile Aux Aigrettes and the Grande Montagne Nature Reserve.
- Shoals Rodrigues for the restoration of coral reefs in Rodrigues.

Responsible Waste Management

The Company diligently monitors its waste across its operations and measures are implemented accordingly to reduce, eliminate and ultimately recycle any waste generated. It has also collaborated with:

- Mission Verte to pursue its national E-Waste Recycling project focusing on the collection and recycling of mobile phones, tablets, accessories and batteries; a total of 4.4 tonnes were collected and sent for recycling in 2022, cumulating a total of 11.5 tonnes since the initiative was launched.
- Mission Verte to reinforce the recycling of waste within the Company and its surrounding communities; more than 8.6 tonnes of wastes were sent for recycling, the main waste being paper and carton.

Principle 6 - Reporting with Integrity (Continued)
Environment & Sustainability (Continued)

Environmental Stewardship
The Company encourages its workforce to actively participate in sustainability initiatives and to support its collaborators in their projects. Emtel has collaborated with:

- The Mauritian Wildlife Foundation to launch the Friends of Mauritian Wildlife Club, a national initiative aimed at providing awareness, education and participative support to create an eco-conscious citizen.
- The Currimjee Foundation, Shoals Rodrigues and Association Pour Le Progres d'Agalega to conduct clean-up activities in the context of the World Clean Up Day 2022.

Corporate Social Responsibility ('CSR')
Emtel, We Care. We strive to bring a positive impact on our local communities and the environment within the Republic of Mauritius

The Company continues to advocate its social responsibilities towards the local communities and it has promoted community projects that not only spell its commitment towards the integration of social, environmental and economic dimensions, but also provide value-added solutions to societal and environmental challenges.

The Company's CSR activities focused on five (5) main dimensions namely "Environment & Sustainability", "Socio-Economic Development", "Educational Support and Training", "Dealing with Health Problems" and "Leisure and Sports". Effective partnerships with the Currimjee Foundation and local NGOs have demonstrated positive results. For financial year 2022, the Company contributed Rs. 9.8 million to CSR projects, including the following key projects:

Socio-Economic Development
- As a responsible service provider, we put forward digital inclusiveness by providing value-in-kind support through free calls, Internet connectivity services and media to support NGOs in the good conduct of their projects and providing relief to vulnerable groups of society.
- Emtel has contributed to charity projects through collaboration with local Rotary Clubs to aid poverty alleviation and social integration initiatives.

Educational Support & Training
- Donation of school bags and educational materials to 750 special children in Mauritius, Rodrigues and Agalega in collaboration with Light of Hope, Rotary Club of Rodrigues and Association Pour Le Progres d'Agalega.
- Funding of an ICT Lab for children with disabilities for the Association Jeunes Inadaptes de Curepipe.
- Empowerment of women in Rodrigues and Agalega by providing sewing essentials in collaboration with Breast Cancer Care (Rodrigues) and Association Pour Le Progrès d'Agalega.

Principle 6 - Reporting with Integrity (Continued)

Corporate Social Responsibility (‘CSR’) (Continued)

Leisure and Sports

- Collaborated with Lizie Dan La Main, Curepipe Handisports Association and the Currimjee Foundation to support Para-Athletes during international para-athletics championships.
- Supported local clubs in their projects, including the Valley Stars Sports Club and the Mangalkhan Sports Club.

Dealing with Health Problems

- Conducted blood donation activities in Ebène Cybercity (Thalassemia Society of Mauritius and Mauritius Blood Donors Association) and in Rodrigues (Voluntary Blood Donors Association).
- Donation of food packs and groceries to T1 Diams members and Lakaz Warriors (Breast Cancer Care) patients.
- In the context of the Covid-19 pandemic, throughout 2022, the Company continued to take the following actions to ensure the smooth running of operation:
  - ✓ Tracking of positive cases across the Company;
  - ✓ Providing hand sanitisers across all premises;
  - ✓ Enabling Work from Home for all staff;
  - ✓ Transport arrangements for staff to avoid travelling by public transport until mid-2022;
  - ✓ Providing rapid tests as and when required;
  - ✓ Encouraging vaccines and booster doses.

Quality & ISO Certifications

Emtel is certified ISO 9001:2015 with the Mauritius Standards Bureau (MSB) for the sales, support, distribution and service of Information and Communication Technology products and services for both prepaid and post-paid customers through mobile and fixed technology. The Company successfully completed its surveillance audit in November 2022 by the MSB and the certification (RF 164) is valid until December 2024. The Company strives to provide the best experience to its customers through the provision of efficient, effective and innovative Information and Communication Technology products and services. It is committed to satisfying the needs and expectations of its interested parties, and will ensure continual improvement of its Quality Management System in compliance with the applicable legal and regulatory requirements and ISO 9001 requirements.

The Company operates a Quality Management System driven by its philosophy of continual improvement towards an enhanced customer experience. Internal process audits are carried out by the Company’s team of trained internal quality auditors, process documentation is reviewed on a continuous basis and a risk-based approach is adopted across the organisation.

Donations

The Company did not make any political donations during the year under review (year 2021: Nil). The Company supported a few charitable institutions from the Company’s CSR funds.

Principle 7 – Audit

Organisations should consider having an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board and the management. The Board should establish formal and transparent arrangements to appoint and maintain an appropriate relationship with the organisation's auditors.

Internal Audit

Effective January 2021, the Company's Internal Audit Function has been outsourced to Ernst & Young (E&Y), following a tender exercise, and approved by the Board on the recommendation of the Audit & Risk Committee.

As part of their delivery of internal audit services, the Internal Auditor has performed a risk assessment and considered additional risks that apply to the Company and which were not captured in the existing risk register and the list of top inherent risks ranked in terms of significance for the Company. An internal audit plan for a three-year period was then established in collaboration with top management, targeting the higher risk areas that lend themselves to internal audits, and approved by the Audit and Risk Committee.

The Internal Auditor's methodology aims ultimately to position the internal audit reviews to proactively drive strategic value to the organisation, by providing:

- Key insights that enable the business to focus on the risks that matter, and which aim to improve the quality and effect of work delivered.
- A robust mechanism to identify performance improvement opportunities (including robustness and efficiency of operations, quality of information for better decision making, optimising the use of available resources like technology).
- Strategic insights that improve business performance.
- Prioritisation of recommendations to facilitate implementation and sense of achievement.

Internal audit services are conducted in accordance with an Internal Audit Charter, aligned with the standards of the Institute of Internal Auditors' International Professional Practices Framework and adapted for the outsourced internal audit model, that has been approved by the Audit & Risk Committee.

As part of the audit, the Internal Auditor reviews the design and operating effectiveness of controls in operation at Emtel for the areas identified as part of the internal audit plan. Following the completion of internal audit engagements, salient internal audit observations are reported to Management in a closing meeting, followed by the issue of the internal audit reports. These reports are then presented at Audit & Risk Committee meetings, to communicate significant audit findings as well as Management's proposed action plans. Regular follow-up audits are also undertaken to monitor the progress on the implementation of internal audit recommendations by Management, which are then reported back to the Audit & Risk Committee. The Internal Auditor, works closely with and shares its internal audit findings with the external auditors.

The Internal Auditor reports independently to the Chairman of the Audit & Risk Committee and the Chairman of the Board on all internal audit matters, and is responsible for providing assurance to the Audit & Risk Committee

Principle 7 – Audit (Continued)

Internal Audit (Continued)

regarding the implementation, operation and effectiveness of the Company's internal control systems. In this respect, reliance is placed on the work undertaken by the Internal Auditor in line with an internal audit plan, as approved by the Audit & Risk Committee, which ensures that all significant areas of the Company's activities are duly covered in turn over a predetermined timeframe.

The Internal Auditor has unrestricted access to the Company's records, the Chairman of the Company, the Chairman of the Audit & Risk Committee, Management and employees, for the effective performance of its duties.

During the financial year 2022, the following internal audit assignments were deployed for the Company: Payroll Review, Fixed Asset Management and Working Capital Management. Two follow up audits were also completed on Work from Home and Enterprise Lead to Cash.

External Audit

The Audit & Risk Committee has reviewed and reported to the Board on the clarity and accuracy of the financial statements. While conducting their reviews, the Committee considered the following:

- the accounting policies and practices applied;
- material accounting judgements and assumptions made by management or significant issues, or audit risks identified by the external Auditor; and
- compliance with relevant accounting standards and other regulatory financial reporting requirements, including the Code.

All significant issues raised by the external auditors during the audit are reviewed and monitored at the level of the Audit & Risk Committee until they are fully addressed.

The external auditors are free to meet the Audit & Risk Committee without the presence of management should they wish to do so. No such meeting was required during the year under review. Nonetheless, the Chairman of the Audit & Risk Committee regularly consults the External Audit Partner.

The Board is regularly informed of all material matters being discussed at the level of the Audit & Risk Committee.

The fees paid to the External Auditors, for audit and other services were as follows:

	Year 2022	Year 2021
	Rs	Rs
Statutory audit services	**2,028,000**	1,572,000
Other services	**1,069,000**	908,000
TOTAL	**3,097,000**	2,480,000

The other services for year 2021 and 2022 included tax consulting services, privacy gap assessment, the audit of financial information of MFS Trust and consultancy services for Mobile Financial Services.

EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 7 – Audit (Continued)

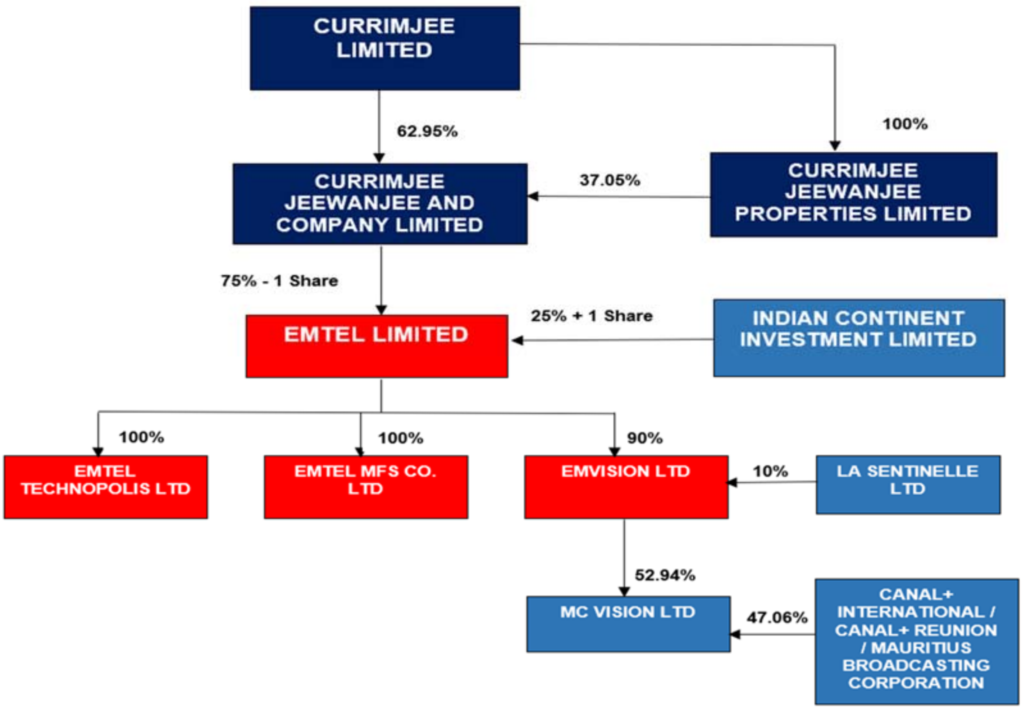
External Audit (Continued)

The Board ensures that the provision of non-audit services by the External Audit Firm are delivered by a team of officers that is completely independent from the external audit team, to ensure that the Auditor's objectivity and independence are safeguarded.

Principle 8 - Relations with Shareholders and Other Key Stakeholders

The Board should be responsible for ensuring that an appropriate dialogue takes place among the organisation, its shareholders and other key stakeholders. The Board should respect the interests of its shareholders and other key stakeholders within the context of its fundamental purpose.

The stated capital of the Company consists of 15,180,000 Ordinary Shares of Rs 10 each. The shareholding structure of the Company at 31 December 2022 was as set out below:



EMTEL LIMITED

CORPORATE GOVERNANCE REPORT 2022

Principle 8 - Relations with Shareholders and Other Key Stakeholders (Continued)

Key Stakeholders

The Company is committed to responding to the needs and expectations of its key stakeholders and takes into account their interests in its dealings with them. The Board ensures that information is delivered in an open, transparent, meaningful and regular manner to the stakeholders. It engages with its key Stakeholders through existing communications platforms (Annual Report, Shareholders meetings, Website, Employee Engagement Surveys, Social Media, CJ News & Intranet, Communiqués).

Calendar of key events and publications

The calendar of key events for the year is as follows:

Shareholders' Agreement

The contents of the Shareholders' Agreement between CJ & CO LTD and Indian Continent Investment Limited in respect of the Company have not been disclosed due to their confidential nature.

