2020
ANNUAL REPORT

be your best.

mauritius telecom

building stronger connections.

Mauritius Telecom endeavours to enrich the lives of Mauritians by constantly bringing the world's best services, products and content to Mauritius and Rodrigues.

Our customers are at the heart of our business strategies. Our purpose is to keep on pushing boundaries and making breakthroughs, both in our networks and services, so that the way we live our lives, do business and entertain ourselves keeps improving.

We are shaping a better future for our country and reimagining our customers' future while building every day stronger connections with all Mauritians.

MISSION

Enriching Connectivity,
Enriching Lives

SERVICE VISION

To always do our best
for our customers

CORE VALUES

Passion
Professionalism
Creativity & Innovation
Agility & Speed
Respect & Responsibility

MOTTO

be your best

Annual Report **contents**

Group Financial **Highlights**

For the year ended 31 December 2020

Revenue

Despite significant Covid-19 impacts, MT Group revenue is above the Rs 10 bn mark comparable to previous years.

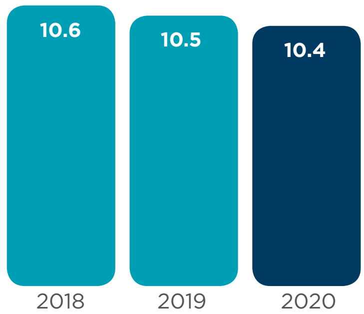
Gross Profit

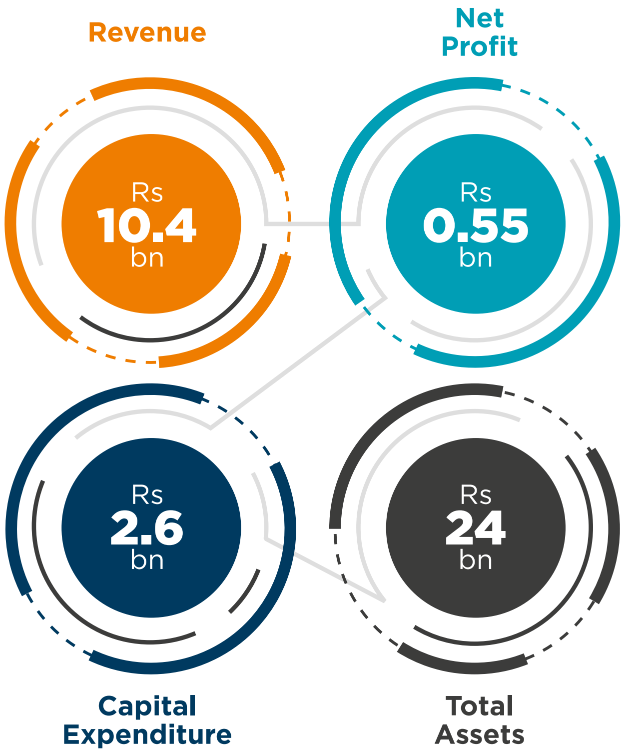
Gross Profit is at Rs 7.8 billion with an improved Gross Profit margin over the year.

Net Profit

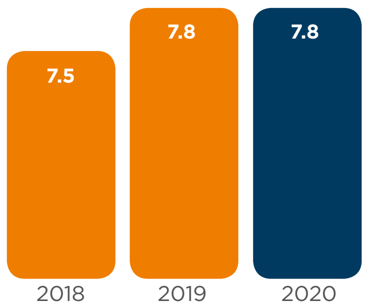
The Group reported a net profit of Rs 552 million largely affected by pandemic and exchange rate effects.

Revenue
in billions Rs

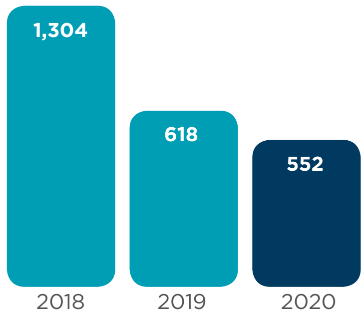




Gross Profit
in billions Rs



Net Profit
in millions Rs



Key Financial **Figures**

	The Group	
	2020	**2019**
	Rs Million	**Rs Million**
Income Statement		
Revenue	10,412	10,495
Gross Profit	7,834	7,835
Net Profit	552	618
Earnings per share (Rs)	2.90	3.25

	2020	**2019**
	Rs Million	**Rs Million**
Balance Sheet		
Total Assets	24,207	22,936
Total Liabilities	17,069	13,802
Total Equity	7,138	9,134
Capital Expenditure	2,642	2,521

beSafeMoris

accuracy, credibility, safety.

Launched quite soon after the confinement, the beSafeMoris app provided the country with accurate and credible information during the coronavirus public health crisis.

The application - that was further enhanced to allow people to register for Work Access Permits - is one of the tools that helped the fight against Covid-19 and keep Mauritius Covid-free.

Corporate **Profile**

Number 1

Leading fixed-line, mobile, TV and broadband network in Mauritius

About us

Mauritius Telecom Ltd (Mauritius Telecom or MT) is the leading provider of an extensive range of ICT services and solutions in Mauritius for both residential customers and businesses, including fixed, mobile, internet, TV, mobile money, ICT and digital services.

The Company was incorporated in 1988 as Mauritius Telecommunication Services and in 1992, after merging with Overseas Telecommunications Services (previously Cable & Wireless), it was renamed Mauritius Telecom. In 2000, Mauritius Telecom entered into a strategic partnership with France Telecom (now Orange S.A.), which acquired 40% of its shares in the context of the impending liberalisation of the country's telecommunications sector.

Mauritius Telecom has played a pivotal role in the socio-economic development of Mauritius, by setting up a telecommunications infrastructure connecting Mauritius to the world through sustained investment in international bandwidth and capacity, and through the launch of innovative services to meet its customers' evolving needs. Through its numerous initiatives, Mauritius Telecom has paved the way for the growth of the ICT industry, which has become a major pillar of the Mauritian economy. By the end of 2017, the Company had completed island-wide fibre deployment, thereby enabling Mauritian citizens and businesses to benefit from ultra-high-speed broadband internet.

Innovation is embedded in the Company's DNA. In recent years, Mauritius Telecom has launched several game-changing offers and services. In 2019, a major turning point was reached with the launch of my.t money, a service that has revolutionised the payments industry. Despite the many challenges in 2020 due to the Covid-19 pandemic, Mauritius Telecom once again launched game-changing offers, from the introduction of unlimited prepay and postpay data packages to the payment of all utility bills (CEB, CWA and MT bills) via a single digital platform, the my.t billpay app.

401,000 | Fixed-line customers

269,000 | Households and businesses connected to high-speed broadband

100% | of fibre-ready homes

193,000 | IPTV customers

950,000 | Mobile customers

99.2%
Percentage of 4G coverage

Number of 4G sites 522
Number of 3G sites 561

Corporate **Profile** (Cont'd)

Mauritius Telecom's shareholders	Holding structure (%)
Rimcom Ltd	40
Government of Mauritius	33.49
SBM Holdings Ltd	19
National Pensions Fund	6.55
Employees of Mauritius Telecom	0.96

- *Rimcom is an investment vehicle wholly owned by Orange SA (formerly France Telecom).*
- *0.96% of Mauritius Telecom shares were sold to eligible employees and pensioners in 2007 at a discounted rate under an employee share participation scheme.*

8

Subsidiaries

Cellplus Mobile Communications Ltd
Telecom Plus Ltd
Teleforce Ltd
Call Services Ltd
MT Properties Ltd
Mauritius Telecom Foundation
MT International Ventures PCC
MT Services Ltd

23

Commercial Points
of presence in strategic locations

Mauritius Telecom's network

Mauritius Telecom continually invests in its network infrastructure to enhance coverage, increase reliability and resiliency, and improve broadband speeds.

100%

Island-wide fibre coverage

- Minimum home broadband speed of 10 Mbps
- Availability of ultra-fast home broadband (100 Mbps)

Content

Hosting

Content providers such as Google, Facebook, Netflix, Akamai and Cloudflare host their caching servers on MT's network.

Tier IV data centre

Housing

of up to 400 racks in a state-of-the-art facility

The Data Centre has been certified:

- Tier IV Certification of Constructed Facility awarded by Uptime Institute
- ISO 27001:2013

Widespread

Mobile coverage

Constant modernisation and expansion of its mobile network to provide island-wide 4G LTE coverage.

International

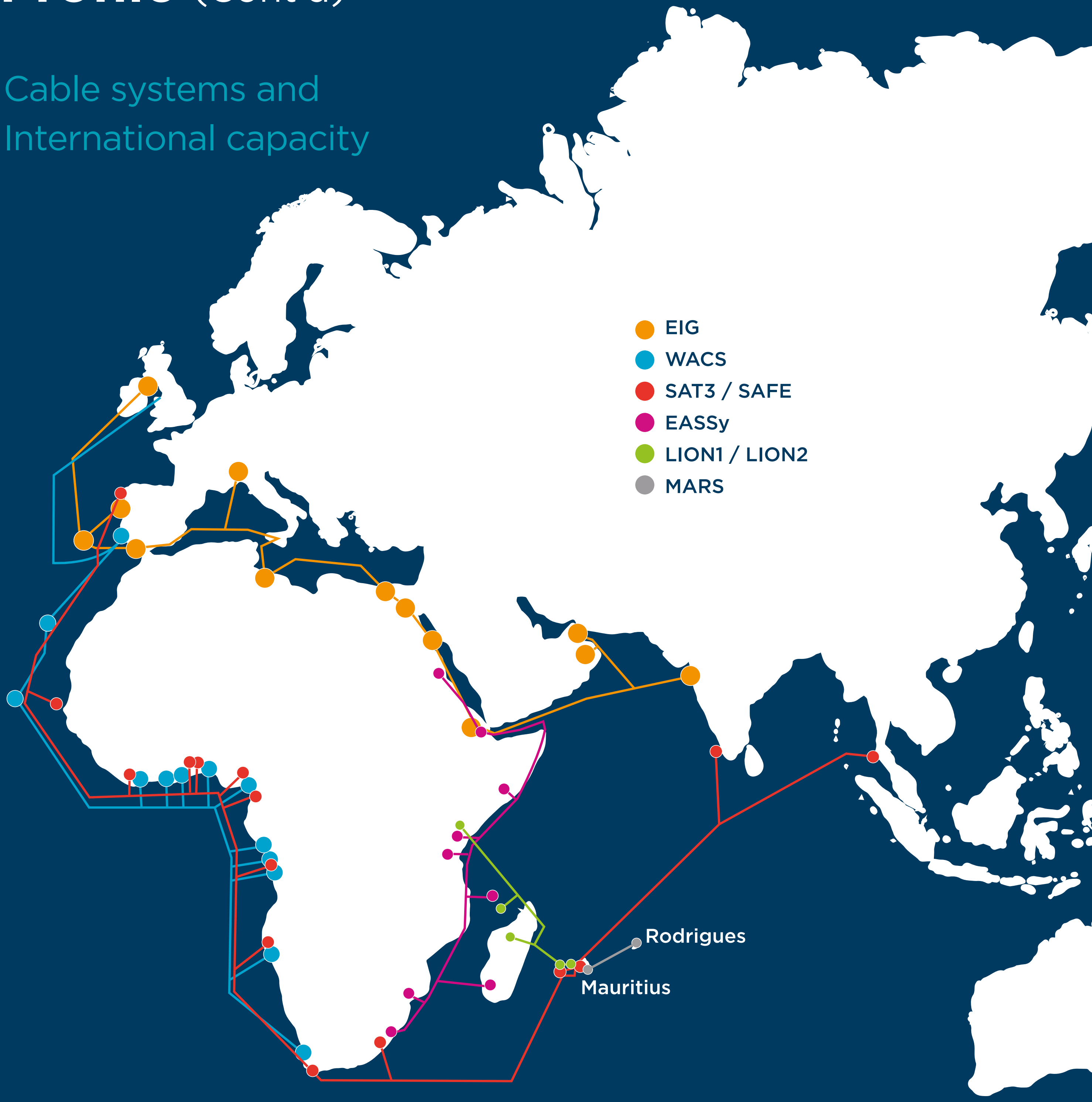
Connectivity

Mauritius Telecom's international network operates mainly via optical submarine cables. For international connectivity, Mauritius Telecom has three independent routes which serve for redundancy in case of cable breakdown:

- **West route -** SAFE/SAT3 and WACS through South Africa to Europe
- **North route -** LION/LION2/EASSy-EIG to Europe
- **East route -** SAFE to India and Malaysia

Corporate **Profile** (Cont'd)

Cable systems and International capacity



MARS

Mauritius Telecom completed the deployment of the Mauritius and Rodrigues Submarine Cable Project (MARS) in February 2019, thus connecting Rodrigues to mainland Mauritius and consequently to the rest of the world. This has opened up new avenues for Rodrigues' socio-economic development.

The Mauritius Telecom Brand

Top-of-mind brand

Mauritius Telecom is the leading solutions provider in the country offering a portfolio of products and services for every residential and business segment. All products and services are commercialised under one umbrella brand – my.t. The brand is recognised as a one-stop-shop for fixed-line to mobile networks, TV and broadband, solutions for business companies and fintech.

Customer-centric approach

Mauritius Telecom is constantly transforming its DNA to match evolving customer requirements. In 2020, its telecommunications component was revolutionised to introduce market-leading postpay and prepay offers. For the first time in Mauritius, fully unlimited mobile data packages became a reality with the 24H No Limit Data pack providing unlimited data at full speed and without volume capping, and with the unlimited mobile Postpay 2000 offering unlimited data, calls and text messages.

MT's mobile network is constantly being fine-tuned and the mobile data network speed has been recognised as the fastest mobile data network by an international institution, the P3 Group.

The my.t brand aims to provide world-class content to its subscribers and an increasing number of premium channels are constantly being added, including such exclusive channels as ES1, the first 100% e-gaming channel in Mauritius, and Da Vinci, the first English-based learning channel for youngsters. In 2020, twelve Stingray music channels, including three in 4K, were added to the portfolio to cater for a wide range of music lovers.

The Company also prides itself on having extended fibre deployment to Rodrigues, thereby offering the same contents and experience to its customers there as in Mauritius.

Enabler of the new normal

In the wake of the Covid-19 pandemic, Mauritius Telecom was quick to react and unlock the full potential of connectivity and, most importantly, contactless services. Its products and services launched during lockdown allowed business and life continuity, and proved equally useful after lockdown ended.

Revolutionary digital wallet

Mauritius Telecom's fintech venture, my.t money, launched in 2019, more than proved itself as a reliable digital financial service when movement became restricted and cashless payment invaluable. Features such as Recharge (for airtime and mobile data), P2P Transfer and Instant Cash-In allowed fast, simple and secure financial transactions between individuals and merchants.

my.t market, MT's first e-commerce portal

Bringing together several merchants offering an array of products on a single platform, my.t market came as a relief in the middle of lockdown. When shopping for basic commodities was a real ordeal, my.t market allowed my.t money customers to shop online from the comfort and safety of their homes. Cashless and contactless payment was possible through my.t money, further ensuring security and peace of mind. Mauritius Telecom also partnered with other companies to put in place logistics for the home delivery of products bought on my.t market.

my.t billpay app for payment of CEB, CWA and MT bills

Mauritius Telecom pro-actively launched its my.t billpay app in the midst of the lockdown so its customers could settle their MT bills, and those of their close ones, directly on the mobile app. A few months later, my.t billpay was revamped and became the first and only mobile app where customers could settle CEB, CWA and MT bills on the one app. The high success rate of my.t billpay has attracted partners from various sectors which will allow more cashless and contactless payments in the near future.

Corporate **Profile** (Cont'd)

Our International recognitions and awards

8th most fibered country in the world

(IDATE Report, March 2019, FTTH Council Europe)

2016

- Africa Operator of the Year 2016 Award by FTTH Council Africa
- Avaya Africa Partner of the Year 2016 Award at Avaya Engage held in Dubai
- Best App for Africa 2016 title conferred by AfricaCom for the Traffic Watch App

2017

- Africa Operator of the Year 2017 Award by FTTX Council
- Industry Personality of the Year 2017 Award to Mr Sherry Singh, CEO of Mauritius Telecom
- Best Network Improvement in Africa 2017 Award from AfricaCom

2018

- Ai ICT/Telecoms Deal of the Year 2018 Award from Africa Investor
- 2018 Company Award from the FTTX Council Africa
- Leadership Award 2018 from the FTTX Council Africa to Mr Sherry Singh, CEO of Mauritius Telecom
- Cisco Partner Plus 2018 Champion's Club Winner for Africa
- Avaya Cloud Partner of the Year – MEA & Turkey

Mauritius Telecom's People

Despite the ever-changing market landscape, one core element at Mauritius Telecom has stood the test of time: the unwavering passion and dedication of its workforce, the men and women who strive to provide best-in-class services to its customers.

The Covid-19 outbreak was testament to employees' resilience and perseverance. In a period when the nation went into a lockdown, MT's employees were not only quick to adapt to new ways of working but came up with timely solutions that would both help customers and support the relevant authorities.

Meanwhile, Mauritius Telecom left no stone unturned to ensure its employees' health and safety. Every employee called in for work was provided with the highest quality sanitary kits. In the face of great adversity, MT witnessed great acts of solidarity. Our employees positively responded to the call for action even if it meant facing the risk of field duty. They proved themselves true MT Heroes.

This bonding grew even stronger with the way each and every one responded and was further demonstrated through MT's internal sharing platform/app, which was launched following the outbreak of the pandemic. The app sprung from the desire to connect with each employee and to provide a platform that would not only enable a better flow of internal information but would facilitate employee engagement and communication. The platform also promoted a praise and appreciation culture by recognising exceptional gestures and service, placing employees in the limelight.

Our internal platform equally favoured a shift to online modes of learning, through which our employees were able to reinforce their skills and knowledge, as well as acquire new knowledge. Its learning philosophy has enabled MT to show how much it values its employees, who can see that regular upskilling and learning opportunities are there to ensure that they have the skills and talent MT needs for the future.

CSR

Mauritius Telecom is fully committed to upholding its corporate social responsibilities (CSR). Through the Mauritius Telecom Foundation (MTF), responsible for managing the Group's CSR programme, MT works with the Government, the Local Government and several NGOs in Mauritius, Rodrigues and Agalega to support community projects in the fields of ICT, education, health disabilities, sport and the environment.

mauritius telecom FOUNDATION

Since 2017, the MTF has been supporting national projects which reach out to the community, are sustainable in the long run and enhance people's lives:

2017

- **350 free Wi-Fi hotspots in public locations** such as community, social welfare, women's and youth centres, village halls and post offices.

2018

- **Setting up of MUGA Phoenix**

2019

- **Setting up of MUGA Tyack and MUGA Triolet**
- **Agalega**

  The donation of wheelchairs and school materials such as exercise books and school bags.

2020

- **Setting up of MUGA La Source, Quatre Bornes and MUGA Goodlands**
- **A better environment for a better tomorrow – South East region of Mauritius**

  The collection of straw from fields and the filling of sacks for the construction of barriers against oil spill.
- **Agalega**

  The donation of school materials such as exercise books and school bags.

Rs 181 million

injected into CSR projects between 2015 and 2020 in the Republic of Mauritius.

my.t Prepay

connecting everyone to what is essential to them.

Technological innovation and connectivity have made mobile phones central to our daily lives. Fitting into the palm of our hands, they serve as gateways to an exciting world of entertainment, information and services through numerous applications.

We connect everyone to what is essential to them.

Board of **Directors**

Nayen Koomar **Ballah** GOSK

Chairman

Nayen Koomar Ballah was appointed Secretary for Home Affairs on 1 January 2015 and Secretary to Cabinet and Head of the Civil Service on 16 September 2016.

He holds a Diploma in Public Administration and Management, a Bachelor of Arts in Political Science and Economics, and a Bachelor of Arts (Honours) in English.

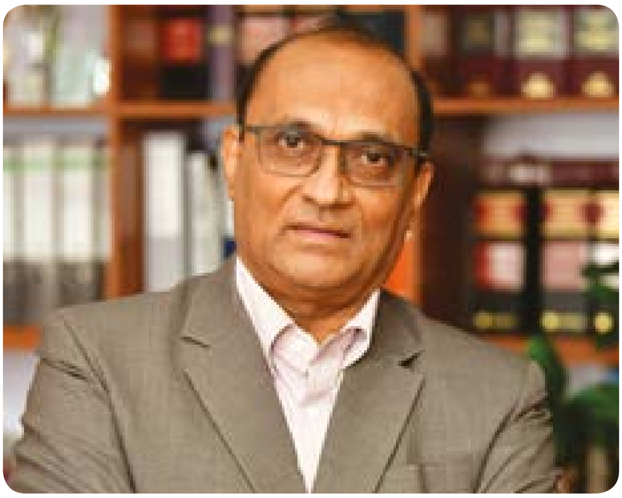
He has a long career in the public service and has been the Secretary of the Public Service Commission and the Disciplined Forces Service Commission. He has served in senior positions and as Permanent Secretary in various Ministries such as the Ministry of Agriculture, Fisheries and Natural Resources, Ministry of Arts and Culture, Ministry of Youth and Sports, the Ministry of Public Infrastructure, Land Transport & Shipping, and the Prime Minister's Office. He has also served as chairperson and member on various boards and committees and is currently the Chairperson of Mauritius Telecom, the Mauritius Revenue Authority, Multi Carrier (Mauritius) Ltd, Metro Express Ltd and Director on the Board of Mauritius Duty Free Paradise.