Principle 8 - Relations with Shareholders and Other Key Stakeholders (Continued)

Dividend Policy

The Company shall in every financial year distribute 95% of all free cash available each year upon satisfactorily passing the solvency test and after provision has been made for debt servicing, cash flow, business and investment requirements as well as capital expenditure and prudent financial provisioning. 95% of the remaining 5% of the Company's immediately previous financial year's free cash flow shall be paid out in the following financial year in addition to the dividend payable by the Company in such financial year, subject to the solvency test being satisfied and after provision has been made for cash flow, capital expenditure and prudent financial provisioning.

The Company declared and paid total dividends of Rs 532 million during the year (year 2021: Rs 516 million).

Approved by the Board of Directors on ……24 April……………….. 2023.

Names: ……………………………… Mr Bashirali A Currimjee, G.O.S.K **Chairman & Managing Director**

……………………………… Mr Anil C Currimjee **Director**

STATEMENT OF COMPLIANCE
(Section 75 (3) of the Financial Reporting Act)

Name of Public Interest Entity ("PIE"): Emtel Limited

Reporting Period: 01 January 2022 to 31 December 2022

We, the Directors of **Emtel Limited**, confirm to the best of our knowledge that the Company has complied with all material obligations and requirements under the Code of Corporate Governance. Reasons for non-compliance, as applicable, have been explained in the Corporate Governance Report, save and except for the following:

Website disclosures

The Board believes that all material information on the Company and its governance framework, as recommended to be disclosed on the website as per the Code, is available to shareholders and stakeholders through the Annual Report & Financial Statements filed at the Registrar of Companies.

- **Principle 2 – The Structure of the Board and its Committees**

  The Company has not appointed an Independent Director as the Shareholders and the Board are of the view that its current size, mix of skills, competencies, expertise and knowledge enable it to carry out its duties and responsibilities in an effective and competent manner.

  In the absence of an Independent Director on the Board of the Company at this stage, the Audit & Risk Committee is currently being chaired by a Non-Executive Director.

  The Company is in the process of reviewing its Board composition to comply with the requirements of the Code.

- **Principle 4 - Director Duties, Remuneration and Performance**

  Board evaluation and development

  Any evaluation of the Board, Board Committees or individual Directors have not been undertaken during the year under review.

- **Principle 8 – Relations with Shareholders and other key Stakeholders.**

  The contents of the Shareholders' Agreement between CJ & CO LTD and Indian Continent Investment Limited in respect of the Company have not been disclosed due to their confidential nature.

SIGNED BY:

Names: ....

Mr Bashirali A Currimjee, G.O.S.K — Mr Anil C Currimjee

Chairman & Managing Director — **Director**

Date: 24 April 2023

SECRETARY'S CERTIFICATE

UNDER SECTION 166(d) OF THE MAURITIUS COMPANIES ACT 2001

We certify that in terms of the compliance report as submitted and approved by the Board, the Company has filed with the Registrar of Companies, for the year ended 31 December 2022, all such returns as are required of the Company under the Companies Act 2001 of Mauritius.

Currimjee Secretaries Limited
Per Ramanuj Nathoo (Mr)
Secretary

CURRIMJEE SECRETARIES LIMITED
CORPORATE SECRETARY

Date: 24 April 2023

pwc

Independent Auditor's Report

To the Shareholders of
EMTEL LIMITED

Report on the Audit of the Financial Statements of the Company standing alone

Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of EMTEL LIMITED (the "Company") standing alone as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Mauritian Companies Act 2001.

What we have audited

The financial statements of EMTEL LIMITED set out on pages 52 to 109 comprise:

- the statement of financial position as at 31 December 2022
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for Opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Tel: +230 404 5000, Fax:+230 404 5088, www.pwc.com/mu
Business Registration Number : F07000530

pwc

Independent Auditor's Report

To the Shareholders of EMTEL LIMITED (Continued)

Report on the Audit of the Financial Statements of the Company standing alone (Continued)

Basis for Opinion (Continued)

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other Information

The directors are responsible for the other information. The other information comprises the company information, the directors' report, the corporate governance report, the statement of compliance and the secretary's certificate but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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, 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.

pwc

Independent Auditor's Report

To the Shareholders of EMTEL LIMITED (Continued)

Report on the Audit of the Financial Statements of the Company standing alone (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 (IFRS) and in compliance with the Mauritian Companies Act 2001, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional 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.

pwc

Independent Auditor's Report

To the Shareholders of EMTEL LIMITED (Continued)

Report on the Audit of the Financial Statements of the Company standing alone (Continued)

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

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

We communicate with 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.

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

(a) we have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditor and tax advisor of the Company and some of its subsidiaries;
(b) we have obtained all the information and explanations we have required; and
(c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

pwc

Independent Auditor's Report

To the Shareholders of EMTEL LIMITED (Continued)

Report on Other Legal and Regulatory Requirements (Continued)

Mauritian Financial Reporting Act 2004

Our responsibility under the Mauritian Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance ("Code") 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 Company has, pursuant to section 75 of the Mauritian Financial Reporting Act 2004, complied with the requirements of the Code.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

25 April 2023

Olivier Rey, licensed by FRC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 **Rs 000**	2021 Rs 000
Revenue from contracts with customers (Note 3)	**3,240,350**	3,128,630
Cost of operations	**(1,714,669)**	(1,746,141)
Gross profit	**1,525,681**	1,382,489
Selling and distribution expenses	**(352,401)**	(335,667)
Administrative expenses	**(448,948)**	(455,651)
Impairment loss on subsidiary (Note 13)	**(82,125)**	-
Other income (Note 4)	**11,988**	66,933
Other gains / (losses) - net (Note 5)	**104,263**	5,198
Operating profit (Note 6)	**758,458**	663,302
Finance income (Note 8)	**2,014**	2,554
Finance costs (Note 8)	**(167,157)**	(156,546)
Finance costs – net (Note 8)	**(165,143)**	(153,992)
Profit before tax	**593,315**	509,310
Income tax expense (Note 9)	**(115,499)**	(128,970)
Profit for the year	**477,816**	380,340
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity investments at fair value through other comprehensive income	**54**	181
Revaluation of property, plant and equipment (Note 10)	**-**	304,535
Effect of deferred tax on revaluation of property, plant and equipment (Note 9(d))	**-**	(38,681)
Re-measurements of post-employment benefits obligations (Note 22)	**9,556**	15,199
Effect of deferred tax on re-measurement of post-employment benefits obligations (Note 9(d))	**(1,626)**	(2,584)
Other comprehensive income for the year	**7,984**	278,650
Total comprehensive income for the year	**485,800**	658,990

The notes on pages 56 to 109 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	2022	2021
	Rs 000	Rs 000
ASSETS		
Non-current assets		
Property, plant and equipment (Note 10)	**3,200,847**	2,904,737
Right-of-use assets (Note 11)	**946,228**	714,402
Intangible assets (Note 12)	**266,737**	311,751
Investment in subsidiaries (Note 13)	**1,122,875**	1,205,000
Financial assets at fair value through OCI (Note 14)	**1,207**	1,153
	5,537,894	5,137,043
Current assets		
Inventories (Note 15)	**65,346**	36,651
Trade and other receivables (Note 16)	**395,204**	584,796
Current tax receivables (Note 17)	**80,382**	80,382
Cash and cash equivalents (Note 18)	**671,313**	99,323
	1,212,245	801,152
Total assets	**6,750,139**	5,938,195
EQUITY		
Stated capital (Note 19)	**151,800**	151,800
Fair value reserves	**1,187**	1,133
Revaluation reserves	**20,375**	265,854
Retained earnings	**1,165,007**	965,587
Total equity	**1,338,369**	1,384,374
LIABILITIES		
Non-current liabilities		
Borrowings (Note 20)	**2,102,782**	2,426,024
Lease liabilities (Note 11)	**880,203**	657,453
Deferred tax liabilities (Note 21)	**198,170**	210,671
Post-employment benefits obligations (Note 22)	**20,153**	36,899
Asset retirement obligations (Note 23)	**64,492**	69,237
	3,265,800	3,400,284
Current liabilities		
Borrowings (Note 20)	**840,832**	287,632
Lease liabilities (Note 11)	**139,659**	115,875
Trade and other payables (Note 24)	**915,427**	533,585
Contract liabilities (Note 25)	**124,186**	125,134
Provisions for solidarity levy (Note 9(c))	**50,344**	47,324
Current income tax liabilities (Note 9(b))	**75,522**	43,987
	2,145,970	1,153,537
Total liabilities	**5,411,770**	4,553,821
Total equity and liabilities	**6,750,139**	5,938,195

Authorised for issue by the Board of directors on 24th April 2023 and signed on its behalf:

DIRECTORS

The notes on pages 56 to 109 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Stated capital Rs 000	Revaluation reserves Rs 000	Fair value reserves Rs 000	Retained earnings Rs 000	Total equity Rs 000
At 1 January 2021	151,800	-	952	1,088,752	1,241,504
Comprehensive income					
Profit for the year	-	-	-	380,340	380,340
Items that will not be reclassified to profit or loss					
Changes in the fair value of equity investments at fair value through other comprehensive income	-	-	181	-	181
Revaluation adjustment	-	304,535	-	-	304,535
Effect of deferred tax on revaluation adjustment (Note 9(d))	-	(38,681)	-	-	(38,681)
Re-measurements of post-employment benefits obligations (Note 22)	-	-	-	15,199	15,199
Effect of deferred tax on re-measurement of post-employment benefits obligation (Note 9(d))	-	-	-	(2,584)	(2,584)
Total comprehensive income	-	265,854	181	392,955	658,990
Transactions with owners					
Dividends (Note 26)	-	-	-	(516,120)	(516,120)
Total transactions with owners	-	-	-	(516,120)	(516,120)
At 31 December 2021	151,800	265,854	1,133	965,587	1,384,374

	Stated capital Rs 000	**Revaluation reserves Rs 000**	**Fair value reserves Rs 000**	**Retained earnings Rs 000**	**Total equity Rs 000**
At 1 January 2022	**151,800**	**265,854**	**1,133**	**965,587**	**1,384,374**
Comprehensive income					
Profit for the year	**-**	**-**	**-**	**477,816**	**477,816**
Items that will not be reclassified to profit or loss					
Changes in the fair value of equity investments at fair value through other comprehensive income	**-**	**-**	**54**	**-**	**54**
Revaluation adjustment	**-**	**(245,479)**	**-**	**245,479**	**-**
Re-measurements of post-employment benefits obligations (Note 22)	**-**	**-**	**-**	**9,556**	**9,556**
Effect of deferred tax on re- measurement of post-employment benefits obligation (Note 9(d))	**-**	**-**	**-**	**(1,626)**	**(1,626)**
Total comprehensive income	**-**	**(245,479)**	**54**	**731,225**	**485,800**
Transactions with owners					
Dividends (Note 26)	**-**	**-**	**-**	**(531,805)**	**(531,805)**
Total transactions with owners	**-**	**-**	**-**	**(531,805)**	**(531,805)**
At 31 December 2022	**151,800**	**20,375**	**1,187**	**1,165,007**	**1,338,369**

The notes on pages 56 to 109 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	Rs 000	Rs 000
Cash generated from operations (Note 29)	**1,683,680**	1,183,064
Taxation paid (Note 9)	**(87,825)**	(131,580)
Corporate Social Responsibility fund (Note 9)	**(9,982)**	(13,814)
Interest paid	**(153,572)**	(142,542)
Interest received	**2,014**	2,243
Contributions made for post-employment benefits obligations (Note 22)	**(16,107)**	(11,014)
Net cash generated from operating activities	**1,418,208**	886,357
Cash flows from investing activities		
Payment for investment of subsidiaries	**-**	(504,950)
Payments made for the purchase of property, plant and equipment (Note 10)	**(834,191)**	(580,758)
Payments for purchase of intangible assets (Note 12)	**(2,124)**	(34,042)
Net proceed from disposal of property, plant and equipment	**442,841**	5,216
Dividend received from subsidiaries	**-**	117,720
Net cash used in investing activities	**(393,474)**	(996,814)
Cash flows from financing activities		
Proceeds from borrowings	**2,505,000**	5,426,000
Repayment of borrowings	**(2,281,875)**	(5,276,625)
Proceeds from issue of bond	**-**	450,000
Bond issue transaction costs	**(1,125)**	(1,173)
Lease payments (Note 11)	**(129,133)**	(123,269)
Dividends paid (Note 26)	**(531,805)**	(516,120)
Net cash used in financing activities	**(438,938)**	(41,187)
Net increase / (decrease) in cash and cash equivalents	**585,796**	(151,644)
Cash and cash equivalents at beginning of the year	**30,453**	183,635
Exchange losses on cash and cash equivalents	**(4,420)**	(1,538)
Cash and cash equivalents at end of the year (Note 18)	**611,829**	30,453

The notes on pages 56 to 109 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and with the Mauritius Companies Act 2001.

The financial statements have been prepared on a historical cost basis, except for the revaluation of freehold land and buildings, financial assets at fair value through other comprehensive income and the post-employment benefits obligations, where the plan assets of the post-employment benefits obligations and the financial assets are measured at fair value.

Going Concern

The directors have assessed the principal and emerging risks and considered it appropriate to adopt the going concern basis of accounting when preparing the financial statements. This assessment covers the period to December 2023, where the directors took into account the Company's overall financial position and based on its financial forecast, the Company would generate sufficient cash to sustain its operations.

At 31 December 2022, the Company had (i) net assets **Rs 1,338 million** (2021: Rs 1,384 million) (ii) net current liabilities **Rs 934 million** (2021: Rs 352 million) and had made a profit for the year of **Rs 478 million** (2021: Rs 380 million). The directors are therefore satisfied that the Company has the resources to continue in business for the foreseeable future and are not aware of any material uncertainties that may cast significant doubt upon the Company ability as a going concern.

Consolidation

These separate financial statements contain information about Emtel Limited as an individual company and do not contain consolidated financial information as the parent of the Group. The Company has taken advantage of the exemption under IFRS 10 - "*Consolidated financial statements",* from the requirements to prepare consolidated financial statements as Emtel and its subsidiaries are included by full consolidation in the consolidated financial statements of its intermediary holding company, Currimjee Jeewanjee and Company Limited, incorporated in Mauritius. The minority interest, Indian Continent Investment Ltd has been informed and do not object to, the Company not presenting consolidated financial statements. The debt or equity instrument of the Company is not traded in a public market and nor is in the process of filing its financial statements with a security commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market. The Currimjee Jeewanjee Group prepares consolidated financial statements, which comply with IFRS, and can be physically inspected at its registered address which is 38, Royal Street, Port Louis.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.1 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the areas involving a higher degree of judgement or complexity are as follows:

1.1.1 Depreciation charge on property, plant and equipment and right of use assets

Depreciation is calculated on the basis of the depreciation rates set out in the accounting policy note on property, plant and equipment, on page 62. The depreciation rates have been estimated according to the respective property, plant and equipment useful lives and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The useful lives are reviewed on an annual basis with the effect of any changes in estimate accounted for on a prospective basis.

1.1.2 Fair value measurement on property, plant and equipment

Property, plant and equipment, except for freehold land and buildings and site improvements are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Freehold land is stated at revalued amounts and buildings are stated at revalued amounts less subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at each financial year end. It is the Company's policy to revalue its freehold land and buildings at least every three years. The basis used is market value derived using the Market-based valuation approach and independent valuers are used for such exercises. Please refer to Note 2 and 10 for disclosure in relation to the fair value assumptions used.

1.1.3 Lease term

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The lease term is recognised through the non-cancellable period in the contract. Where leases include additional optional periods after an initial lease term, the Company applies significant judgement in determining whether these optional periods would be exercised which takes into consideration the cost of replacing the assets, its strategic geographical location and its future economic benefits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.1 Critical accounting estimates and judgments (Continued)

1.1.4 Provision for Asset Retirement Obligations

Management has estimated the costs of dismantling, removing antennas and restoring the leased sites to their original conditions. These costs have been provided in full in the financial statements. This assumes that the effect of the inflationary increase and fluctuation in bond rates on the costs will be reduced on discounting such costs to their present values.

1.1.5 Post-employment benefits obligations

The present value of the post-employment benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate, inflation rate, salary growth rate, pension growth rate, medical growth rate and withdrawal rate. Any changes in these assumptions will impact the carrying amount of post-employment benefits obligations. Critical assumptions are made by the actuary in determining the present value of post-employment benefits obligations. These assumptions are set out in Note 22.

1.1.6 Current tax receivables

The Mauritius Revenue Authority (MRA) had raised an assessment on the Company with respect to the income tax rate used for income tax years of assessments 2006/2007 and 2007/2008. The total amount claimed by the MRA has been paid under protest inclusive of the penalties and interest.

According to the Company's legal advisors appointed to handle this matter, they believe that it is highly probable that the Company will have a positive outcome. Based on significant judgment that has been applied by the Company's directors, following advice from its legal advisor, no tax liability has been accounted with respect to this assessment. Given that the Company has already paid the amount of Rs 80.4 million to the MRA, this represents an asset (current tax receivable) for the Company. The Company has lodged an application for permission to appeal that judgement to the Judicial Committee of the Privy Council.

In preparing the financial statements, the directors, in the process of applying the Company's accounting policies, did not make any judgement other than those involving estimates that could have a significant effect on the amounts recognised in the financial statements.

1.1.7 Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash generating unit is determined based on the higher of its fair value less cost to sell and value in use. The value in use is derived using assumptions and estimates on cash flow projections. Key assumptions used are weighted average cost of capital and terminal growth rate in the cash flow projections.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.2 Application of new and revised international financial reporting standards

1.2.1 New standards, amendments to existing standards and interpretation issued and effective for the financial year beginning on 1 January 2022.

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2022:

- Amendments to IFRS 9 'Financial Instruments'
- IAS 39 'Financial Instruments' : Recognition and Measurement
- IFRS 7 'Financial Instruments' : Disclosures
- IFRS 4 'Insurance Contracts'
- IFRS 16 'Leases' – interest rate benchmark (IBOR) reform (Phase 2)
- IFRS 16 'Leases' COVID-19-Related Rent Concessions Amendment

The Company has assessed all of the new standards, interpretations by the International Accounting Standards Board ("IASB") that are relevant to their operations and effective for accounting periods beginning 1 January 2022. There are no new standards and amendments to standards and interpretations that are effective for annual period beginning on 1 January 2022 that would be relevant or have a material impact on the Company's financial statements.

1.2.2 New standards, amendments and interpretations issued but effective for financial year beginning after 1 January 2022 and not been early adopted by the Company.

As at 31 December 2022, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2022.

- IFRS 17 'Insurance contracts'
- IFRS 17 Insurance contracts Amendments
- Amendment to IFRS 3 'Business combinations'- Asset or liability in a business combination clarity
- Amendments to IAS 16 'Property, Plant and Equipment': Proceeds before Intended Use
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts- Cost of Fulfilling a Contract
- Annual improvements cycle 2018 – 2020
- Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current

These new accounting standards and interpretations have not been early adopted by the Company and are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.3 Accounting policies and disclosures

1.3.1 Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.3 Accounting policies and disclosures (Continued)

1.3.1 Subsidiaries (Continued)

Investments in subsidiaries are recognised at cost (which includes transaction costs) in the financial statements of the Company.

Subsequently, where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the recoverable amount of an investment is less than its carrying amount, the investment is written down immediately to its recoverable amount and the impairment loss is recognised as an expense in profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

1.3.2 Foreign currency translation

(i) Functional and presentation currency - Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Mauritian rupee, which is the functional currency of the Company. The financial statements are presented in thousands of Mauritian rupees (Rs 000), unless otherwise stated.

(ii) Transactions and balances - Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(iii) Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in the profit or loss within 'other gains / losses – net'.

1.3.3 Revenue recognition

The Company derives revenue from the provision of telecommunication services, such as rendering of services which includes: mobile revenue, roaming and interconnect, enterprise revenue, tower rental, deferred revenue; and from sales of telephone and equipment. Revenue is recognised to the extent the Company has delivered goods or rendered services under an agreement, provided the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue is measured at the fair value of the consideration received or receivable, exclusive of sales taxes and discounts.

The policy set for revenue recognition is as follows:

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.3 Accounting policies and disclosures (Continued)

1.3.3 Revenue recognition (Continued)

- Rendering of services

(i) Mobile revenue

The Company provides telecommunication services to its subscribers to have access to services such as unlimited data packs, post-paid bundle plan and voice and short message service packs both on pre-paid and post-paid.

Post-paid revenue is measured at the fair value of the consideration received or receivable for services provided and equipment sales, net of discounts and valued added tax. Revenue is recognised based on their performance obligations at its corresponding transaction price.

Revenue from connection activities is recognised when it is earned, upon activation. Revenue from calls is recognised at the time the call is made over the Company's network. Revenue from SMS is recognised when the SMS is submitted. Revenue from data is recognised on a data usage basis.

(ii) Roaming and interconnect

The Company has entered into international roaming agreement with foreign operators which allows network access to the mobile subscribers of one operator to another operator. The roaming revenue generated is recognised when the services are rendered. Revenue for interconnection of voice and short message service traffic between other telecommunication operators is recognised at the time the transit occurs in the Company's network.

(iii) Enterprise revenue

The Company offers a “One-stop ICT solution Provider” to the enterprise business such as Data Centre and Cloud Services, Business Communications, Security and Network services. Revenue from enterprise services is recognised when the Company has performed the related service over its contractual period.

(iv) Tower rental

Revenue derived from tower rental on sharing arrangement with other operators are recognised over the contractual period and upon its performance of its contractual obligation.

(v) Deferred revenue

Prepaid revenue from sales of airtime and data and payment are received upfront. The revenue is recognised based on actual usage by the customers and the remaining balance is accounted as deferred revenue.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.3 Accounting policies and disclosures (Continued)

1.3.3 Revenue recognition (Continued)

(vi) Sales of telephone and equipment

Revenue from the sale of equipment and related accessories, whether the sales is on stand-alone basis or with bundle services, is recognised when the equipment is delivered to the end-customer and its significant risks and rewards of ownership are transferred.

1.3.4 Property, plant and equipment

Freehold land and buildings including buildings on leasehold land are shown at fair value, based on a periodic but at least triennial valuation by external independent valuers, less subsequent depreciation for buildings. Valuations are performed every three years to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the assets, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of freehold land and buildings and buildings on leasehold land are credited to other comprehensive income and shown as revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve directly in equity; all other decreases are charged to profit or loss.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives. The annual rates used are:

Buildings	2.5% - 5%
Technical equipment	6.7% - 33%
Motor vehicles	20%
Furniture, fixtures and fittings	20%
Office equipment	20% - 50%

Depreciation starts as from the date the asset is available for use as intended by the directors. No depreciation is charged in the month of disposal.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.3 Accounting policies and disclosures (Continued)

1.3.4 Property, plant and equipment (Continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains / (losses) – net' in profit or loss. On disposal of revalued assets, the surplus on revaluation remaining in revaluation reserve for these assets is transferred to retained earnings.

1.3.5 Intangible assets

(i) Licences

Acquired licences are shown at historical cost. Licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives, which range between 3 to 15 years.

(ii) Indefeasible Rights of Use ("IRU")

Capacity purchased on an Indefeasible Rights of Use ("IRU") basis is shown under "non-current assets" as intangible assets on the face of the statement of financial position. The IRU is amortised on a straight-line basis over the contract period, ranging from 3 years to 15 years from the effective date of the IRUs brought into use.

(iii) Software

Costs associated with acquiring and implementing computer software programs that are clearly associated with an identifiable and unique product which will be controlled by the Company and will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Computer software costs are amortised on a straight line basis over a period of 3 to 5 years which is the estimated useful life. Costs associated with the maintenance of existing computer software programs are expensed as incurred.

1.3.6 Financial assets at fair value through other comprehensive income

Investments that are non-derivatives have been designated as financial assets at fair value through other comprehensive income at initial recognition.

Financial assets at fair value through other comprehensive income are initially recognised at fair value plus transaction costs. Gains and losses arising from changes in the fair value of securities classified as financial assets at fair value through other comprehensive income are recognised in other comprehensive income.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.3 Accounting policies and disclosures (Continued)

1.3.7 Leases

The lease arrangement the Company has entered includes land and building, warehouse, showrooms and motor vehicles. The management assesses the contract to identify whether the right to control the use of an identified asset for a period of time in exchange for consideration has been transferred to the Company. Control exists if the Company obtains substantially all of the economic benefit from the use of the asset, and has the ability to direct its use, for a period of time. An identified asset exists where an agreement explicitly or implicitly identifies an asset or a physically distinct portion of an asset which the lessor has no substantive right to substitute.

The Company recognise right-of-use assets and lease liabilities at the lease commencement date for most leases. The right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date less any lease incentives received

The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Right-of-use assets are subsequently adjusted for any re-measurement of lease liabilities and are subject to impairment testing. The depreciation rate on right-of-use assets is computed on straight line basis over the duration of the leases varying between 2 to 20 years.

In instances where lease agreements contain lease and non-lease components, they are generally accounted for separately. Therefore, non-lease components are accounted for as operating expenses and are recognised in profit or loss as they are incurred. For certain instances where it is impractical to separate the lease from the non-lease component, the Company will account for them as a single lease component.

However, the Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases with a lease terms of 12 months or less. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the following lease payments to be made over the lease term:

- Fixed payments (including in-substance fixed payments), including non-recoverable payments that do not transfer a separate service, less any incentives receivable.

- Variable lease payments that are based on an index or rate, measured using the index or rate as at the lease commencement date.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the entity incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The incremental borrowing rate is determined at the interest rate which the entity has availed financing facilities through the local bank for acquiring assets of capital nature.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.3 Accounting policies and disclosures (Continued)

1.3.7 Leases (Continued)

The incremental borrowing rates for the Company were determined as per the actual borrowing rate of loan contracted with bank and the amortisation schedule from lessor for motor vehicles.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Interest costs are charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. It is remeasured when there is a change in future lease payments arising from a change in index or rate.

A number of lease contracts include the option to renew the lease for a further period or terminate the lease earlier. The majority of extension and termination options held are exercisable only by the entity and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company applies judgement in assessing whether it is reasonably likely that options will be exercised. Factors considered include how far in the future an option occurs, the entity’s business planning cycle, significance of related leasehold improvements and past history of terminating/not renewing leases.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

A number of leases entitle both the Company and the lessor to terminate the lease without a termination penalty. In determining whether the Company has an economic incentive to not exercise the termination option, the Company considers the broader economics of the contract and not only contractual termination payments.