He was conferred the award of Grand Officer of the Star and Key of the Indian Ocean (GOSK) by the President of the Republic of Mauritius on 12 March 2018 for distinguished service in the public sector.

Ramesh **Bheekhoo**

Ramesh Bheekhoo holds an MSc in Public Sector Management in addition to qualifications and experience in Accounting and Human Resources.

After a short spell in the secondary education sector, he joined the public service in 1983. He is currently serving as Deputy Permanent Secretary in the Ministry of Information Technology, Communication and Innovation. He has worked in various ministries and departments, acquiring wide experience and acumen in the formulation and execution of public policies and strategies, including those in the ICT sector.



Koosiram **Conhye**

Koosiram Conhye is an Associate Member of the Chartered Institute of Secretaries and Administrators (ICSA), and holds a Diploma from the Chartered Institute of Marketing (CIM) and an MSc (Finance) from the University of Mauritius.

He joined the public service in February 1981 and has served in various ministries and departments at senior management level for more than two decades. He has also been the Administrative Secretary of the Export Processing Zones Development Authority (EPZDA) and Director (Corporate Affairs) at the Board of Investment.

He was also assigned the duties of Secretary to the Public Service Commission and Disciplined Forces Service Commission from September 2016 to April 2018. He served the Commission of Inquiry on Drug Trafficking as Secretary from July 2015 to July 2018.

He has been assigned the duties of Senior Chief Executive and is currently posted at the Ministry of Gender Equality and Family Welfare.

Dheerendra Kumar **Dabee** GOSK SC

D K Dabee, Solicitor General in the Attorney General's Office, a Senior Counsel, and a former Laureate (Economics Side), is a graduate in Law and Political Science from Birmingham University, UK, and was called to the bar in the UK in 1981 at the Middle Temple, Inn of Court.

He joined the Crown Law Office in Mauritius in 1982 and occupied all higher positions in the Attorney General's Office, including those of Parliamentary Counsel and Acting Director of Public Prosecutions, until his appointment as Solicitor General in 1998.

He is the main non-political legal adviser to Government and the legal adviser of a number of public bodies. He has represented the State in criminal and civil, as well as constitutional and administrative law cases before lower courts as well as supreme courts, including the Privy Council.

Besides his nearly 39 years' experience as a lawyer and legal adviser to, and counsel for, Government departments and a number of other public bodies, he has held and still holds various other positions, including directorships, in the regulatory, financial and commercial sectors. He is also a former member of the Arbitral Tribunal of the Commonwealth Secretariat.

He is the Chairperson of the Control and Arbitration Committee of the Mauritius Cane Industry Authority and a division of the Medical Tribunal. He also represents the Attorney General's Office on the Board of the Independent Broadcasting Authority and is currently Chairman of the Financial Intelligence Unit following his appointment in March 2016.

Board of Directors (Cont'd)

Christian **De Faria**

Christian de Faria is a Chartered Accountant and holds a Bachelor's Degree in Finance and Administration from the University of Toulouse in France. He has over 30 years of industry experience across multiple geographies, diverse sectors and organisations, such as MTN, Telekom Malaysia, Disc Vision, Deutsche Telecom and Grundig. Before becoming Chairman of Bharti Airtel International (Netherlands) BV in January 2017, Christian was the Executive Chairman, Airtel Africa, from April to December 2016. In this role, he was responsible for all matters relating to Legal, Regulatory, Government Relations, Corporate Communications, CSR and Shareholders, as well as M&A. In his new role, while giving up day-to-day P&L responsibility, Christian still continues to support the vision of Airtel Africa.

He originally joined Airtel Africa in September 2013 as the MD & CEO - Africa Operations. His key focus was on increasing revenue market share, enhancing network and IT capabilities, ramping up 3G data and Airtel Money as future growth engines, strengthening customer experience by institutionalising best-in-class processes to build execution excellence, and strengthening the Airtel brand in Africa.

Before joining Airtel, Christian was associated for the previous seven years with MTN where he held senior leadership positions including Executive Vice-President, responsible for operations in the West and Central Africa Region, and later as the Senior Vice-President - Commercial and Innovation, responsible for transformation of the Group Supply Chain function. In his final position at MTN, he was the Group Commercial Officer for two years until January 2013.

Note:

Mr De Faria resigned as Director on 30 September 2020.

Olivier **Froissart**

Olivier Froissart is a graduate of HEC School of Management in Paris and started his career with Orange in 1982.

After holding various responsibilities in the International Department and in Orange's Financing and Controlling Departments, which notably included participating in several IPOs (France Telecom, Wanadoo and Orange) as manager of Orange's ECM Operations Department, Olivier Froissart joined the M&A Department of Orange, where he led negotiations for the Orange Group in the context of many M&A projects.

He is currently Senior VP in charge of International Operations in the Group Finance Department. He holds or has held positions on the boards of several companies involved in the telecoms sector, such as Orange Maroc, Orange Tunisia, Iraq Telecommunications, Telkom Kenya, Eutelsat and several of the Orange Group's venture capital subsidiaries.

Alban **Lo Gatto**

Alban Lo Gatto holds a Master's Degree in Private Law and a Master's Degree in International Business Law.

He served as legal adviser in several companies in the IT and retail industries before joining France Telecom Orange in 2007 as Deputy Legal Adviser, Mergers and Acquisitions.

He currently serves as General Counsel and Company Secretary of Orange Middle East Africa and Orange Middle East and Africa Management, leading the legal activities of Orange in 17 countries. He also holds the position of non-executive director in several companies in the telecoms sector.

Dharam Dev **Manraj** GOSK

Dev Manraj is currently the Financial Secretary at the Ministry of Finance and Economic Development of the Government of the Republic of Mauritius. He is a Fellow of the Association of Chartered Certified Accountants (FCCA) and holds a Diploma in International Management Development from IMD Lausanne in Switzerland.

During his career, predominantly within the public and semi-governmental spheres in Mauritius, he has contributed on a large scale to the socio-economic development of the country.

He has participated in the negotiations leading to the signature of double taxation avoidance agreements with several countries. He has also attended numerous discussions and consultative meetings with the World Bank and the International Monetary Fund, as well as other key international institutions.

As Financial Secretary, he has also concluded government-to-government agreements with various African countries such as Ghana, Senegal and Ivory Coast on behalf of the Mauritius Africa Fund.

He has, additionally, successfully negotiated, on behalf of the Republic of Mauritius, the procurement of concessional financing and grants from India and China to implement major national infrastructure projects.

He has likewise participated actively in the implementation of major projects in Mauritius such as the Ebene Cybercity and the Metro Express. Mr Manraj has also contributed intensively in the setting up of numerous public sector organisations including the State Investment Corporation (SIC), State Informatics Ltd (SIL), the former Mauritius Offshore Business Activities Authority, the National Computer Board, Business Parks of Mauritius Ltd and the Board of Investment (now the Economic Development Board). He has also been a Visitor of the University of Mauritius. He is actually the Chairperson of the COVID-19 Projects Development Committee.

Board of **Directors** (Cont'd)

Elisabeth **Medou Badang**

Medou Badang has a post-graduate degree in Finance and certificates in Executive Business programmes from EM Lyon Business School, Cranfield University and ESCP. She is SVP and spokesperson at Orange Middle East and Africa, overseeing three countries and representing the company in conferences with the media and in top executive panel discussions.

For four years prior to this, she was CEO of Orange Cameroon. During her tenure there, she defined and successfully implemented a turnaround strategy. She impelled the revolution of mobile money in the country and sustained a strong leadership position in this activity in Cameroun and the Central Africa region. She developed internet penetration via mobile broadband access, covering more than 60% of the potential market with 3G and 4G in less than two years. She had previously led Orange Botswana for four years, becoming the first African woman to lead an Orange affiliate. She is passionate about the potential for ICT development in Africa, digital inclusion in general and its ability to transform people's lives.

Medou Badang has received several recognitions such as the African Telecommunication Manager of the Year Award in 2014, Best Mobile Operator Southern Africa with Orange Botswana 2012, Best Mobile Money Operator Southern Africa in 2013 and Best Mobile Operator in Cameroun 2017. She was listed among the 50 most influential women in African business in 2018 and was the first woman to be named Innovator of the Year at Africacom 2019.

Bruno **Mettling**

Chairman of Orange Middle East and Africa

Bruno Mettling is a graduate of the Institut d'Études Politiques and of the Aix-en-Provence law school. He began his career in the Budget Department of the French Ministry of Finance and, in 1988, became responsible for Finance at the Ministry of Labour. From 1988 to 1990, he was Deputy Director of the Minister's office for Infrastructure, Housing, Transport and the Sea.

In 1991, he became Inspector of Finance and joined the Ministry of Economy and Finance. Bruno Mettling was then appointed Deputy Chief Financial Officer for La Poste. In October 1999, he joined Caisses d'Epargne where he launched a reform of the Human Resources function, before taking charge of commercial development and then of strategic planning. In 2004, he joined the Banque Populaire Group, of which he became Deputy CEO.

In April 2010, in the context of a social crisis, he was asked to join France Telecom as Executive Director in charge of Group Human Resources and Internal Communication. He was then appointed Deputy CEO in November 2011. Bruno Mettling is the author of a report on digital technology impacts on work, which was delivered in October 2015 to the Ministry of Labour. In March 2016, he was appointed CEO of Orange's Middle East Africa (OMEA) holding, which includes all Orange operations in that geographical area. In May 2018, he became Chairman of Orange Middle East and Africa.

In November 2018, he created Topics, an innovative consulting outlet in strategy for organic transformation. He is a Knight of the French Legion of Honour and an Officer of the French Order of Merit, as well as an Officer of the Ivory Coast Legion of Honour. He is also a member of the Board of Directors of Air France, Vice-President of AMREF (Flying Doctors), President of the Board for CEOs of France-West Africa of International Medef and Member of the CIAN Board of Directors.

Note:

Mr Mettling resigned as Director on 30 September 2020.

Jean-François **Thomas**

Jean-François Thomas is a graduate in Business Management and Information Technologies from the Ecole Nationale Supérieure des Télécommunications, France. He also graduated in Physics, Mathematics and Economics from the Ecole Polytechnique.

He has over 30 years' experience in the communications business where he occupied marketing, sales, business development, operations and management positions.

He served as Regional Director (September 2006–February 2008) at France Telecom, Orange Alsace, Strasbourg. He previously held several senior management positions at France Telecom in France, Japan and Hong Kong. He was subsequently appointed Deputy Chief Executive and Chief Operating Officer at Mauritius Telecom from February 2008 to September 2012, and served as CEO of Orange Jordan/Jordan Telecom from October 2012.