As at 31 December 2022, a number of lease contracts relating to land and building and colocation, include renewal options for a pre-defined renewal period. Due to the judgement exercised in relation to the determination of the lease term as outlined above, the Company is exposed to potential future cash outflows relating to an indefinite period which have not been included in the lease liability because it is not reasonably certain that the leases will be extended beyond the estimated lease term.

1.3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (“FIFO”) method and includes all costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

1.3.9 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. If collection is expected in one year or less (or in the normal operating

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.3 Accounting policies and disclosures (Continued)

1.3.9 Trade and other receivables (Continued)

cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for loss allowance.

The creation and release of provision for loss allowance on trade receivables has been included within administrative expenses' in the profit or loss. Amounts charged as loss allowance for doubtful debts account are generally written off, when there is no expectation of recovering additional cash.

1.3.10 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings under current liabilities.

1.3.11 Restricted cash

The restricted cash as disclosed in Note 18, relates to cash held by the Company and subject to withdrawal restrictions and are therefore not available for general use by the Company.

1.3.12 Share capital

Ordinary shares are classified as 'stated capital' in equity.

1.3.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan or other borrowing facilities are recognised as transaction costs of the loan or borrowing facilities to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

1.3.14 Current and deferred tax

The tax expense for the period comprises current and deferred tax, solidarity levy and corporate social responsibility tax. Tax is recognised in profit or loss, except to the extent that it related to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.3 Accounting policies and disclosures (Continued)

1.3.14 Current and deferred tax (Continued)

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

Net deferred tax liability is provided on taxable temporary differences arising from accelerated capital allowances, provision for loss allowance on trade receivables, provision for post-employment benefits obligations and on recognition of lease liability.

1.3.15 Asset Retirement Obligations

The provision relates to the estimated cost of dismantling and removing an item of property, plant and equipment and restoring the site on which the item is located to its original condition. The Company provides for the anticipated costs associated with the restoration of leasehold property to its original condition at inception of the lease, including the removal of items included in plant and equipment that is erected on leased land.

The Company only recognises these decommissioning costs for the proportion of its overall number of sites for which it expects decommissioning to take place. The expected percentage has been based on actual experience in the respective operations.

A provision is made for the present value of the estimated future decommissioning costs at the end of life of the site/expected lease term. When this provision gives rise to future economic benefits, an asset is recognised at a pre-tax rate that reflects current market assessments of the time value of money. The increase in the decommissioning provision due to the passage of time is recognised as a finance cost.

1.3.16 Post-employment benefits obligations

The Company operates various post-employment schemes, including both defined benefit and defined contribution pension plans. The schemes are generally funded through payments to Island Life Assurance Co. Ltd, determined by periodic actuarial calculations.

(i) Pension obligations

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.3 Accounting policies and disclosures (Continued)

1.3.16 Post-employment benefits obligations (Continued)

pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a retirement benefit plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, recognised in profit or loss within employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements.

Past-service costs are recognised immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in profit or loss.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid subject that the fund will at least cover the gratuity on retirement payable under the Workers' Right Act (WRA) 2019. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that cash refund or a reduction in the future payments is available.

Where employees are not covered under any pension plan, the gratuity on retirement payable under the WRA 2019 are estimated and provided for.

Other employee benefits include items such as wages, salaries, social security contributions, travelling and medical insurance. These costs are charged to profit or loss when incurred.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.3 Accounting policies and disclosures (Continued)

1.3.16 Post-employment benefits obligations (Continued)

(ii) Other post-employment benefits obligations

The Company provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates:

(a) when the Company can no longer withdraw the offer of those benefits; and
(b) when the Company recognised costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iv) Bonus plans

The Company recognises a liability and an expense for bonuses based on its financial performance. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

1.3.17 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.3 Accounting policies and disclosures (Continued)

1.3.18 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.3.19 Dividend distribution

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

1.3.20 Dividend income

Dividend income is recognised when the right to receive payment is established and accounted under other income.

1.3.21 Interest Income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

1.3.22 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty. Roaming and Interconnect debtors and creditors are treated separately in the statement of financial position.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.3 Accounting policies and disclosures (Continued)

1.3.23 Impairment of non-financial assets

Assets that have indefinite useful lives are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

1.3.24 Financial instruments

Financial instruments carried on the statement of financial position include financial assets at fair value through other comprehensive income, trade and other receivables, cash and cash equivalents, borrowings, lease liabilities and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(i) Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- Measurement subsequently at fair value (either through other comprehensive income, or through profit or loss)
- Measurement at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. See note 2 for details about each type of financial asset.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.3 Accounting policies and disclosures (Continued)

1.3.24 Financial instruments (Continued)

Measurement

IFRS 9 divides all financial assets into two classifications - those measured at amortised cost and those measured at fair value. Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss (fair value through profit or loss, FVTPL), or recognised in other comprehensive income (fair value through other comprehensive income, FVTOCI). For debt instruments the FVTOCI classification is mandatory for certain assets unless the fair value option is elected. Whilst for equity investments, the FVTOCI classification is an election. Furthermore, the requirements for reclassifying gains or losses recognised in other comprehensive income are different for debt instruments and equity investments. The classification of a financial asset is made at the time it is initially recognised, namely when the entity becomes a party to the contractual provisions of the instrument. At initial recognition, the Company 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) Debt instruments

Subsequent measurement of debt instruments depends on the Company business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments at amortised cost. This comprises assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

(iii) Impairment of financial assets

The Company assesses the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2 FINANCIAL RISK MANAGEMENT

The Company activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest-rate risk and price risk), credit risk and liquidity risk. The Company overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest-rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Company.

(a) Market risk

(i) Foreign exchange risk

The Company has financial assets and financial liabilities denominated in various foreign currencies, mainly in Euro ("EUR") and US Dollar ("USD"). Foreign exchange risk arises from commercial transactions with its suppliers, recognised assets and liabilities. Consequently, the Company is exposed to the risk that the carrying amounts of these foreign currency denominated assets and liabilities may change due to fluctuations in foreign exchange rates.

Management has set up a policy to address their foreign exchange risk against their functional currency. The Company manages foreign currency exposures by forecasting its need for foreign currencies and retaining such amounts that will be necessary to settle purchases denominated in foreign currencies. Any excess foreign currencies are sold on the local market. The Company also has a banking facility to negotiate better rates for spot or forward transactions.

At 31 December 2022, if the Mauritian rupee had strengthened/weakened by 5% against the US dollar with all other variables held constant, pre-tax profit and equity for the year would have been higher/lower by **Rs 15,420,000** in 2022 (2021 – pre-tax profit would have been higher/lower by Rs 427,000), mainly as a result of foreign exchange differences on translation of US dollar- denominated trade receivables and bank balances, net of US dollar-denominated trade payables.

At 31 December 2022, if the Mauritian rupee had strengthened/weakened by 5% against the Euro with all other variables held constant, pre-tax profit and equity for the year would have been higher/lower by **Rs 6,142,000** in 2022 (2021 – pre-tax profit would have been higher/lower by Rs 253,000), mainly as a result of foreign exchange differences on translation of Euro-denominated trade payables, net of Euro-denominated trade receivables and bank balances.

Currency profile

	Financial assets 2022 Rs 000	**Financial liabilities 2022 Rs 000**	Financial assets 2021 Rs 000	Financial liabilities 2021 Rs 000
United States dollar	**61,127**	**369,535**	11,855	20,387
Euro	**222,057**	**99,208**	96,612	91,547
Great Britain pound	**17**	**17**	19	22
Swiss franc	**5**	**2**	13	6
Mauritian rupee	**697,748**	**4,479,859**	510,686	3,957,096
	980,954	**4,948,621**	619,185	4,069,058

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

The following have been excluded from financial assets and financial liabilties:

	Non-Financial assets	
	2022	2021
	Rs 000	Rs 000
Prepayment	**45,162**	52,280
VAT receivable	**37,528**	-
Amount Receivable from MRA	**-**	13,079
Advance to suppliers	**4,080**	728
Current tax receivables	**80,382**	80,382
	167,152	146,469

	Non-Financial liabilities	
	2022	2021
	Rs 000	Rs 000
VAT payable	**-**	28,073
Provision of solidarity levy	**50,344**	47,324
Deferred tax liabilities	**198,170**	210,671
Post employee benefits	**20,153**	36,899
Current income tax liabilities	**75,522**	43,987
Contract liabilities	**124,186**	125,134
Prepaid bond issue cost	**(5,226)**	(7,325)
	463,149	484,763

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(ii) Price risk

The Company's exposure to equity securities price risk arises from investment held by the Company and classified in the statement of financial position as Financial assets at fair value through other comprehensive income (FVTOCI).

(iii) Interest rate risk

The Company's income and cash flows may be affected by changes in market interest rates. The Company's interest rate risk arises from bank loans (including overdraft) which are issued at variable interest rate and cash and cash equivalents (excluding restricted cash).

The Company's policy is to maximise returns on interest-bearing assets. The debts contracted are at fixed interest rates and are not exposed to interest rate risk.

	2022	2021
	Rs 000	Rs 000
Gross debt – fixed interest rates	**2,948,841**	2,391,815
Gross debt – variable interest rates	**-**	329,166
Total debt	**2,948,841**	2,720,981
Debt exposed to interest rate risk	**0%**	12%

Based on the simulations performed, at 31 December 2022, if interest rate on the bank loans (including overdraft) had increased/(decreased) by 0.5%, with all other variables held constant, the pre-tax profit for the year would have increased/decreased by **Rs Nil** (2021- Rs 1,646,000), respectively.

(b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents and credit exposures from trade and other receivables. Credit risk is managed on a company-wide basis.

For banks, the Company transacts only with highly reputable financial institutions. The credit quality of this financial asset can be assessed by the historical information about the financial strengths of the financial institutions the Company is dealing with. In the opinion of the Company, there is no associated risk as these are reputable institutions in the industry.

The credit rating of the main banks are as follows:

Banks	**Moody's Agency Credit Ratings**
Mauritius Commercial Bank Ltd	Ba1
Absa Bank (Mauritius) Limited (ABSA Group Ltd)	Ba2
SBM Bank (Mauritius) Ltd	Ba2

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for defined period of days past due.

The Company has policies in place to control the level of debts and to ensure that sales of products and services are made to customers with an appropriate credit history. Such policies include credit vetting before connection, monthly credit limit and disconnection of subscribers on non-payment of invoices.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Company generates adequate cash flows from operations to service and finance its short term liabilities. The Company has access to financing facilities which it can take and negotiate with its existing debt holders.

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

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**After 5 years**	**Total**
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**	**Rs 000**
At 31 December 2022					
Borrowings	**942,276**	**660,039**	**1,065,653**	**643,539**	**3,311,507**
Lease liabilities	**194,098**	**178,338**	**392,297**	**587,614**	**1,352,347**
Asset retirement obligation	**-**	**-**	**-**	**105,999**	**105,999**
Trade and other payables	**862,493**	**-**	**-**	**-**	**862,493**
	1,998,867	**838,377**	**1,457,950**	**1,337,152**	**5,632,346**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years	Total
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
At 31 December 2021					
Borrowings	386,688	429,209	1,697,492	671,739	3,185,128
Lease liabilities	152,043	148,377	340,976	304,862	946,258
Asset retirement obligation	-	-	-	99,546	99,546
Trade and other payables	505,512	-	-	-	505,512
	1,044,243	577,586	2,038,468	1,076,147	4,736,444

VAT payable of **Rs Nil** (2021 – Rs 28,073,000) are excluded from Trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

(d) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as 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 Company may adjust the amount of dividends paid to shareholders.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non–current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 31 December 2022 and 2021 were as follows:

	2022	2021
	Rs 000	Rs 000
Total borrowings –excluding transaction costs (Note 20)	**2,948,841**	2,720,981
Less: Cash and cash equivalents (Note 18)	**(611,829)**	(30,453)
Net debt	**2,337,012**	2,690,528
Total equity	**1,338,369**	1,384,374
Total capital	**3,675,381**	4,074,902
Gearing ratio	**64%**	66%

The Company gearing ratio at 31 December 2022 is **62%** (2021: 66%) which is not in breach of the financial covenant imposed by the debt holders.

(e) Fair Value Estimation

The fair value of financial assets at FVT through OCI that are traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is

The carrying amounts of loans and receivables less impairment provision, cash and cash equivalents, borrowings, lease liabilities, trade and other payables and contract liabilities are assumed to approximate their fair values. The carrying values of financial liabilities also approximate their fair values.

- Fair values hierarchy

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair Value Estimation (Continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

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

The Company has classified the financial assets at FVTOCI as level 1. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and financial assets at FVTOCI) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Freehold land and building are revalued every 3 years. The Company revalued its land and buildings in the previous financial year by an independent professional valuer.

At 31 December 2022

	Level 1	**Level 2**	**Total**
	Rs 000	**Rs 000**	**Rs 000**
Financial assets at fair value through OCI			
- Equity shares	**1,207**	**-**	**1,207**
Non financial asset at fair value through OCI			
- Land and buildings	**-**	**27,262**	**27,262**
	1,207	**27,262**	**28,469**

At 31 December 2021

	Level 1	Level 2	Total
	Rs 000	Rs 000	Rs 000
Financial assets at fair value through OCI			
- Equity shares	1,153	-	1,153
Non financial asset at fair value through OCI			
- Land and buildings	-	498,750	498,750
	1,153	498,750	499,903

The Company is exposed to equity securities price risks. If the fair value of the investments increases/ decreases by 5%, other factors remaining unchanged, the Company's profit for the year and financial assets (financial assets at fair value through OCI) would increase/decrease by **Rs 50,000** (2021 – Rs 48,000).

The sensitivity analysis of an increase/decrease by 1% in price per square meter, other factors remaining unchanged, on the the fair value Company's freehold land and buildings, its profit for the year and its valuation of the land and buildings (revaluation reserves through OCI) would have increase/decrease by **Rs 272,000** (2021- Rs 4,306,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial instruments by category

At 31 December 2022

Financial assets at amortised cost	**Financial asset at amortised cost**	**Financial asset at FVTOCI**	**Total**
	Rs 000	**Rs 000**	**Rs 000**
Assets as per statement of financial position			
Financial assets at FVTOCI	**-**	**1,207**	**1,207**
Trade and other receivables	**308,434**	**-**	**308,434**
Cash and cash equivalents	**671,313**	**-**	**671,313**
Total	**979,747**	**1,207**	**980,954**

	Other financial liabilities at amortised cost	**Total**
	Rs 000	**Rs 000**
Liabilities as per statement of financial position		
Borrowings	**2,948,841**	**2,948,841**
Lease liabilities	**1,019,862**	**1,019,862**
Asset retirement obligation	**64,492**	**64,492**
Trade and other payables excluding non-financial liabilities	**915,427**	**915,427**
Total	**4,948,622**	**4,948,622**

At 31 December 2021

Financial assets at amortised cost	Financial asset at amortised cost	Financial asset at FVTOCI	Total
	Rs 000	Rs 000	Rs 000
Assets as per statement of financial position			
Financial assets at FVTOCI	-	1,153	1,153
Trade and other receivables	518,709	-	518,709
Cash and cash equivalents	99,323	-	99,323
Total	618,032	1,153	619,185

	Other financial liabilities at amortised cost	Total
	Rs 000	Rs 000
Liabilities as per statement of financial position		
Borrowings	2,720,981	2,720,981
Lease liabilities	773,328	773,328
Asset retirement obligation	69,237	69,237
Trade and other payables excluding non-financial liabilities	505,512	505,512
Total	4,069,058	4,069,058

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3 REVENUE FROM CONTRACT WITH CUSTOMERS

	2022	2021
	Rs 000	Rs 000
Sale of telephone and equipment	**313,009**	354,620
Rendering of services	**2,927,341**	2,774,010
	3,240,350	3,128,630
Timing of revenue recognition		
At a point in time	**313,009**	354,620
Over time	**2,927,341**	2,774,010
	3,240,350	3,128,630
Total revenue generated by the provision of international roaming service to inbound roamers (include only inbound roaming)	**71,622**	49,589
	Minutes	Minutes
Number of minutes from incoming international calls terminating in Mauritius	**1,528,259**	1,427,624

4 OTHER INCOME

	2022	2021
	Rs 000	Rs 000
Management fee	**10,000**	10,000
Dividend income	**-**	46,800
Other income	**1,988**	10,133
	11,988	66,933

5 OTHER GAINS / (LOSSES) – NET

	2022	2021
	Rs 000	Rs 000
Other gains		
Profit on disposal of property, plant and equipment	**102,909**	4,041
Foreign exchange gain	**2,288**	219
Other gains	**-**	1,882
	105,197	6,142
Other Losses		
Property, plant and equipment and intangibles written off	**-**	(944)
Other losses	**(934)**	-
	(934)	(944)
Other gains / (losses) - net	**104,263**	5,198

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

6 OPERATING PROFIT

	2022 Rs 000	2021 Rs 000
The following items have been charged in arriving at operating profit:		
Depreciation on property, plant and equipment (Note 10):		
Owned assets		
- Buildings	**13,667**	10,330
- Buildings improvements	**543**	1,621
- Technical equipment	**426,210**	409,923
- Motor vehicles	**-**	33
- Furniture, fixtures and fittings	**6,053**	8,964
- Office equipment	**78,581**	101,479
Depreciation on right-of-use assets (Note 11)	**142,905**	142,535
Amortisation of licence and IRU (Note 12)	**47,138**	45,463
Impairment loss on subsidiary	**82,125**	-
Advertising and promotion	**46,226**	38,083
Commission to dealers	**69,221**	68,593
Consultancy fees	**12,256**	14,910
Employee benefits expense (Note 7)	**450,389**	427,066
Cost of inventories expensed	**307,587**	339,603
Repairs and maintenance costs	**108,335**	106,537
Increase in loss allowance on trade receivables (Note 16)	**1,671**	14,495
Audit fees	**2,200**	1,572
Non-audit fees	**1,417**	908
Business support services fees (Note 28 (vi))	**77,768**	75,088
Solidarity levy tax on turnover (Note 9)	**50,368**	47,141
Property, plant and equipment write off – asset in progress (Note 10)	**1,607**	1,622

The Company cost of operations include mainly interconnect expenses, roaming costs, network operational expenses, cost of inventories expensed and licence costs.

7 EMPLOYEE BENEFITS EXPENSE

	2022 Rs 000	2021 Rs 000
Wages and salaries	**285,734**	273,810
Social security cost	**17,252**	15,971
Pension cost – defined contribution plans	**14,496**	15,585
Pension costs – defined benefit plans (Note 22)	**8,917**	12,245
Other costs:		
Training costs	**3,022**	1,632
Bonus and commissions	**60,766**	57,442
Other commissions	**34,726**	30,086
Recruitment costs	**876**	1,467
Staff Welfare	**24,600**	18,828
	450,389	427,066

	2022 Number	2021 Number
Number of employees at end of year	**444**	422

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

8 FINANCE COSTS – NET

	2022	2021
	Rs 000	Rs 000
Finance income		
Interest income	**2,014**	2,554
	2,014	2,554
Finance costs		
Interest payable on:		
Bank overdrafts	**(162)**	(45)
Loans	**(17,768)**	(10,129)
Bonds	**(99,150)**	(98,420)
Interest and finance charges for lease liabilities	**(41,226)**	(38,038)
Amortisation of bond issue transaction costs	**(3,224)**	(3,475)
Unwinding of asset retirement obligations (Note 23)	**(1,207)**	(4,901)
Foreign exchange loss	**(4,420)**	(1,538)
	(167,157)	(156,546)
Finance costs - net	**(165,143)**	(153,992)

9 TAXATION

(a) Recognised in profit or loss

This note provides an analysis of the Company's tax expense, showing the amount recognised under the administrative expenses and income tax expense.

The schedule below shows the charge during the year:

	2022	2021
	Rs 000	Rs 000
Recognised under administrative expenses		
Solidarity levy charge on revenue	**50,368**	47,141
Recognised under income tax expense		
Income tax expense	**115,499**	128,970

Taxes paid during the year are as follows:

	2022	2021
	Rs 000	Rs 000
Income tax	**62,624**	100,376
Solidarity levy on profit	**25,483**	31,346
Adjustment for tax deduction at source	**(282)**	(142)
Income tax (net)	**87,825**	131,580
Corporate Social Responsibility	**9,982**	13,814
Taxation paid	**97,807**	145,394

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

9 TAXATION (CONTINUED)

(b) Income tax

The Company is liable to income tax on its profit, as adjusted for income tax purposes, at the rate of **17**% (2021 – 17%), including CSR of **2**% (2021 – 2%).

	2022	2021
	Rs 000	Rs 000
Charge for the year:		
Based on profit for the year, as adjusted for tax purposes	**85,733**	73,235
Movement in deferred tax (Note 21)	**(14,127)**	15,649
Solidarity levy based on book profit	**32,184**	25,482
Corporate Social Responsibility (CSR) fund	**11,432**	9,765
Income tax and CSR adjustment for prior year	**277**	4,839
Income tax expense	**115,499**	128,970

The following tax rules were applicable during the year ended 31 December 2022:

• Solidarity levy

The Solidarity levy on telephony service providers was introduced in 2009 and has subsequently been extended further. In the Finance Act 2020, Solidarity levy has been made permanent whereby every profitable providers of fixed and mobile telephone services shall be liable to pay a solidarity levy of 5% of accounting profit (i.e. derived by an operator from all its activities and computed in accordance with IFRS) and 1.5% of turnover in respect of the preceding year.

	Current tax liabilities	**Solidarity Levy based on**	**Corporate Social Responsibility**	**Total**
	2022	**2022**	**2022**	**2022**
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**
At 1 January	**7,273**	**25,483**	**11,231**	**43,987**
Charge for the year	**85,733**	**32,184**	**11,432**	**129,349**
Adjustment for prior year	**243**	**-**	**32**	**275**
Paid during the year	**(62,624)**	**(25,483)**	**(9,982)**	**(98,089)**
At 31 December	**30,625**	**32,184**	**12,713**	**75,522**

	Current tax liabilities	Solidarity Levy based on profit	Corporate Social Responsibility	Total
	2021	2021	2021	2021
	Rs 000	Rs 000	Rs 000	Rs 000
At 1 January	31,463	29,854	14,885	76,202
Charge for the year	73,235	25,482	9,765	108,482
Adjustment for prior year	2,951	1,493	395	4,839
Paid during the year	(100,376)	(31,346)	(13,814)	(145,536)
At 31 December	7,273	25,483	11,231	43,987

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

9 TAXATION (CONTINUED)

(c) Provision for solidarity levy

The provision relates to solidarity levy charge on revenue. The movement in provision is as follows:

	2022	2021
	Rs 000	Rs 000
At 1 January	**47,324**	46,552
Charge for the year	**50,344**	47,324
Adjustment for prior year	**24**	(183)
Paid during the year	**(47,348)**	(46,369)
At 31 December	**50,344**	47,324

(d) The tax (charge)/ credit relating to components of other comprehensive income is as follows:

		2022	
	Before tax	**Tax (charge) / credit**	**After tax**
	Rs 000	**Rs 000**	**Rs 000**
Re-measurements of post-employment benefits obligations (Note 22)	**9,556**	**(1,626)**	**7,930**
Other comprehensive income	**9,556**	**(1,626)**	**7,930**

		2021	
	Before tax	Tax (charge) / credit	After tax
	Rs 000	Rs 000	Rs 000
Revaluation of land and building	304,535	(38,681)	265,854
Re-measurements of post-employment benefits obligations (Note 22)	15,199	(2,584)	12,615
Other comprehensive income	319,734	(41,265)	278,469

A reconciliation between the effective rate of income tax of the Company of **17.71%** (2021 – 25.32%) and the applicable income tax rate of **17%** (2020 – 17%) follows:

	2022	2021
(As a percentage of profit before tax)	**%**	%
Applicable income tax rate	**17.00**	17.00
Impact of:		
Non-tax deductible expenses	**3.42**	3.01
Income not subject to tax	**(8.74)**	(1.56)
Solidarity levy based on revenue – (Non deductible)	**1.27**	1.57
Solidarity levy based on book profit	**4.76**	5.30
Effective tax rate	**17.71**	25.32

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

10 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings Rs 000	Buildings improvements Rs 000	Technical equipment Rs 000	Motor vehicles Rs 000	Furniture, fixtures and fittings Rs 000	Office equipment Rs 000	Asset in progress Rs 000	Total Rs 000
Cost or valuation:								
At 1 January 2021	379,381	34,616	4,879,741	16,969	125,530	1,203,148	445,383	7,084,768
Additions	-	-	335,901	-	8,179	51,683	133,986	529,749
Disposals	-	-	(21,596)	(10,034)	(1,499)	(6,945)	-	(40,074)
Write off	-	-	(88,817)	-	(6,422)	(83,922)	(1,622)	(180,783)
Revaluation of assets	304,535	-	-	-	-	-	-	304,535
Transfer	3,682	-	362,632	-	5,083	28,312	(399,709)	-
ARO adjustment	-	-	(12,026)	-	-	-	-	(12,026)
Transfer to inventories	-	-	-	-	-	-	(2,172)	(2,172)
Reclassification	(96,015)	-	9,102	-	11,245	75,668	-	-
At 31 December 2021	**591,583**	**34,616**	**5,464,937**	**6,935**	**142,116**	**1,267,944**	**175,866**	**7,683,997**
Additions	**-**	**-**	**1,121,052**	**8**	**25,393**	**57,784**	**274,461**	**1,478,698**
Disposals	**(560,737)**	**(70)**	**(444,326)**	**(3,360)**	**(328)**	**(865)**	**-**	**(1,009,686)**
Write off	**-**	**-**	**(329)**	**-**	**(1,976)**	**(2,835)**	**(1,607)**	**(6,747)**
Transfer	**-**	**-**	**85,734**	**-**	**-**	**22,123**	**(107,857)**	**-**
ARO adjustment	**-**	**-**	**(6,492)**	**-**	**-**	**-**	**-**	**(6,492)**
Transfer to inventories	**-**	**-**	**-**	**-**	**-**	**-**	**(147)**	**(147)**
At 31 December 2022	**30,846**	**34,546**	**6,220,576**	**3,583**	**165,205**	**1,344,151**	**340,716**	**8,139,623**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings Rs 000	Buildings improvements Rs 000	Technical equipment Rs 000	Motor vehicles Rs 000	Furniture, fixtures and fittings Rs 000	Office equipment Rs 000	Asset in progress Rs 000	Total Rs 000
Accumulated depreciation:								
At 1 January 2021	110,932	15,000	3,144,304	16,936	114,570	1,062,090	-	4,463,832
Charge for the year	10,330	1,621	409,923	33	8,964	101,479	-	532,350
Disposals adjustment	-	-	(20,550)	(10,034)	(1,449)	(6,866)	-	(38,899)
Write off	-	-	(87,791)	-	(6,351)	(83,881)	-	(178,023)
Reclassification in class of assets	(28,429)	-	2,711	-	3,757	21,961	-	-
At 31 December 2021	**92,833**	**16,621**	**3,448,597**	**6,935**	**119,491**	**1,094,783**	**-**	**4,779,260**
Charge for the year	**13,667**	**543**	**426,210**	**-**	**6,053**	**78,581**	**-**	**525,054**
Disposals adjustment	**(103,349)**	**(36)**	**(253,625)**	**(3,360)**	**(328)**	**(838)**	**-**	**(361,536)**
Write off	**-**	**-**	**(329)**	**-**	**(1,973)**	**(1,700)**	**-**	**(4,002)**
At 31 December 2022	**3,151**	**17,128**	**3,620,853**	**3,575**	**123,243**	**1,170,826**	**-**	**4,938,776**
Net book value:								
At 31 December 2022	**27,695**	**17,418**	**2,599,723**	**8**	**41,962**	**173,325**	**340,716**	**3,200,847**
At 31 December 2021	498,750	17,995	2,016,340	-	22,625	173,161	175,866	2,904,737

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Fair values of land and buildings

The revaluation surplus net of applicable deferred tax was credited to other comprehensive income and is shown in the revaluation reserves in shareholders' equity.