In 2015, he was appointed Head of Orange Group Business Development before joining Orange Middle East and Africa as Chief Strategy Officer in 2020.

Note:

Messrs Ballah, Bheekhoo, Conhye, Dabee and Manraj are citizens of Mauritius.
Messrs De Faria, Froissart, Lo Gatto, Mettling, Thomas and Mrs Medou Badang are citizens of France.

Company **Secretary**

Conrad **Colimalay**

Conrad Colimalay is qualified as a Barrister-at-Law. He holds a Master's in Business Law (UK) and a Maîtrise en Droit (France). He officiates as Company Secretary of Mauritius Telecom and of MT subsidiary companies, and is in charge of Legal and Corporate Affairs within the MT Group.

Certificate by **Company Secretary**

Certificate by secretary required under the Mauritius Companies Act 2001

I certify to the best of my knowledge and belief that the Company has filed with the Registrar of Companies all such returns as are required of the Company under Section 166(d) of the Mauritius Companies Act 2001 as at 31 December 2020.

P C **Colimalay**

Company Secretary

24 June 2021

my.t Postpay

Always innovating to offer you more.

Launched in November 2020, the revamped my.t Postpay packages offer the very best to my.t subscribers. The No Limit Postpay package was designed to offer unlimited data, unlimited calls and unlimited sms to mobile postpay users in the country.

Chairman's **Statement**

On behalf of the Board of Directors, I am pleased to present Mauritius Telecom's Annual report for 2020.

2020 was a uniquely challenging year with the advent of the Covid-19 pandemic, which presented Mauritius Telecom with an unprecedented sanitary crisis and disrupted both individual lives and economic activity throughout the world.

The situation, however, did enable Mauritius Telecom to show what an important role it plays in people's lives and in the country's economy. I was delighted to see how swiftly our management team acted from the very start of the pandemic to support the authorities, our customers and society at large, in particular the technical support provided by Mauritius Telecom to the authorities for the issue of Work Access Permits.

Financial performance

Despite the extra costs resulting from the Covid-19 situation, not least because we felt it our duty to introduce support measures for those customers encountering their own difficulties, Mauritius Telecom's financial position has remained healthy.

Group revenue in 2020 remained stable at Rs 10.4 billion as compared to Rs 10.5 billion in 2019. Our gross profit margin improved over the previous year, with gross profit attaining Rs 7.8 billion. However, Group net profit, which stands at Rs 552 million at year end, was impacted not only by the pandemic but also by the appreciation of major foreign currencies against the Mauritian rupee. In the circumstances, it was a more than creditable performance.

Corporate Governance

Mauritius Telecom has remained committed to adherence to the highest standards of corporate governance. It is of crucial importance for improved business performance and long-term success, especially during these extraordinarily challenging times.

During the period under review, we ensured that Mauritius Telecom remained compliant in all material respects with principles of Corporate Governance.

Restructuring of the Company

Mauritius Telecom is operating in a fast-moving and changing market environment, marked by the increasingly sophisticated demands of our customers. We are acutely aware that our Company needs to constantly reinvent itself.

Despite the uncertainties produced by the pandemic, since early 2020 the management team, under the guidance of the CEO, devoted itself to revisiting our organisational structure in order to create a more flexible, targeted and responsive company. The Board of Directors was fully supportive of this strategy and we believe it is an essential building block in our ongoing transformation to becoming a tech company. Innovation blossomed and the results so far have been promising, as evidenced by the widespread use of the various apps we created during the year.

> ***"We felt it our duty to introduce support measures for those customers encountering their own difficulties."***

Chairman's **Statement** (Cont'd)

Our employees

From the beginning of the Covid-19 outbreak and during the subsequent lockdown, our frontliners rose to the challenge of delivering our services to support the authorities and Mauritian society, despite the risks this sometimes entailed.

They deserved management's full support and received it. Mauritius Telecom moved fast to provide awareness of sanitary protocols and safety procedures, and safety kit and PPE (Personal Protective Equipment) for frontliners. Our business continuity was likewise safeguarded by providing employees with the appropriate tools and facilities to adapt to new ways of working. Resilience and flexibility were demonstrated and I would like to pay tribute to all concerned for their commitment and the way Mauritius Telecom faced the exceptional challenges created by the pandemic.

Customer experience

How our customers feel about our products and services is rightly one of our top priorities. I am happy to report that our customer-driven initiatives resulted in a significant increase in the index score used to measure customer experience from 2016 to 2020. This index score was well above the industry benchmark for telecommunication service providers of fixed-line, internet, mobile and TV services.

Similarly MT's NPS score, an indicator of the likelihood of customers recommending the Company and its products and services to others, increased appreciably amongst consumers as well as businesses during the year.

Our social engagement

At Mauritius Telecom we strive to uphold our corporate social responsibilities and make a meaningful and lasting contribution to the wellbeing of society.

Through the Mauritius Telecom Foundation (MTF), which is responsible for managing the Group's CSR programme, Rs181 million was injected into social projects between 2015 and 2020 throughout the country. Our focus has been on national projects which are sustainable in the long run and enhance people's lives.

We continued to work with various NGOs in Mauritius, Rodrigues and Agalega in 2020 to support community projects in the fields of ICT, education, health disabilities, sport and the environment.

Our multi-use games areas (MUGA), whose mission is to promote healthy living through physical activity for all segments of the population, have enjoyed considerable success. The project was started in 2018 and by the end of 2020 we had five in operation, even managing to open the two most recent ones in La Source, Quatre Bornes and in Goodlands despite the operational constraints occasioned by the Covid-19.

Our wide range of social commitments includes support to those most in need, with the donation of school material to disadvantaged children, wheelchairs for those suffering from severe physical disabilities and of toys to children around the island and at Victoria Hospital during the Christmas period.

> ***"Our frontliners rose to the challenge of delivering our services to support the authorities and Mauritian society."***

Note of appreciation

2020 was not an easy year. At the time I am writing this message, Mauritius is in the midst of a second wave of the Covid-19 pandemic. However we know that our Company is resilient and built on solid foundations, that our staff are committed and that we are well positioned to meet ongoing and new challenges successfully.

I would like to express my gratitude to my fellow board directors for their wholehearted support and also to thank our Chief Executive Officer and our management team for their able leadership in these uncertain times. Finally, I would like to acknowledge the professionalism of staff throughout the Mauritius Telecom Group. Even more than usual, they have played a key role in these unprecedented times.

Nayen Koomar
Ballah GOSK

Chairman

June 2021

Chief Executive **Officer's Review**

I am honoured to present Mauritius Telecom's Annual Report for 2020 – and what a year it has been! The outbreak of the Covid-19 pandemic shook the world and hit Mauritius particularly hard as it forced the closure of our airport, severely impacting travel, tourism and many other sectors of the economy.

Most companies in Mauritius and worldwide have been impacted by the Covid-19 situation and Mauritius Telecom is no exception. Life and business have been filled with uncertainties and even now there is only limited visibility of what lies ahead. We have had to face unprecedented challenges and will continue to do so for some time.

We have been deeply conscious of the effects the situation has had on the lives of our staff but also the lives of all our fellow citizens, and we have done everything we could at Mauritius Telecom to help both businesses and individuals meet the challenges of trying to maintain as normal an existence as possible.

It has obviously been a difficult year financially but I think it's fair to say that, in the circumstances, we have turned in a reasonable performance.

Financial results

In the light of the Covid-19 situation, MT Group maintains its healthy financial position in terms of revenue, gross profit and cash. The Group revenue in 2020 is stable at Rs 10.4 billion as compared to Rs 10.5 billion in 2019 despite the ongoing impacts of Covid-19.

Our gross profit margin has improved over the last year with a gross profit of Rs 7.8 billion. The Group net profit for 2020 is Rs 552 million compared to Rs 618 million in 2019. The 2020 year end net profit was impacted due to the exchange loss with the appreciation of the major foreign currencies against the Mauritian Rupees and the ongoing Covid-19 situation with the complete lockdown of Mauritius for more than two months, loss of roaming revenue and the curtailment of the tourism industry.

Supporting people and the country

While the pandemic affected all of our lives, and continues to do so, it also provided Mauritius Telecom with the opportunity to place itself at the service of the Government of Mauritius, of our customers and of society at large.

During the lockdown period starting in March 2020, we immediately took unprecedented measures for our customers: free viewing of my.t's 100+ TV channels, double volume allowance at no additional charge for my.t home customers, no disconnection of lines in case of non-payment and no penalty fee for late payment during that period.

Internet connectivity became an essential service as it enabled people to stay informed, be entertained, and undertake online shopping, e-learning and online education from the safety of their homes. Indeed, our network provided a lifeline for government, businesses and individuals alike.

Our network showed its resilience, meeting the demand for increased traffic during the lockdown and ensuring continuity of our services. Our hotlines continued to operate round the clock responding to customer queries as staff worked from home.

We are particularly proud of the way the MT family reacted and stood with the Mauritian people despite the potential risks for their health. Many were on the frontline, driven by their patriotism. They have been truly MT heroes.

From the start of the confinement period, we provided technological support to the government and essential services to help them pursue their activities and communicate with the population. We set up hotlines and repaired fixed lines for essential services such as the fire services and the police force. We also enabled the authorities to maintain continuity of operations and secured remote working through the setting up of a videoconferencing platform for the Prime Minister's Office, various ministries and the Central Electricity Board, as well as the police and prison services.

Of equal importance was our support to our health and hospital services. Our staff installed Wi-Fi in quarantine centres, broadband in the flu clinics of the five main hospitals and additional internet connection in Victoria Hospital's Central Laboratory and Virology Centre.

> ***"MT Group maintains its healthy financial position in terms of revenue, gross profit and cash."***

Chief Executive **Officer's Review** (Cont'd)

Transformation into a tech company

Mauritius Telecom has a rich heritage of being the industry leader and telco pioneer ever since we can remember. However, the telecommunications sector worldwide has been facing many challenges in recent times, forcing change, even before the advent of Covid-19.

Rethinking our service and realigning our processes started quite some time back. We rebranded all our products and services under one single brand my.t. There was fibre deployment in record time, the introduction of 100 Mbps, on the TV front the my.t 4K Smart Box, which revolutionised the TV experience with a wide array of offerings, and my.t money, which changed the landscape of digital payments industry. We successfully established ourselves as a force to be reckoned with in the digital payment space with the my.t money and my.t billpay ecosystems. We have equally started to host customers in our Tier 4 level Data Centre, the most advanced in Sub-Saharan Africa, which offers a reliable, flexible and scalable infrastructure so as to consolidate increasing capacities and high volumes of data. Our customers have always been at the heart of our strategies and we continuously seek to understand their needs and expectations and get the right insights through regular surveys.

During the year under review, we went through a rethinking phase and revamped our operations to come up with a new internal structure to help us support our transition to becoming a full technology service provider.