Significant other observable inputs (Level 2)

	2022	2021
	Rs 000	Rs 000
Recurring fair value measurements		
Land	**-**	62,333
Building	**20,375**	203,521
	20,375	265,854

Level 2 fair values of land and buildings have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter.

During the year, the Company has written off Rs 6.7 million of its assets with depreciated value of Rs 4 million. These assets consist mainly, furniture and fittings, routers and technical equipment which were either damaged or obsolete.

Asset in progress for the Company mainly includes technical equipment acquired by the Company which were not ready for use at 31 December 2022.

Payments for the purchase of property, plant and equipment during the year are as follows:

	2022	2021
	Rs 000	Rs 000
Additions to property, plant and equipment	**1,478,698**	529,749
Unpaid at 1 January	**64,273**	118,039
Unpaid at 31 December	**(420,878)**	(64,273)
Trade-In arrangement	**(287,012)**	-
ARO provision for the year	**(890)**	(2,757)
Payments for purchase of property, plant and equipment	**834,191**	580,758

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

11 LEASES

This note provides information for leases where the Company is a lessee.

Amounts recognised in the balance sheet

Right-of-use assets

	Land & building	**Co-location of cellsites**	**Motor vehicles**	**Total**
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**
At 1 January 2021	489,785	121,241	7,860	618,886
Additions	104,889	150,614	6,283	261,786
Depreciation	(89,070)	(50,495)	(2,970)	(142,535)
De-recognition	(23,400)	-	(335)	(23,735)
At 31 December 2021	**482,204**	**221,360**	**10,838**	**714,402**
Additions	**378,941**	**4,466**	**586**	**383,993**
Depreciation	**(94,047)**	**(46,258)**	**(2,600)**	**(142,905)**
De-recognition	**(5,866)**	**(3,345)**	**(51)**	**(9,262)**
At 31 December 2022	**761,232**	**176,223**	**8,773**	**946,228**

Lease liabilities

	Land & building	**Co-location of cellsites**	**Motor vehicles**	**Total**
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**
At 1 January 2021	524,079	128,105	8,244	660,428
Additions	104,889	150,614	6,283	261,786
Interest expense	29,079	8,377	582	38,038
Payments	(103,905)	(53,919)	(3,483)	(161,307)
De-recognition	(25,253)	-	(364)	(25,617)
At 31 December 2021	**528,889**	**233,177**	**11,262**	**773,328**
Additions	**378,941**	**4,466**	**586**	**383,993**
Interest expense	**31,068**	**9,519**	**639**	**41,226**
Payments	**(116,322)**	**(50,734)**	**(3,303)**	**(170,359)**
De-recognition	**(4,832)**	**(3,488)**	**(6)**	**(8,326)**
At 31 December 2022	**817,744**	**192,940**	**9,178**	**1,019,862**

	2022	2021
	Rs 000	Rs 000
Current	**139,659**	115,875
Non-current	**880,203**	657,453
At 31 December	**1,019,862**	773,328

The future cash outflows on the lease liabilities are disclosed under the financial risk management, liquidity risk (Note 2(c)).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

11 LEASES (CONTINUED)

The statement of profit or loss shows the following amounts relating to leases:

	2022	2021
	Rs 000	Rs 000
Depreciation charge of right-of-use assets	**142,905**	142,535
Interest expense (included in finance cost)	**41,226**	38,038
Expense relating to short term leases that are recognised in profit or loss	**-**	225
Total lease payment inclusive of short term leases	**170,359**	161,531
Expense relating to variable lease payments not included in lease liabilities	**3,069**	23,293

12 INTANGIBLE ASSETS

	Licence	**IRU**	**Total**
	Rs 000	**Rs 000**	**Rs 000**
Cost:			
At 1 January 2021	79,971	654,930	734,901
Additions	34,042	-	34,042
At 31 December 2021	**114,013**	**654,930**	**768,943**
Additions	**2,124**	**-**	**2,124**
At 31 December 2022	**116,137**	**654,930**	**771,067**
Accumulated Amortisation:			
At 1 January 2021	56,625	355,104	411,729
Charge for the year	6,637	38,826	45,463
At 31 December 2021	**63,262**	**393,930**	**457,192**
Charge for the year	**8,313**	**38,825**	**47,138**
At 31 December 2022	**71,575**	**432,755**	**504,330**
Net book value:			
At 31 December 2022	**44,562**	**222,175**	**266,737**
At 31 December 2021	50,751	261,000	311,751

The Intangible assets consist of acquired licences from the Information and Communication Technologies Authority (ICTA) and capacity purchased on an Indefeasible Rights of Use (“IRU”). The IRU is amortised on a straight- line basis over the contract period from the effective date of the IRUs was brought into use.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

13 INVESTMENT IN SUBSIDIARIES

The Company owns a 100% shareholding in Emtel MFS Co Ltd with a paid-up capital of Rs 5,000,000. Emtel MFS Co Ltd offers digital payment platform facilities.

The Company acquired EMVISION in previous years for a purchase consideration of Rs 1.15 billion representing 90% of the stated capital.

The Company owns 100% shareholding in Emtel Technopolis Ltd with a paid up share capital of Rs 50 million. Emtel Technopolis Ltd will provide building and infrastructure facility on lease for a satellite farming project.

The directors have reviewed the financial position of the subsidiaries at 31 December 2022 and the financial projections for the next 5 years. The directors consider that the one of the subsidiaries, EMVISION Ltd which is an investment vehicle holding shares in MC Vision Ltd ("MCV") has been heavily impacted since 2020 by the effects of the Covid-19 pandemic which resulted into adverse economic and social situations. The change in consumption habits has resulted in a reduction in subscriber base and MCV has lost its competitive advantage in football contents during the year ended 31 December 2022. The depreciation of the local currency mainly in Euro and US dollars has also contributed to a significant increase in its content costs.

The directors have reviewed a 5-year cash flow forecast based on financial budgets and have determined the equity value of MCV. The equity value was determined by discounting the future free cash flows discounting the terminal value.

The key assumptions used for deriving the equity value are a weighted average cost of capital of 18.02% and a terminal growth rate of 3.3%.

The directors believe that any reasonably possible change in the key assumptions on which the equity value is based would not cause the carrying value of the investment in MCV to exceed its recoverable amount. An increase/decrease of 0.1% in (i) the weighted average cost of capital would lead to an increase/decrease of Rs 9 million in the carrying value of the investment, (ii) the terminal value growth rate would lead to an increase/decrease of Rs 5 million in the carrying value of the investment while all the other assumptions are constant.

As a result of the above analysis, the directors are satisfied with the impairment of Rs 82.13 million booked for the year ended 31 December 2022.

	2022	2021
	Rs 000	Rs 000
At 1 January	**1,205,000**	1,150,050
Additions	**-**	54,950
Impairment loss	**(82,125)**	-
At 31 December	**1,122,875**	1,205,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022	2021
	Rs 000	Rs 000
At fair value:		
At 1 January	**1,153**	972
Movement in fair value	**54**	181
At 31 December (Note 2(e))	**1,207**	1,153

The financial assets represent investment in equity securities.

15 INVENTORIES

	2022	2021
	Rs 000	Rs 000
Telephone sets, related spares and accessories:		
At cost	**62,582**	36,484
At net realisable value	**2,764**	167
	65,346	36,651

The Company has cost of inventories recognised as an expense of **Rs 308 million** (2021: Rs 340 million).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

16 TRADE AND OTHER RECEIVABLES

	2022	2021
	Rs 000	Rs 000
Trade receivables	**232,277**	248,101
Less: Loss allowance on trade	**(81,374)**	(96,291)
	150,903	151,810
Prepayments	**45,162**	52,280
Advance to supplier	**4,080**	728
Deposit	**22,254**	10,363
VAT receivable	**37,528**	-
Amount receivable from MRA	**-**	13,079
Accrued income	**46,922**	63,098
Other receivables	**27,143**	25,886
Receivable from related parties (Note 28 (viii) & (ix) & (x))	**61,212**	267,552
	395,204	584,796

The carrying amount of trade and other receivables approximate their fair values.

The maximum exposure to credit risk at the reporting date is equal to the carrying value of each class of the trade and other receivables mentioned above.

The Company includes trade receivables which are not secured, non-interest bearing and generally on average 30-90 days term.

The Company's accrued income mainly consist of inbound roaming commitment. The Company has a discount agreement with some of its roaming partners for a guaranteed send or pay commitment to our network over a defined period. At end of each period, the Company assesses the actual revenue generated through the contract and provide for any shortfall in revenue based on the guaranteed roaming revenue commitment. Accrued income is thus accounted for as a receivable as the amount will be recovered in the short term from the respective roaming partner after all services have already been rendered.

On that basis, the loss allowance as at 31 December 2022 and 31 December 2021 was determined as follows for the trade receivables:

31 December 2022	**Current**	**Up to 1 month past due**	**1 to 2 months past due**	**Over 2 months past due**	**Total**
Expected loss rate	**0.77%**	**3.96%**	**5.21%**	**94.43%**	
Gross carrying value (Rs 000)	**87,308**	**43,814**	**18,558**	**82,597**	**232,277**
Loss allowance (Rs 000)	**676**	**1,735**	**966**	**77,997**	**81,374**

31 December 2021	Current	Up to 1 month past due	1 to 2 months past due	Over 2 months past due	Total
Expected loss rate	0.80%	3.34%	12.76%	89.59%	
Gross carrying value (Rs 000)	95,862	39,347	9,015	103,877	248,101
Loss allowance (Rs 000)	765	1,313	1,150	93,063	96,291

16 TRADE AND OTHER RECEIVABLES (CONTINUED)

At 31 December 2022, if the expected credit losses had increased/decreased by 1%, pre-tax profit and equity for the year would have higher/lower by **Rs 2,323,000** in 2022 (2021 – pre-tax profit would have been higher/lower by Rs 2,481,000).

The other classes including the amount due from related parties within trade and other receivables do not contain impaired assets.

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

	2022	2021
	Rs 000	Rs 000
Mauritian rupee	**370,461**	551,552
United States dollar	**14,857**	9,317
Euro	**9,864**	23,895
Great Britain pound	**17**	19
Swiss franc	**5**	13
	395,204	584,796

Movements on the Company's loss allowance on trade receivables are as follows:

	2022	2021
	Rs 000	Rs 000
At 1 January	**96,291**	93,291
Receivables written off during the year as uncollectible	**(16,588)**	(11,495)
Increase in loss allowance recognised in profit of loss during the year	**1,671**	14,495
At 31 December	**81,374**	96,291

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

17 CURRENT TAX RECEIVABLES

	2022	2021
	Rs 000	Rs 000
Amount receivable from MRA	**80,382**	80,382

Income tax

The Mauritius Revenue Authority (MRA) had raised an assessment on the Company with respect to the income tax rate used for income tax years of assessments 2006/2007 and 2007/2008. The total amount claimed by the MRA has been paid under protest inclusive of the penalties and interest.

According to the Company's legal advisors appointed to handle this matter, they believe that it is highly probable that the Company will have a positive outcome. Based on significant judgment that has been applied by the Company's directors, following advice from its legal advisor, no tax liability has been accounted with respect to this assessment. Given that the Company has already paid the amount of Rs 80.4 million to the MRA, this represents an asset (current tax receivable) for the Company. The Company has lodged an application for permission to appeal that judgement to the Judicial Committee of the Privy Council.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

17 CURRENT TAX RECEIVABLES (CONTINUED)

In parallel to those two appeals, Emtel is contesting before the Supreme Court the MRA's refusal to allow it to join the Voluntary Disclosure of Income Arrangement (VDIA) Scheme for those same years 2005 and 2006. The VDIA proceedings were heard on 13 March 2018 and judgment is awaited.

Pending the determination of those three cases, the payments made to the MRA have been recorded as a receivable from the MRA as the Board of the Company is confident that the matter shall be resolved positively.

18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents and in hand comprise the following statement of financial position amounts:

	2022	2021
	Rs 000	Rs 000
Cash and cash equivalents	**611,829**	30,453
Restricted cash	**59,484**	68,870
	671,313	99,323

For the purpose of the statement of cash flows, cash and cash equivalents excluding restricted cash amounts to the Company **Rs 611,829,000** (2021 – Rs 30,453,000). The restricted cash held at local banks represents the amount which the Company can use to pay specific suppliers (Note 24).

19 STATED CAPITAL

	2022	2021	**2022**	2021
	Number	Number	**Rs 000**	Rs 000
Authorised:				
Ordinary shares of Rs 10 each	**20,000,000**	20,000,000	**200,000**	200,000
Issued and fully paid:				
At 1 January and 31 December	**15,180,000**	15,180,000	**151,800**	151,800

20 BORROWINGS

		2022			2021	
	Current	**Non-Current**	**Total**	Current	Non-Current	Total
	Rs 000	**Rs 000**	**Rs 000**	Rs 000	Rs 000	Rs 000
Loan	**575,000**	**206,250**	**781,250**	276,875	281,250	558,125
Interest on loan	**5,775**	**-**	**5,775**	1,041	-	1,041
	580,775	**206,250**	**787,025**	277,916	281,250	559,166
Bond	**250,000**	**1,900,000**	**2,150,000**	-	2,150,000	2,150,000
Unamortised transaction cost	**(1,758)**	**(3,468)**	**(5,226)**	(2,099)	(5,226)	(7,325)
Interest on bonds	**11,815**	**-**	**11,815**	11,815	-	11,815
	260,057	**1,896,532**	**2,156,589**	9,716	2,144,774	2,154,490
Total borrowings	**840,832**	**2,102,782**	**2,943,614**	287,632	2,426,024	2,713,656

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

20 BORROWINGS (CONTINUED)

The transaction cost incurred on the issue of bonds and the amount recognised under borrowings are as follows:

	2022 Rs 000	2021 Rs 000
At 1 January	**7,325**	9,627
Bond issue transaction costs incurred	**1,125**	1,173
Amortisation	**-**	(3,475)
At 31 December	**8,450**	7,325

	Maturity Date	2022 Rs 000	2021 Rs 000
Secured bank loans			
ABSA loan	Nov 2022	**-**	28,125
ABSA loan	Jun 2026	**131,250**	150,000
AfrAsia loan	Aug 2026	**150,000**	150,000
MCB short term loan	Jan 2022	**-**	230,000
ABSA short term Loan	Aug 2023	**500,000**	-
Repayable within one year		**(575,000)**	(276,875)
Repayable by instalments in the second to tenth year		**206,250**	281,250

The Company's debts and other banking facilities are secured by floating charges on the Company's assets. The interest rate of loans varies between **2.85%-3.60%** (2021: 2.55%-3.60%) and rate of interest applicable on bank overdraft varies between **4.05%-6.90%** (2021: 4.05%-4.10%) during the year ended 31 December 2022.

At 31 December 2022, the Mauritius Commercial Bank's Prime Lending rate was **6.75%** (2021: 4.10%), the ABSA Prime Lending rate was **7.45%** (2021: 4.80%) and SBM Prime Lending rate was **6.90%** (2021: 4.25%). The borrowings have been contracted on fixed interest rate.

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of **4.00%** (2021:4.00%) and are within level 2 of the fair value hierarchy.

	Maturity Date	2022 Rs 000	2021 Rs 000
Secured bonds			
MCB 5 years Bond	June 2024	**300,000**	300,000
MCB 7 years Bond	June 2026	**300,000**	300,000
SBM 5 years Bond	June 2024	**200,000**	200,000
SBM 7 years Bond	June 2026	**200,000**	200,000
MCB 3 years Bond	April 2023	**250,000**	250,000
MCB 5 years Bond	April 2025	**250,000**	250,000
MCB 8 years Bond	April 2028	**300,000**	300,000
MCB 10 years Bond	April 2030	**250,000**	250,000
ABC 5 years Bond	April 2025	**50,000**	50,000
ABC 10 years Bond	April 2030	**50,000**	50,000
		2,150,000	2,150,000

The bank bonds facilities are secured by floating charges on the Company's assets and have been contracted at fixed interest rate which range between **3.50%** and **5.15%.**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

20 BORROWINGS (CONTINUED)

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2022	2021
	Rs 000	Rs 000
Mauritian rupee	**2,943,614**	2,713,656

21 DEFERRED TAX LIABILITIES

The movement in deferred tax is as follows:

	2022	2021
	Rs 000	Rs 000
At 1 January	**210,671**	153,757
Statement of profit or loss (Note 9(b))	**(14,127)**	15,649
Charge relating to components of other comprehensive income (note 9(d))	**1,626**	41,265
At 31 December	**198,170**	210,671

The movement in deferred tax assets and liabilities is as follows:

	At 1 January 2022	**Credited to profit or loss**	**Credited to Other Comprehensive Income**	**At 31 December 2022**
	Rs 000	**Rs 000**	**Rs 000**	**Rs 000**
Deferred tax assets				
Provision for loss allowance on trade receivables	**(16,369)**	**2,534**	**-**	**(13,835)**
Provision for post-employment benefit obligations	**(6,273)**	**1,221**	**1,626**	**(3,426)**
Lease liabilities	**(10,018)**	**(3,456)**	**-**	**(13,474)**
	(32,660)	**299**	**1,626**	**(30,735)**
Deferred tax liabilities				
Accelerated capital allowances	**204,650**	**24,255**	**-**	**228,905**
Revaluation of property plant and equipment	**38,681**	**(38,681)**	**-**	**-**
	243,331	**(14,426)**	**-**	**228,905**
Net deferred tax liabilities	**210,671**	**(14,127)**	**1,626**	**198,170**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

21 DEFERRED TAX LIABILITIES (CONTINUED)

The movement in deferred tax assets and liabilities is as follows:

	THE COMPANY			
	At 1 January 2021	Credited to profit or loss	Credited to Other Comprehensive Income	At 31 December 2021
	Rs 000	Rs 000	Rs 000	Rs 000
Deferred tax assets				
Provision for loss allowance on trade receivables	(15,859)	(510)	-	(16,369)
Provision for post-employment benefit obligations	(8,647)	(210)	2,584	(6,273)
Lease liabilities	(7,063)	(2,955)	-	(10,018)
	(31,569)	(3,675)	2,584	(32,660)
Deferred tax liabilities				
Accelerated capital allowances	185,326	19,324	-	204,650
Revaluation of property plant and equipment	-	-	38,681	38,681
	185,326	19,324	38,681	243,331
Net deferred tax liabilities	153,757	15,649	41,265	210,671

22 POST-EMPLOYMENT BENEFITS

The table below outlines where the Company's post-employment amounts and activity are included in the financial statements.

	2022	2021
	Rs 000	Rs 000
Statement of financial position		
Post-employment benefits obligation	**20,153**	36,899
Profit or loss charge included in operating profit		
Defined pension benefit	**8,917**	12,245
Re-measurements for:		
Defined pension benefit	**(9,556)**	(15,199)

The Company operates defined benefit pension plans. All of the plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

	2022	2021
	Rs 000	Rs 000
The amounts recognised in the statement of financial position are determined as follows:		
Present value of funded obligations	**90,453**	88,879
Fair value of plan assets	**(70,300)**	(51,980)
Deficit of funded plans	**20,153**	36,899
Liability in the statement of financial position	**20,153**	36,899

The defined benefit obligations and plan assets are composed as follows:

	2022	2021
	Rs 000	Rs 000
Present value of obligations	**90,453**	88,879
Fair value of plan assets	**(70,300)**	(51,980)
Total	**20,153**	36,899

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

22 POST-EMPLOYMENT BENEFITS OBLIGATIONS (CONTINUED)

The movement in the net defined benefit obligation over the year is as follows:

	Present value of Rs 000	Fair value of plan assets Rs 000	Total Rs 000
At 1 January 2022	**88,879**	**(51,980)**	**36,899**
Current service cost	**9,571**	**-**	**9,571**
Interest expense/(income)	**4,132**	**(2,833)**	**1,299**
Past service cost and gains and losses on settlement	**(1,953)**	**-**	**(1,953)**
	11,750	**(2,833)**	**8,917**
Remeasurements			
- Return on plan asset, excluding amount included	**-**	**6,691**	**6,691**
- Loss from change in financial assumptions	**(23,117)**	**-**	**(23,117)**
- Experience loss	**6,870**	**-**	**6,870**
	(16,247)	**6,691**	**(9,556)**
Exchange differences			
Contributions:			
- Employers	**-**	**(16,107)**	**(16,107)**
Payment from plans:			
- Benefit payments	**(2,060)**	**2,060**	**-**
Transfer in	**8,131**	**(8,131)**	**-**
	6,071	**(22,178)**	**(16,107)**
At 31 December 2022	**90,453**	**(70,300)**	**20,153**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

22 POST-EMPLOYMENT BENEFITS OBLIGATIONS (CONTINUED)

The movement in the net defined benefit obligation over the year is as follows:

	Present value of obligation Rs 000	Fair value of plan assets Rs 000	Total Rs 000
At 1 January 2021	85,566	(34,699)	50,867
Current service cost	8,217	-	8,217
Interest expense/(income)	2,536	(1,265)	1,271
Past service cost and gains and losses on settlement	2,757	-	2,757
	13,510	(1,265)	12,245
Remeasurements			
- Return on plan asset, excluding amount included in interest income	-	(3,860)	(3,860)
- Loss from change in financial assumptions	(15,932)	-	(15,932)
- Experience loss	4,593	-	4,593
	(11,339)	(3,860)	(15,199)
Exchange differences			
Contributions:			
- Employers	-	(11,014)	(11,014)
Payment from plans:			
- Benefit payments	(1,559)	1,559	-
Transfer in	2,701	(2,701)	-
	1,142	(12,156)	(11,014)
At 31 December 2021	88,879	(51,980)	36,899

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

22 POST-EMPLOYMENT BENEFITS OBLIGATIONS (CONTINUED)

The Company contributes to a defined benefit pension plan which is administered by Island Life Assurance Co Ltd. As at 31 December 2022, the Company has recognised a net liability of **Rs 1,014,000** (2021- Rs 18,502,000) for the plan.

The Company also participates in a defined contribution (DC) pension plan. Its contributions for DC employees are expensed to the income statement and amounted to **Rs 14,496,000** for the year ending 31 December 2022 (2021: Rs 15,585,000).

In addition, the Company has recognised in its statement of financial position as at 31 December 2022 a net defined benefit liability of **Rs 19,139,000** (2021- Rs 18,397,000) in respect of any additional retirement gratuities that are expected to be paid out of the Company's cash flow to its employees under the WRA 2019.

Risk exposure

The Company operates a final salary defined benefit pension plan for some of its employees. The plan exposes the Company to normal risks associated with defined benefit pension plans, such as investment, interest, longevity and salary risks.

Investment risk: The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Longevity risk: The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

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 a decrease below the assumed rate will decrease the liability.

The Company had a residual obligation imposed by WRA 2019 on top of its DC plan. It is also particularly exposed to investment under-performance of the DC plan. There has been no plan amendment, curtailment or settlement during the year, except for past service costs due to employee transfers to and from related entities within Currimjee Group and due to change in the retirement gratuity formula (from 15/26 to 15/22) for employees working 5-day weeks (assuming that the change in the retirement gratuity formula applies in respect of service as from 1 July 2022 only).

The significant actuarial assumptions for the Company were as follows:

	2022	2021
Discount rate	**6.7%**	4.8%
Inflation rate	**4.3%**	2.8%
Salary growth rate	**5.3%**	2.8%
Average retirement age	**63**	63

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 63.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

22 POST-EMPLOYMENT BENEFITS OBLIGATIONS (CONTINUED)

	2022	2021
Assume Island Life Assurance annuity rates:		
- Male at Average Retirement Age	**9.7**	11.5
- Female at Average Retirement Age	**11.0**	13.3

The sensitivity of the defined obligation benefit obligation to changes in the weighted principal assumption is:

	Change in Assumption	**Impact of defined benefit obligation**	
		2022	2021
	%	**Rs 000**	Rs 000
Increase in liability due to decrease in discount rate by	**1**	**24,767**	26,205
Decrease in liability due to increase in discount rate by	**1**	**18,295**	19,618

Future cash flows:
The funding policy is to pay contributions to an external legal entity at the rate recommended by the entity's actuaries and pay benefits out of the Company's cash flow as and when it is due.

	2022	2021
Expected employer contribution for next year	**6,906**	10,396
Weighted average duration of the defined benefit obligation:		
- Pension scheme	**15**	18
- Retirement gratuities / Residual retirement gratuities	**20**	21

The above sensitivity analysis has been carried out by recalculating the present value of obligation at the end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumption would have shown smaller variations in the benefit obligation.