This led to our embracing agile working principles and gearing up to more responsive ways of working to tackle new challenges up front. Various collaborative self-organising cross-functional teams have emerged, encouraging innovation and responsiveness to developing market demand while bringing more value and creativity in projects that we undertake.

The whole idea behind moving from a telecommunications to a tech company is to reach a converging point between connectivity and technology, to position ourselves as a reference model in terms of end-to-end IoT applications and also revolution in the ICT sector.

Innovating constantly

Innovating and seeking new opportunities have become part of Mauritius Telecom's culture. What drives us is a desire to look after our customers and users. Indeed, we want them to always turn to us not only because of our name, our brand and our products and solutions, but also our incredible service.

In 2020, our Innovation team developed ground-breaking apps to help Mauritians through the worst parts of the health crisis:

- **beSafeMoris** app, developed in record time, in collaboration with the Ministry of Health and Wellness and the Ministry of Information Technology, Communication and Innovation, with the objective of providing official information on the Covid-19 pandemic.
- **Digital work access permit.** The beSafeMoris app, the most downloaded MT app during the confinement period, later integrated the digital work access permit, enabling an individual with a WAP to travel between home and work.
- **my.t money cashless service** to allow people to donate money instantaneously to the Covid-19 Solidarity Fund.

As people sought to maintain social distancing and use online means to access services, we launched many new digital services including:

- **my.t market,** accessed at mytmarket.telecom.mu, MT's online shopping platform through which customers can shop for a range of products from the comfort of their homes.
- **shop.myt.mu,** for the purchase of mobile phones and tablets, as well as to subscribe to Fibre + TV anytime, anywhere.

> ***"Innovating and seeking new opportunities have become part of Mauritius Telecom's culture."***

In 2020, having listened to our mobile customers' needs, we further revolutionised the mobile market:

- In September, we offered our customers a truly unlimited experience with the launch of the first Prepay 24-hour No Limit Data offer at only Rs 15, the best offer on the market at launch.
- In November, we once again launched a game-changing offer with a fully unlimited postpay offer – the Postpay No Limit 2000, which has provided our customers with everything unlimited, be it data, text messages, calls to local fixed lines or to other mobile operators while enjoying the fastest speed of the island for only Rs 2,000 per month.
- For the first time, our prepaid mobile customers were able to move to postpay while keeping their prepay number.
- In a world where the Covid-19 pandemic is accelerating the transition towards a cashless society and contactless payment, we facilitated the payment of all utility bills (CEB, CWA and MT) using the my.t billpay app and my.t money.
- Today my.t money is connected to all major banks in the country.
- We have transformed internet usage for our customers in Rodrigues. Following the deployment of the fibre network there, since October 2020 they can benefit from similar my.t services as on the main island TV & broadband (at very high speeds of 20M, 50M and 100M) and access to over 100 my.t TV channels.

Our commitment to mauritian society

As part of the leading role we occupy in Mauritius, Mauritius Telecom is committed to improving society for everybody.

A full account of our social responsibility activities appears in our Mauritius Telecom Foundation section. However, I will make mention of the exercise of which I have been particularly proud: the rollout of MUGA (multi-use games areas), an initiative of the Mauritius Telecom Foundation to promote healthy living through physical activity and education for all segments of the population.

MUGA are accessible to the general public and offer several facilities such as free fitness, yoga and Zumba classes, a futsal court, a jogging track and a petanque court, as well as an outdoor gym.

Two new MUGA facilities were launched in 2020, in La Source, Quatre Bornes, on 31 October and in Goodlands on 28 November. Meanwhile, the Goodlands MUGA became the first to adopt a cashless mode of payment. Customers no longer need to travel to make payment; they can reserve their futsal pitch via the MUGA application and make a cashless payment directly via my.t money to enjoy the facilities.

Ever onward and upward

During this past challenging year, we have shown our capability to achieve great things but that would have been impossible without the enormous contribution made by the whole Telecom Family. I cannot thank them all enough!

As a company we are also fortunate to have a very helpful Chairman and Board, to whom I extend my warm thanks for their unwavering support and guidance.

We are also very grateful to our customers, both new and old, without whom we would have no raison d'être.

We still have many challenges ahead as the pandemic continues to threaten our health and our economy. However I am fully confident that MT will continue to rise to these challenges by driving efficiency, providing the best products, services and customer experience, and thus ensuring our continued success in a highly competitive industry.

Manvendra (Sherry)
Singh

Chief Executive Officer

June 2021

my.t billpay

Fast, secure and hassle-free payments.

Always aiming to innovate and improve the lives of Mauritians, Mauritius Telecom launched the my.t billpay app in 2020, hence providing a single platform for the payment of utility bills (CWA, CEB and MT). It transformed traditional payment of bills and provided a secure and easy payment method through the app on any smartphone. A constantly increasing number of merchants are contributing to the success of the app.

Group Executive **Committee**

Manvendra (Sherry) **Singh**

Chief Executive Officer,
Mauritius Telecom

Sherry Singh, Chief Executive Officer of Mauritius Telecom since February 2015, is an ICT and Marketing professional with more than 20 years' experience in the Telecommunications and Marketing industry.

He started his career in 1999 and quickly rose to become the Marketing and Customer Service Manager in a well-established Mauritian telecom company, where he had the opportunity to undergo specific training in world-renowned international telecommunications companies based in the UK, Sweden and Sri Lanka. In 2003, he started his own business, specialised in marketing and telecommunications services.

He held the position of Senior Adviser to the Vice-Prime Minister and Minister of Finance and Economic Development from July 2010 to July 2011. During the same period, he was a board director of the State Investment Corporation, the Mauritius Duty Free Paradise and the State Land Development Company.

In February 2017, Sherry Singh was appointed as Special Adviser to the Prime Minister of Mauritius. At the beginning of 2020, he was nominated as board member of Air Mauritius and had the responsibility of chairing Air Mauritius' Transformation Steering Committee.

The FTTX Council Africa has recognised Sherry Singh's exceptional leadership qualities and his strategic role in making Mauritius the most connected country in Africa: he was awarded the Industry Personality of the Year in 2017 and the Leadership Award in 2018.

In July 2019, the honorary degree, Doctor Honoris Causa, was conferred on him by Middlesex University London. In the same year, Sherry Singh was appointed as SATA Chairman for the year 2019-2020 during the 39th Annual Conference held in Mauritius. Due to the challenges of the Covid-19 pandemic, his Chairmanship was unanimously extended by the SATA board for the year 2020-2021. During his tenure as Chairman, SATA Connect, the first ever SATA Digital Sharing platform, was launched in 2019.

Group Executive **Committee** (Cont'd)

Claire **Paponneau**

Deputy Chief Executive and Chief Operating Officer

Claire Paponneau holds a Master's degree in Science in Engineering from Telecoms ParisTech as well as a university research degree (PhD level) in Mathematics and Economics from l'Ecole Normale Supérieure.

She now has over 30 years' international experience in the telecom industry, having joined France Telecom in 1984 and climbed the corporate ladder to become Senior Vice-President, Industrial Relationships, followed by International Network Operations responsibilities within the Orange Group. From 2002 to 2009, she occupied the post of Senior Vice-President, International Wholesale Solutions, a fully integrated division of 20 countries and managed the Group International Wholesale. From 2009, she then held the post of Senior Vice-President, International Operations, for the Orange Group in West and Central Africa, covering seven countries.

Mrs Paponneau has been decorated Knight of the French National Order of Merit and is also an Adviser for French International Trade. She is a board member, as well as chairperson, of various NGOs. She was appointed as MT's Deputy Chief Executive and Chief Operating Officer in August 2016.

Arnaud Jacques Patrice **Perrin-André**

Chief Financial Officer

Prior to joining Mauritius Telecom, Arnaud Perrin-André was VP Finance, Strategy & Transformation at Orange France, bringing with him more than 20 years' experience in the telecommunications sector. Among his various assignments, he was Deputy Group Financial Controller, with responsibility for the consolidation of Group results, budgeting, forecasting and reporting Group performance to shareholders and stakeholders. As well as a Master's degree in Science in Civil Engineering from l'Ecole Centrale de Nantes, he holds an MBA from l'Institut d'Administration des Entreprises de Montpellier.

Nirmala **Ramjhuria**

Chief Human Resources Officer

Nirmala Ramjhuria holds a Degree in Management and has been the recipient of a Commonwealth Professional Fellowship. She is a trained facilitator for people development, as well as having Cubiks International certification as a psychometric test assessor.

Nirmala has more than 20 years' experience in human resources and, during her career, she has been responsible for driving resourcing, rewards and recognition and performance management systems.

Her previous posts include Executive Resourcing and Organisation Development and Executive Training and Development, as well as Manager People Acquisition and Analytics, and Head of HR.

Baboo Nootun Shamsingh (Girish) **Guddoy**

Chief Technical Officer

Girish Guddoy holds a degree in Electronics and Communications Engineering from the University of Birmingham, UK. He further completed an MBA with specialisation in Finance in 2006.

He joined MT in 2000 as an Engineer before taking up the managerial role of overseeing the operations of my.t's mobile network in 2008. In 2015, he was appointed Head of Network Strategy and Development to spearhead the evolution of the mobile, ISP and transmission networks. Girish Guddoy assumed responsibility of Chief Technical Officer as from May 2020.

Group Executive **Committee** (Cont'd)

Velamah **Cathapermal-Nair**

Chief Legal & Regulatory Affairs Officer

Velamah Cathapermal-Nair is a member of the Canadian and Mauritian Bar Associations, and an accredited mediator and arbitrator. She started her career as a State Law Counsel for the Government of Quebec in Montreal and afterwards practiced with a private legal firm in Montreal mainly in ICT, Media, Competition and Corporate Law.

At Mauritius Telecom, she deals with both contentious and transactional issues and advises on legal issues in managing the products and services portfolio. She provides deep understanding of the regulations affecting the sector, ensures compliance with fintech law and provides legal risk analysis and guidance in the realms of data privacy. Velamah also regularly appears before the Information and Communication Technologies Authority, the Independent Broadcasting Authority, the Data Protection Commission and the Competition Commission of Mauritius.

Muhammad Bilal **Molabaccus**

Chief Marketing and Mobile Financial Services Officer

Bilal Molabaccus has over two decades of marketing leadership expertise in various leading companies across multiple industries including, banking, retail and telecommunications.

He oversees Mauritius Telecom's product design, pay TV strategy and overall brand communications. In his role, Bilal is responsible for growing market share, drive demand and building customer loyalty. Bilal also has the challenge of pursuing the company strategy in the mobile finance business. His focus is on creating faster, simpler and happier digital lifestyles through fintech.

He leads with passion a dedicated team focused on managing the end-to-end lifecycle of Mauritius Telecom's products portfolio.

Viren K. **Bissoonauth**

Chief Information Officer

Viren K. Bissoonauth holds a Bachelor's degree in Computer Science from Acadia University, Canada, and holds a Master's in Management International (MMI) from the University of Phoenix, Arizona, USA. He has held various senior positions in the private sector, locally and internationally, and acted as consultant for various projects worldwide.

He was formerly the Head of the IT Division at Mauritius Telecom until October 2006, after which he joined the private sector and worked in France, Djibouti and Algeria. He has 30 years' experience in the ICT sector, his work including pioneering and managing complex IT solution designs and cloud-based applications. He re-joined Mauritius Telecom in July 2015 as Chief Information Officer.

Khoymil **Goburdhun**

Chief Internal Audit & Risk Management Officer

Khoymil Goburdhun is a Fellow of the Association of Chartered and Certified Accountants and a Certified Internal Auditor. He also holds a Master's degree in Business Administration, specialising in Marketing.

With more than 25 years' experience in the telecommunications sector, Khoymil has served in various management positions within the Group and was the Finance and Administration Manager of Telecom Plus from 1996 to 2001.

He is a member of the Mauritius Institute of Directors, the Mauritius Institute of Professional Accountants and a founder member of the Institute of Internal Auditors Mauritius.

Group Executive **Committee** (Cont'd)

Preetam Kumar (Bobby) **Ramsoondur**

Chief Consumer Market Officer

Bobby Ramsoondur joined the Group in 1997 as a Systems Engineer and contributed to the launching of internet services in Mauritius. His passion for technology and business development, coupled with international exposure, allowed him to grow within the organisation and gather strong experience in the telecoms industry.

Bobby studied Electrical and Electronics Engineering, graduating from the Ecole d'Ingénieur Polytech Clermont-Ferrand, France. He further undertook an MBA at the Institut d'Administration des Entreprises de Poitiers, France, as well as an Executive MBA jointly awarded by the Ecole de Management of Lyon, France, and the Cranfield School of Management, UK.

He was appointed Chief Marketing and Consumer Sales Officer in September 2015 and has occupied the position of Chief Consumer Market Officer since June 2020.

Neeraj **Mounien**

Chief Enterprise Solutions Officer

Neeraj Mounien holds a post-graduate degree in Computer Science from London Guildhall University and an MBA from Poitiers University, France. He has more than 15 years' experience as a professional in the ICT sector.

He joined Mauritius Telecom in November 2015 as the Chief Enterprise Solutions Officer. Prior to that, he had worked for eight years at Microsoft Indian Ocean Islands and French Pacific, variously as Business Development Manager, Public Sector Lead, Channel Manager and Senior Account Manager.

Leckraj Raja Rai **Basgeet**

Chief International Business Development Officer

Leckraj Raja Rai Basgeet holds a Bachelor of Technology (Hons) in Electrical & Electronics Engineering and an MBA with specialisation in Marketing, and has followed a PGD course on Digital Transformation from the Massachusetts Institute of Technology (MIT). He has over 25 years' experience in the MT Group and has been a key contributor to several projects encompassing fixed, mobile and broadband technologies.

From 2001 to 2007, he was Head of Cellplus Networks Division and, from 2007 to 2010, he led MT Networks Planning Division. He then led the Business Development Division, contributing to the expansion of the Company's footprint internationally.

From June 2015 to May 2020, he was Mauritius Telecom's Chief Technical Officer, with the role of ensuring that the Company's technology strategy serves and develops its business strategy.

Rai is now leading international business development strategy with the aim of contributing to the Group's growth and expansion.

Yogendresing (Avinash) **Soobul**

Chief Innovation Officer

Avinash Soobul holds a Bachelor of Engineering Degree in Electronics and Communications with specialisation in the mobile and networking fields. He has over 17 years of hands-on experience in the field of ICT and Telecommunications within the MT Group. He is well acquainted with the deployment and operation of the mobile and broadband network and ICT related services.

From 2004 to 2014, he led the implementation of various value-added services and mobile prepaid projects for Mauritius Telecom. From 2015 to 2017, he headed the special project team for the implementation of various strategic projects. He is now leading the Innovation team and is contributing to bringing in new technologies and innovation for the digitalisation of the MT Group and its services.

Group Executive **Committee** (Cont'd)

Mekraj **Baldowa**

General Manager - CSL

Mekraj Baldowa joined the Mauritius Telecom Group as General Manager of CSL, a wholly-owned subsidiary of the Group, on 1 July 2020. As a versatile professional with over 30 years of cross-sector and cross-industry accomplishments behind him, Mekraj is now passionate about transforming CSL into an innovative contact centre and a high-tech BPO service provider.

Mekraj holds a Master in Business Administration with distinction. He is a Certified Practitioner of Neuro-Linguistic Programming from the American Board of NLP, USA, and is a Trainer and Coach of the Seven Habits of Highly Effective People of Stephen Covey. He is also a Member of the Association of Human Resource Professionals of Mauritius. Mekraj was the recipient of an African Leadership Excellence Award in 2017.

Corporate **Governance Report**

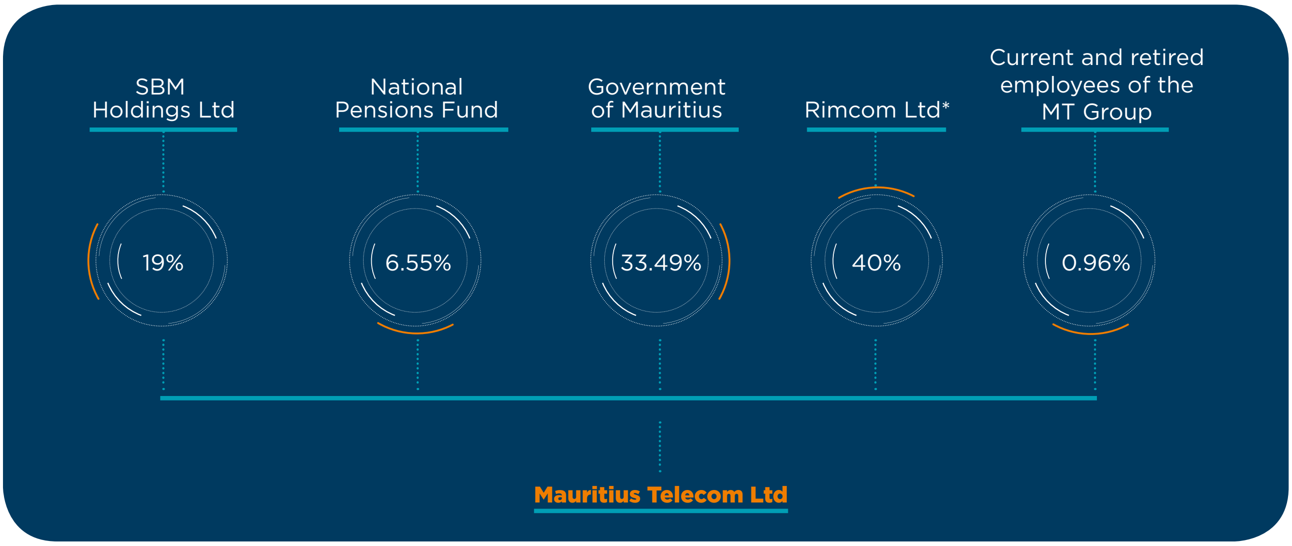
Mauritius Telecom Ltd ("the Company") is a public limited company and qualifies as a Public Interest Entity under the Financial Reporting Act 2004.

The application of the National Code of Corporate Governance (2016), for the reporting period ending 31 December 2020, introduced the concept of 'apply and explain' the eight principles of governance:

1. Governance structure
2. The structure of the Board and its Committees
3. Director appointment procedures
4. Directors' duties, remuneration and performance
5. Risk governance and internal control
6. Reporting with integrity
7. Audit
8. Relations with shareholders and other key stakeholders

The Board considers that the Company has complied in all material respects, as far as practical, with the principles of the National Code of Corporate Governance (2016). The present report sets out how the principles of the Code have been applied within the Company.

Holding structure



** Rimcom is an investment vehicle wholly owned by Orange SA (formerly France Telecom)*

Corporate **Governance Report** (Cont'd)

Substantial shareholders

Details of shareholders holding more than 5% of the Company's shares are included in the holding structure above.

In addition, employees and past employees together hold 0.96% of the Company's shares further to a share participation scheme introduced in June 2007.

Dividends

Having regard *inter alia* to net results, general financial performance, and subject to capital requirements and investment needs, the Company distributes dividends, the level of which are expected to remain sustainable in the medium and long term under normal circumstances.

Shareholders' Agreement

The Shareholders' Agreement was signed in November 2000 between the Government of Mauritius and Rimcom Ltd (Mauritius Telecom's strategic partner). The current composition of the Board is pursuant to the Shareholders' Agreement which provides that the Government of Mauritius shall nominate for appointment five out of nine directors while Rimcom Ltd shall nominate four directors. Five of the nine directors are Mauritian citizens and are residents of Mauritius. Four directors are foreign citizens.

The Shareholders' Agreement confers the right to appoint directors based on the competencies, experience and age of the candidate and gender diversity. By virtue of the Shareholders' Agreement, succession plans for directorship appointments remain at the discretion of the shareholders.

Due to the dynamic nature of the Company's operations, the establishment of a standard induction plan has been considered. However, in the event of a new appointment to the Board, the Chairman of the Board and the Company Secretary would, where required, tailor an appropriate induction plan to update the new member on the Company's current position and future financial and performance objectives to ensure the effective integration and orientation of him/her to the Board.

Board Charter

The Board Charter, which includes the following, is governed by the Shareholders' Agreement:

- Organisation of Board meetings
- Quorum
- Election of directors
- Voting rights of directors
- Dividend policy
- Matters pertaining to Management
- Annual business plan
- Deadlock resolution

Board of Directors

The detailed composition of the Board of Directors can be found on pages 20 to 25 of the Annual Report, together with a profile of each director. The profiles also include details of other directorships of each Board member, where applicable.

The Board is well balanced with members who have appropriate knowledge, skills and experience including within the telecommunication sector at both operational and financial level. All members, collectively and individually, bring along their expertise to Board meetings, sharing their vision of the Company and enriching the professional development of the Board and its members.

The directors assume the responsibility for orientating business operations and implementing proper controls for their effective performance. They are also responsible for compliance with legal and regulatory requirements. Any new legal regulation is assessed and its impact on the Company's IT and financial reporting environment (as assessed by the appropriate key management people) is reviewed before integrating an implementation plan within the normal course of business activities. None of the directors of Mauritius Telecom hold shares in the Company nor in its subsidiaries.

The Chairman heads the Board of Directors, which is composed of the nine members elected by the shareholders.