Plan assets are comprised as follows:

		2022			2021	
	Quoted	**Unquoted**	**Total**	Quoted	Unquoted	Total
	Rs 000	**Rs 000**	**Rs 000**	Rs 000	Rs 000	Rs 000
Local equities	**18,948**	**702**	**19,650**	16,634	1,559	18,193
Loan	**4,211**	**10,527**	**14,738**	3,639	10,916	14,555
Overseas bonds and equities	**9,825**	**-**	**9,825**	3,119	-	3,119
Others	**25,966**	**-**	**25,966**	16,114	-	16,114
	58,950	**11,229**	**70,179**	39,506	12,475	51,981

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

23 ASSET RETIREMENT OBLIGATIONS

The provision is in respect of the dismantling and removal of equipment from leased cell sites at the end of lease periods agreed.

	2022	2021
	Rs 000	Rs 000
At 1 January	**69,237**	73,799
Additional provision during the year	**890**	2,757
Unwinding of asset retirement obligation (Note 8)	**1,207**	4,901
Change in assumptions	**(6,492)**	(12,026)
Disposal adjustments	**(350)**	(194)
At 31 December	**64,492**	69,237

The significant assumption used were as follows:

	2022	2021
Inflation rate	**4.72%**	3.88%
Bond Rate:		
5 years	**4.56%**	2.90%
10 years	**5.85%**	4.19%
15 years	**6.35%**	4.40%
20 years	**6.85%**	4.68%

24 TRADE AND OTHER PAYABLES

	2022	2021
	Rs 000	Rs 000
Trade payables	**421,297**	102,485
Accruals	**355,346**	268,780
VAT payables	**-**	28,073
Payables to related parties (Note 28 (viii))	**32,540**	24,119
Amount due to Metiss Consortium (Note 16)	**59,484**	68,870
Other payables	**8,174**	5,395
Deposit roaming and others	**38,586**	35,863
	915,427	533,585

25 CONTRACT LIABILITIES

	2022	2021
	Rs 000	Rs 000
At 1 January	**125,134**	118,103
Additions	**2,904,084**	2,701,917
Released	**(2,905,032)**	(2,694,886)
Net movement on services	**(948)**	7,031
At 31 December	**124,186**	125,134

The Company has contract liabilities relating mainly to airtime sold to distributors for which revenue will be recognised once it is purchased and subscriptions fees received in advance from customers.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

26 DIVIDENDS PAID

A total dividend of **Rs 35.03** (2021 – Rs 34.00) per ordinary share aggregating to **Rs 531,805,000** (2021 – Rs 516,120,000) was declared in the year ended 31 December 2022 as follows:

	2022	2021
	Rs 000	Rs 000
At 1 January	**-**	-
Dividend proposed	**531,805**	516,120
Dividend paid	**(531,805)**	(516,120)
At 31 December	**-**	-

27 NET DEBT RECONCILIATION

This section sets out an analysis of the net debt and the movements in net debt for each of the periods presented.

	2022	2021
	Rs 000	Rs 000
Cash and cash equivalents	**611,829**	30,453
Interest on bonds - repayable within one year	**(11,815)**	(11,815)
Bonds - repayable within one year	**(250,000)**	-
Bonds - repayable after more than one year	**(1,900,000)**	(2,150,000)
Interest on borrowings - repayable within one year	**(5,775)**	(1,041)
Borrowings - repayable within one year (including	**(575,000)**	(276,875)
Borrowings - repayable after one year	**(206,250)**	(281,250)
Net debt	**(2,337,011)**	(2,690,528)
Cash and cash equivalents	**611,829**	30,453
Gross debt - fixed interest rates	**(2,948,840)**	(2,391,815)
Gross debt - variable interest rates	**-**	(329,166)
Net debt	**(2,337,011)**	(2,690,528)

	Other assets	**Liabilities from financing activities**	
	Cash / bank overdraft	**Borrowings due within 1 year**	**Borrowings due after 1 year**
	Rs 000	**Rs 000**	**Rs 000**
Net debt as at 1 January 2021	183,635	(381,279)	(1,736,237)
Cash flows	(151,644)	103,750	(703,125)
Foreign exchange adjustments	(1,538)	-	-
Interest expense	-	(10,129)	(98,420)
Interest paid	-	9,742	94,717
Net debt as at 31 December 2021	**30,453**	**(277,916)**	**(2,443,065)**
Cash flows	**585,796**	**(548,125)**	**325,000**
Foreign exchange adjustments	**(4,420)**	**-**	**-**
Interest expense	**-**	**(17,768)**	**(99,150)**
Interest paid	**-**	**13,034**	**99,150**
Net debt as at 31 December 2022	**611,829**	**(830,775)**	**(2,118,065)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

28 RELATED PARTY TRANSACTIONS

As at 31 December 2022, the Company's issued share capital is owned by Currimjee Jeewanjee and Company Limited Group ("Currimjee Group") at 75% - 1 share and Indian Continent Investment Ltd at 25% + 1 share (2021: Currimjee Jeewanjee and Company Limited Group ("Currimjee Group") at 75% - 1 share and Indian Continent Investment Ltd at 25% + 1 share).

The following transactions were carried out with related parties:

	2022	2021
	Rs 000	Rs 000
(i) Sales of services		
Immediate parent	**11,371**	7,519
Fellow subsidiaries	**97,133**	129,774
Other related parties	**8,414**	6,405
	116,918	143,698
(ii) Dividend income		
Subsidiaries (Note 4)	**-**	46,800
(iii) Income from Management fee		
Subsidiaries (Note 4)	**10,000**	10,000
(iv) Income from sublease		
Subsidiary	**3,114**	3,717

The Company subleases part of its office space in certain showroom to its subsidiary and the income derived is reported under income from sublease.

	2022	2021
(v) Interest income		
Immediate parent	**1,640**	2,243
(vi) Purchases of goods and services		
Purchases of goods included in cost of operations and administrative expenses:		
Other related parties	**9,128**	6,343
Purchases of services included in cost of operations and administrative expenses:		
Immediate parent	**2,489**	2,654
Fellow subsidiaries	**43,238**	47,381
Other related parties	**31,532**	27,410
	77,259	77,445
Shareholders (Note 6)	**77,768**	75,088
Payment for rentals:		
Parent	**2,567**	2,543
Fellow subsidiaries	**5,422**	1,641
Other related parties	**1,347**	1,558
	9,336	5,742

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

28 RELATED PARTY TRANSACTIONS (CONTINUED)

(vii) Key management compensation

Key management includes directors and the Chief Executive Officer. The compensation paid to key management for employee services is shown below:

	2022	2021
	Rs 000	Rs 000
Salaries and other short term benefits	**14,454**	12,940
Post-employment benefits	**1,854**	3,318
	16,308	16,258

(viii) Year-end balances arising from sales/purchases of goods and services

Receivables from related parties:		
Immediate parent	**829**	329
Fellow subsidiaries	**55,056**	17,218
Other related parties	**2,327**	453
Total (Note 16)	**58,212**	18,000
Payables to related parties:		
Immediate parent	**20,791**	20,510
Fellow subsidiaries	**10,202**	3,542
Other related parties	**1,547**	67
Total (Note 24)	**32,540**	24,119

The amounts due to/from related parties are unsecured, interest free and repayable on demand. These amounts are not subject to any guarantee.

(ix) Year-end balances for advances

Advances to related parties:		
Subsidiary (Note 16)	**3,000**	249,552

The advance has been issued to the subsidiary at the prevailing market rate and refundable within one year or on demand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

29 CASH GENERATED FROM OPERATIONS

	2022 Rs 000	2021 Rs 000
Profit before income tax	**593,315**	509,310
Adjustments for:		
Depreciation (Note 10)	**525,054**	532,350
Depreciation of Right-of-use assets (Note 11)	**142,905**	142,535
Other PPE adjustments (Note 10)	**-**	1,622
Impairment loss on subsidiary (Note 13)	**82,125**	-
Amortisation (Note 12)	**47,138**	45,463
Profit on disposal of property, plant and equipment (Note 5)	**(102,909)**	(4,041)
Loss on written off of property, plant and equipment and intangible assets (Note 5)	**-**	944
Derecognition of lease liabilities	**935**	(1,882)
Increase in provision for loss allowance on trade	**1,636**	14,495
Unwinding of asset retirement obligation (Note 23)	**1,207**	4,901
Interest income (Note 8)	**(2,014)**	(2,554)
Interest expense (Note 8)	**117,080**	108,594
Interest and finance charges for lease liabilities (Note 8)	**41,226**	38,038
Amortisation of bond issue transaction costs (Note 8)	**3,224**	3,475
Foreign exchange losses	**2,132**	1,317
Increase in provision for post-employment benefits expense	**8,917**	12,245
Dividend Income	**-**	(46,800)
	1,461,971	1,360,012
(Increase) / decrease in inventories	**(26,940)**	27,567
Decrease / (increase) in trade and other receivables	**185,675**	(301,149)
Increase in trade and other payables	**60,902**	88,831
(Decrease) / increase in contract liabilities	**(948)**	7,031
Increase in provisions	**3,020**	772
Cash generated from operations	**1,683,680**	1,183,064

30 CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the reporting period but not yet incurred amounted to approximately **Rs 109,000,000** (2021: Rs 174,000,000).

31 IMMEDIATE AND ULTIMATE PARENTS

The directors consider Currimjee Jeewanjee and Company Limited as the Company's immediate parent and Currimjee Limited as the Company's ultimate parent. These companies are incorporated in Mauritius. The registered address of the Company's ultimate parent, Currimjee Limited, is at 38, Royal Street, Port Louis.

32 GUARANTEES

Bank guarantees

There were contingent liabilities in respect of the Company's bank guarantees amounting to **Rs 54,004,900** (2021 – Rs 78,694,500) in the ordinary course of business from which it is anticipated that no material liability will arise.

33 CONTINGENT ASSETS AND LIABILITIES

Emtel v/s ICTA, Mauritius Telecom (MT), Cellplus Mobile Communications and Ministry of Telecommunications

Emtel has lodged a claim for damages in excess of Rs 1 billion (plus interest and costs) against the ICTA, MT, Cellplus and the Ministry of Telecommunications for losses incurred as a result of inter alia failure by the authorities to ensure a level of playing field and unfair competitive practices. The matter was heard over the course of six weeks in May and June 2016. On 9 and 10 August 2017, the Supreme Court handed down its judgment in favour of Emtel awarding it a total amount of Rs 554,139,900 with interest at the legal rate and costs to be paid by all Defendants except the Ministry of Telecommunications. Each of the ICTA, MT and Cellplus have appealed against the judgment to the Court of Civil Appeal. Those three appeals were heard in November 2019, February 2020 and March 2020. On 17 November 2021, the Court of Civil Appeal reversed the judgment of the trial court and dismissed Emtel's claim for damages in two separate judgments. Emtel has appealed against those two appeal judgments to the Judicial Committee of the Privy Council.

Emtel v/s Data Communications Ltd (DCL)

Emtel has sued DCL for unpaid services supplied by Emtel. In the course of the case, DCL has counter claimed the sum of Euros 1.5 million from Emtel for allegedly failing to supply an uninterrupted data service in respect of an International Private Line leased from Emtel. The case is not yet in shape for trial as DCL was subject to both an insolvency process and a receivership. In February 2021, the Court was informed that DCL is no more in receivership. An extension of time was requested to obtain the permission of the Court to proceed against DCL which is in liquidation. The matter is therefore still at pleadings stage. At this point the Board of Directors does not believe that Emtel will be required by the Court to settle the amount claimed by DCL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

34 EVENTS AFTER THE REPORTING PERIOD

The Company had a disagreement with the Mauritius Revenue Authority (MRA) as regards whether the concessionary tax rate of 15% continued to apply to the Company in the years 2005 and 2006 (instead of 25% and 22.5% respectively as was then applicable), the Company paid the total amount claimed by the MRA of Rs 80.4 million (tax assessment of Rs 47.8 million plus penalties and interest of Rs 32.6 million). After objecting to the MRA's assessments, the Company then lodged representations before the ARC. In November 2013, the ARC dismissed Emtel's representations. The Company appealed to the Supreme Court against the ARC's determination. On 20th January 2023, the Supreme Court delivered a judgement dismissing Emtel's application for judicial review. On 7th and 8th February 2023, the Company lodged an application for permission to appeal that judgement to the Judicial Committee of the Privy Council.

Emtel has sued DCL for unpaid services supplied by Emtel. In the course of the case, DCL has counter claimed the sum of Euros 1.5 million from Emtel for allegedly failing to supply an uninterrupted data service in respect of an International Private Line leased from Emtel.

The court delivered its judgement on 24 February 2023 in favour of Emtel and ordered DCL to pay USD 60,750 to Emtel and DCL has withdrawn his claims against Emtel.

There are no other material events after the reporting period which should require disclosure of adjustments to the financial statements for the year ended 31 December 2022.

35 REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

The Company's registered office is 38, Royal Street, Port Louis and its principal place of business is 10, Ebène CyberCity, Ebène.

36 INCORPORATION

The Company is incorporated as a private company with limited liability and is domiciled in the Republic of Mauritius.