The Chief Executive Officer (CEO) and/or his representative, participating at a Board of Directors meeting, fulfills the duties of an executive director which comprise giving an overview of the health of the Company and its subsidiaries. There is no restriction on gender or age. All directors are non-executive. The appointment of the directors is governed by the Shareholders' Agreement. The effectiveness of the Board with its current composition is adequate as the financial and operational performance, presented by the CEO and other key management persons attending a Board meeting, is challenged by the non-executive directors as necessary.

Directors nominated for appointment are elected each year at the Annual Meeting of Shareholders.

Board meetings are normally held every two months or at such intervals as may be required. In addition to meetings held in Mauritius, teleconferences are held when necessary to discuss important matters. The Board determines the orientation of the Company's activities in terms of goals and strategies and approves its strategic and operating plans. It also examines and approves major policy decisions as well as the Company's annual operating and investments budgets, and any other capital expenses.

The Board is responsible for the monitoring of the Company's internal control mechanisms and its management information systems. To ensure their proper and effective implementation, the Company has established a separate Audit/Risk Management and Remuneration committee..

The members of the Board are also individually responsible to report any interest to the Board. The Company Secretary maintains the interest register as required by law

Evaluation of the effectiveness of the Board remains in the hands of the Chairman and the shareholders.

Chief Executive Officer

Pursuant to Section 4.2 (c) of the Shareholders' Agreement, the Chief Executive Officer is appointed by the Board of Directors upon proposal of Government after consultation with Mauritius Telecom's strategic partner.

The duties and responsibilities of the Chief Executive Officer are:

- To be responsible and accountable to the Board of Directors for the overall management of the Company and the Group, including responsibility for the conduct of the day-to-day operations of the Company and the Group.

Senior Management

The profiles of Senior Management members can be found on pages 40 to 48 of the Annual Report.

Company Secretary

The Company Secretary ensures the proper co-ordination and conduct of Board, Shareholder and Board Committee meetings. He advises the Chairman and the Chief Executive Officer on the Company's corporate governance policies and practices, and on compliance with relevant legislation. He ensures that the legal interests of the Company are safeguarded.

Related-party transactions

All related-party transactions are disclosed in note 34 to the consolidated and separate Financial Statements.

Memorandum and Articles of Association

The Memorandum and Articles of Association of Mauritius Telecom Ltd is in conformity with the Mauritius Companies Act 2001 and is a public document.

The Company has wide objectives which include the provision of telecommunication services and products of all kinds.

The liability of members is limited.

There are no pre-emptive rights attached to shares.

All ordinary shares rank equally for purposes of rights to dividends and other distributions.

The Government of Mauritius holds a Special Share which entitles it to voting rights which are stated in Clause 2.1A of the Articles of Association.

All shareholders are entitled to receive notice to attend and to vote at General Meetings of the Company.

Management agreement

Neither the Company nor any of its subsidiaries has any management agreement with a third party who is a director, or with a company owned or controlled by a director.

Share-option plans

The Company has no share-option plans.

Remuneration of directors

An aggregate of directors' fees is to be found in the Directors' Annual Report and in note 27 to the consolidated and separate Financial Statements.

In view of commercial sensitivity and confidentiality requirements, the remuneration of directors has been disclosed in aggregate in note 27 of the consolidated and separate Financial Statements.

Remuneration policy

The remuneration of directors is considered by the Board's Remuneration Committee.

A resolution to that effect is passed by shareholders at the Company's Annual General Meeting of Shareholders. Remuneration consists of a fixed fee as well as variable fees, which are determined by the attendance of a director at Board and Board Committee meetings.

Committees

The following committees have been established to act as an evaluator in various key areas, on organisational health and on ensuring sound management of risks. Committees set up are as follows:

Remuneration Committee

For reasons of harmonisation of policy, the Remuneration Committee is chaired by the Chairman of the Board.

In 2020, the Remuneration Committee was composed of the following Board members:

Nayen Koomar Ballah *GOSK* - Chairman

Koosiram Conhye

Dheerendra Kumar Dabee *GOSK* SC

Corporate Governance Report (Cont'd)

Committees (Cont'd)

Remuneration Committee (Cont'd)

Olivier Froissart

Bruno Mettling (to 30 September 2020)

Alban Lo Gatto (from 30 September 2020)

The Remuneration Committee reviews all aspects of the terms and conditions of service of managerial and non-managerial staff. Recognising that remuneration packages are a major cost but also a significant management resource, the Remuneration Committee ensures inter alia that the remuneration packages provided to management and staff are competitive and that the remuneration system offers the possibility of excellent reward for excellent performance.

The Remuneration Committee also reviews the remuneration of directors. There is no long-term incentive plan established for any director.

There was no remuneration to the non-executive directors in the form of share options and bonuses associated with organisational performance.

The following are part of the Remuneration Committee's terms of reference:

- To examine reward packages as a whole, with a view to ensuring overall competitiveness
- To maintain an effective system of job evaluation so as to ensure that the grade structure is maintained at Management level

The Remuneration Committee's terms of reference include Mauritius Telecom Ltd as well as subsidiary companies that form part of the MT Group.

Audit/Risk Management Committee

The members of the Audit/Risk Management Committee are appointed by the Board.

During the year 2020, the Audit/Risk Management Committee was composed of the following Board members:

- **Ludovic Pech -** Chairperson
  (to 12 February 2020)
- **Elisabeth Medou Badang** - Chairperson
  (from 29 June 2020)
- **Koosiram Conhye**
- **Olivier Froissart**
- **Dharam Dev Manraj** *GOSK*
- **Ramesh Bheekhoo** (from 29 June 2020)
- **Christian De Faria** (to 30 September 2020)
- **Jean Francois Thomas** (from 10 December 2020)

The Audit/Risk Management Committee is a standing committee of the Board established to assist it in fulfilling its fiduciary responsibilities.

The Audit/Risk Management Committee meets as and when required, generally prior to Board meetings.

The following are part of the Audit/Risk Management Committee's terms of reference:

- Review the Group and the Company's financial statements and other financial documents to be submitted for Board approval.
- Review the financial reporting process to ensure compliance with accounting standards and relevant legislation.
- Review the Group's and the Company's Internal Audit Function and its relationship with external auditors, ensure that internal control procedures are in place and assess their adequacy and effectiveness.
- Ensure that the Group and the Company comply with laws and regulations in force, conduct their affairs ethically, maintain effective control over employee conflict of interest and fraud, and adhere to applicable standards of corporate governance
- Make recommendations to the Board on matters relating to the financial affairs of the Group and the Company and corporate governance.
- Review and approve risk policy on an annual basis.
- Establish the systematic and continuous identification, evaluation, measurement and mitigation practices of operational risks as they pertain to the Group and the Company.
- Define and approve clear risk-management practices and prudential limits, and strategy covering risk-management philosophy and responsibilities throughout the Group and the Company.
- Reduce and mitigate identified risks to an acceptable level or consider their transfer.
- Ensure that adequate and effective controls and measures are in place to manage the most significant risk factors and respond in a manner that is appropriate and proportional to the risks identified.

The Audit/Risk Management Committee's terms of reference include Mauritius Telecom as well as the subsidiary companies which are part of the MT Group.

Internal Audit

The internal audit function ensures that the Company and its subsidiaries are efficiently run in compliance with internal control mechanisms. It is headed by the Chief Internal Audit and Risk Management Officer, K Goburdhun, who reports directly to the Audit Committee.

His duties include the development and implementation of a comprehensive audit programme for the evaluation of management controls for the major activities of the operating components within the Group.

He investigates and examines the effectiveness of the use of Company resources and compliance with established and new policies, procedures and processes. There is no restriction from the Board or key management personnel on the scope of the Internal Audit Department's review nor on the scope of the right to information required for its review. He reports on audit findings on a regular basis to the Audit Committee.

External Audit

The external auditors, Messrs Deloitte, were appointed for the statutory audit of the financial year ended 31 December 2020. The external auditors meet with the members of the Audit/Risk Management Committee to discuss and finalise the scope of the audit approach, the audit execution plan and findings arising from the audit process (including internal controls).

The members of the Audit/Risk Management Committee evaluate the performance of the external auditors, audit quality and their findings as criteria for re-appointment.

Corporate Governance Committee

The Corporate Governance Committee duties are discharged by the Audit/Risk Management Committee.

Internal control mechanisms

To promote the adequacy and effectiveness of internal controls within the Company and its subsidiaries, the following mechanisms are used to ensure that operations are adequately monitored and in line with established policies and processes:

- Board committees with specific focus as described above.
- Clear roles and responsibilities for each employee within the organisational structure with well-defined lines of reporting.
- A formalised annual budgetary exercise driven by all departments leading to the annual budget which is put to the Board for approval.
- Monthly monitoring of performance against budgets with explanations on variances for the operating components within the Group.
- An Internal Audit Department with the Internal Auditor reporting to the Audit Committee.

Board and Board Committee attendance

The record of attendance at Board and Board Committee meetings can be found at the end of this section of this Report.

Risk management

A description of key risks and how they are managed can be found in the Business Review section of the Annual Report.

Climate change and green actions

Initiatives relating to the Company's carbon reduction commitment and green actions at Group level can be found in the Business Review section of the Annual Report.

Business Continuity

As part of its organisational resilience strategy, Mauritius Telecom has consolidated its current business continuity systems. A proactive approach to business continuity planning to help minimise the impact of disruption to customers, employees and stakeholders has been implemented. It is critical for Mauritius Telecom to maintain operational effectiveness and flexibility for any scenario regardless of cause or duration. Customers rely on Mauritius Telecom for 24/7 connectivity, especially during times of extreme weather events, natural disasters and pandemics.

Mauritius Telecom was able to meet the challenge of continuity of service during the pandemic lockdown through proper business continuity programmes, including work from home. It has provided management with assurance that critical business processes will continue operating at acceptable levels by focusing on the availability of information and infrastructure.

A new war room was created to allow relocation and continuity of service to Mauritius Telecom customers in case of disaster. Resources were also allocated to make the room comfortable and create a lively environment.

Mauritius Telecom participated in the yearly exercise organised by the National Disaster Risk Reduction and Management Centre (NDRRMC) as part of a preparedness programme for emergency and crisis situations.

All business continuity plans are being updated and stored offsite.

Physical security

a) An innovative access card using QR code was provided to Company contractors attending customer premises both in Mauritius and Rodrigues.

b) A digital visitors' log book was introduced at MT offices.

c) Data centres at Rose Belle and Rose Hill were accredited to ISO 27001 including physical security requirements.

d) IR cameras for temperature control were deployed at all Telecom shops and office sites.

e) All Mauritius Telecom sites and assets are safeguarded by professional security service providers and state-of-the-art integrated security systems.

Corporate **Governance Report** (Cont'd)

Conflicts of interest

Matters relating to conflict of interest, if any, are dealt with under Clause 14 of the Company's Articles of Association.

Ethics

The Company's conditions of service contain a specific section relating to the Code of Ethics and the general obligations of employees. Members of specific professions who are employed by Mauritius Telecom Ltd (for example accountants and engineers) are also governed by the particular codes of ethics established by their respective professional bodies. During day-to-day operations, the monitoring of compliance remains in the hands of key management staff who are to report on instances of non-compliance to the Board and other relevant committees deemed appropriate.

There is also an MT Charter for Ethical Business, introduced so as to provide guidelines to MT Group employees on ethical conduct.

Courses were delivered by a team of trainers so as to sensitise all staff to the Charter.

Corporate social responsibility (CSR)

CSR activities are detailed in the Business Review section of the Annual Report. Mauritius Telecom Ltd complies with the requirements relating to corporate social responsibility through the Mauritius Telecom Foundation, a subsidiary of Mauritius Telecom Ltd, which implements CSR projects on behalf of the Group and the Company in consultation with the National Social Inclusion Foundation of the Government of Mauritius.

The Mauritius Telecom Foundation actively participates in funding major national projects promoting social integration, economic empowerment and poverty alleviation. Other CSR initiatives include support to community projects in the fields of Information and Communication Technology, socio-economic development, education, health, leisure & sports, and the environment.

Two additional MUGA (multi-use games area) were launched in 2020 as part of Mauritius Telecom's CSR responsibilities. As at December 2020, a total of five MUGA has been launched.

Health and safety

Mauritius Telecom complies with the requirements of health and safety legislation. Related company activities, including internal awareness campaigns, are detailed in the Business Review section.

Annual shareholders meeting

The Company is not listed on the Stock Exchange of Mauritius. Therefore, it does not set the advance timetable dates for reporting and meeting required under the rules for listed companies.

A formal Annual Meeting of Shareholders is held every year. Advance notice, in line with the provisions of the Mauritius Companies Act 2001, is issued to directors and all shareholders.

The calendar of key events is as follows:

Events	Month
Financial year	January to December
Dividend declaration	December, subject to adequate visibility on financial indicators
Annual Meeting of shareholders	September

In addition to the shareholders, who are the key stakeholders in the Group and the Company, the below-mentioned stakeholders are also considered of major importance for the Group and the Company's successful progress:

1. Customers
2. Employees
3. Suppliers/creditors
4. Regulators
5. Banks

The Group and the Company engage with their stakeholders through open and effective communication to respond to their expectations and interest. The Group and the Company provide transparent information on the Company's business activities and other matters as may be required their websites (myt.mu and telecom.mu) and press communiqués.

Donations

There was no donation made by the Group during the financial year ended 31 December 2020 (2019: Rs'000s 1,070).

There was no political funding made during the financial year ended 31 December 2020 (2019: Nil).

On behalf of the Board of Directors

Conrad
Colimalay

Company Secretary

24 June 2021

Statement of **Compliance**

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

Name of Public Interest Entity: **MAURITIUS TELECOM LTD**

Reporting Period: **Year ended 31 December 2020**

We, the Directors of **MAURITIUS TELECOM LTD**, confirm that, to the best of our knowledge, Mauritius Telecom Ltd has complied with all of its obligations and requirements under the National Code of Corporate Governance (2016) in all material aspects.

Signed by:

Chairman and one Director

Nayen Koomar
Ballah GOSK

Chairman

24 June 2021

Dharam Dev
Manraj GOSK

Director

24 June 2021

MUGA

Promoting a healthy lifestyle for all Mauritians through fun and fitness.

An initiative of the Mauritius Telecom Foundation, the first MUGA was inaugurated in August 2018 to foster healthy living and fitness in the community.

State of the art infrastructure and technology-powered sports activities are now accessible through 5 MUGA complexes around the country and extend to all segments of the population.

Board and Board Committee **attendance during 2020**

The table below details the record of attendance at Board and Committee meetings during the year.

	Board Of Directors Meeting	Remuneration Committee	Audit/Risk Management Committee
No of meetings held	3	2	3
Directors			
N K Ballah *GOSK*	3	2	n/a
R Bheekhoo	3	n/a	1
K Conhye	3	2	3
D K Dabee *GOSK SC*	3	2	n/a
C de Faria (to 30 September 2020)	2	n/a	2
O Froissart	3	2	3
D D Manraj *GOSK*	3	n/a	3
B Mettling (to 30 September 2020)	2 by alternate	2 by alternate	n/a
A Lo Gatto (from 30 September 2020)	1	-	n/a
L Pech (to 12 February 2020)	1 by alternate	n/a	-
E Medou Badang (from 12 February 2020)	2	n/a	2
J F Thomas (from 30 September 2020)	1	n/a	1

n/a: Not applicable – where the Director is not a member of the committee.

Directors' **Annual Report**

The Directors have pleasure in presenting their annual report along with the audited consolidated and separate financial statements of Mauritius Telecom Ltd (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020.

Nature of business

The Group's and the Company's main activity is the provision of telecommunications and related Information Communication and Technological (ICT) services.

The main activities of the wholly owned subsidiaries of the Company are as follows:

- Cellplus Mobile Communications Ltd provides mobile and ancillary telecommunication products and services.
- Telecom Plus Ltd offers internet and IT-enabled services.
- Teleforce Ltd is the media and communications arm of Mauritius Telecom Group. It manages the Group's media strategy, media planning and advertising programmes using a range of print, electronic, digital and outdoor platforms.
- Call Services Ltd provides call-centre services which include directory enquiry and customer-relationship management (CRM) services.
- MT Properties Ltd offers property management services mainly for the Group.
- Mauritius Telecom Foundation administers the Group's corporate social responsibility (CSR) activities and programmes.
- MT International Ventures PCC holds investments in other entities for the Group.
- MT Services Ltd recruits employees for the Mauritius Telecom Group.

Results for the year

The Group's and Company's profits/(losses) after tax, for the financial year were:

Rs'000s 551,861 (2019: Rs'000s 617,959) and Rs'000s (188,376) (2019: Rs'000s (390,286)) respectively.

Earnings per share for the year were Rs 2.90 (2019: Rs 3.25 per share).

The audited consolidated and separate financial statements for the year ended 31 December 2020 are annexed.

Board of directors

The directors of the Company and of its subsidiaries in the Group are non-executive.

The following members held office as directors of companies within the Group during 2020:

Mauritius Telecom Ltd

Nayen Koomar Ballah *GOSK - Chairman*

Ramesh Bheekhoo

Koosiram Conhye

Dheerendra Kumar Dabee *GOSK, SC*

Christian De Faria *(to 30 September 2020)*

Olivier Froissart

Dharam Dev Manraj *GOSK*

Ludovic Pech *(to 12 February 2020)*

Elisabeth Medou Badang *(from 12 February 2020)*

Bruno Mettling *(to 30 September 2020)*

Alban Lo Gatto *(from 30 September 2020)*

Jean Francois Thomas *(from 30 September 2020)*

Cellplus Mobile Communications Ltd

Manvendra Singh - *Chairman*

Tarkaswar Cowaloosur *(to 14 October 2020)*

Nirmala Ramjhuria *(from 14 October 2020)*

Yogendresing Soobul *(from 14 October 2020)*

Babou Nootun Shamsing Guddoy *(from 14 October 2020)*

Call Services Ltd

Manvendra Singh - *Chairman*

Tarkaswar Cowaloosur *(to 15 October 2020)*

Conrad Colimalay *(from 15 October 2020)*

MT Services Ltd

Manvendra Singh - *Chairman*

Tarkaswar Cowaloosur *(to 16 November 2020)*

Nirmala Ramjhuria *(from 16 November 2020)*

Teleforce Ltd

Manvendra Singh - *Chairman*

Tarkaswar Cowaloosur *(to 18 November 2020)*

Conrad Colimalay *(from 18 November 2020)*

Directors' Annual Report (Cont'd)

Nature of business (Cont'd)

Telecom Plus Ltd

Manvendra Singh - *Chairman*

Leckraj Raja Rai Basgeet

Conrad Colimalay

Preetam Kumar Ramsoondur

Tarkaswar Cowaloosur *(to 10 December 2020)*

Nirmala Ramjhuria *(from 10 December 2020)*

MT Properties Ltd

Manvendra Singh - *Chairman*

Tarkaswar Cowaloosur *(to 19 January 2021)*

Nirmala Ramjhuria *(from 19 January 2021)*

Mauritius Telecom Foundation

Manvendra Singh - *Chairman*

Tarkaswar Cowaloosur *(to 19 January 2021)*

Nirmala Ramjhuria *(from 19 January 2021)*

MT International Ventures PCC

Manvendra Singh - *Chairman*

Leckraj Raja Rai Basgeet

Tarkaswar Cowaloosur *(to 20 January 2021)*

Conrad Colimalay *(from 20 January 2021)*

Directors' remuneration

Total remuneration and benefits paid to Board directors by the Company during the year are disclosed in note 27 (Directors' emoluments) of the consolidated and separate financial statements. These include directors' fees and benefits in cases where such benefits are applicable, such as the provision of a company car, telecommunication facilities and allowances.

No fees or benefits are paid to directors of MT subsidiary companies.

Statement of directors' responsibilities

The responsibilities of the directors in respect of the operations of the Group and the Company are as follows:

Consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements consisting of the statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cashflows, together with the notes to the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and Financial Reporting Act 2004.

The directors are also responsible for the integrity of these annual consolidated and separate financial statements and for the objectivity of any other information presented therein.

In preparing the consolidated and separate financial statements, the directors confirm that they have:

- kept proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company;
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- safeguarded the assets of the Group and the Company by maintaining appropriate systems and procedures;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- stated whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the consolidated and separate financial statements;
- prepared the consolidated and separate financial statements on a going concern basis; and
- adhered to the National Code of Corporate Governance (2016) and maintained adequate accounting records and an effective system of internal control and risk management.

Declaration of interest

Nil.

Internal control

The directors have overall responsibility for taking such steps, as are reasonably open to them, to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities. Systems have been put in place to provide the directors with such reasonable assurance.

The systems are designed to ensure that all transactions are authorised and recorded, and any material irregularities detected and rectified in a timely manner.

The Group and the Company have an Internal Audit function which assists Management in effectively discharging its responsibilities. Internal Audit is an independent function that reports directly to the Audit Committee and which reviews business controls on an on-going basis.

Risk Management

Risk Management ensures that directors are made fully aware of the various risks that may affect Group's and the Company's activities. The directors are responsible for taking appropriate measures to mitigate such risks through policies, procedures and other controls.

Governance

The Code of Corporate Governance is closely followed *(See the Corporate Governance Report).*

Dividends

Dividends amounting to Rs'000s 161,500 were declared during the year ended 31 December 2020 (2019: Rs'000s 782,800).

Donations

There was no donation made by the Group during the year ended 31 December 2020 (2019: Rs'000s 1,070).

There was no political funding made during the financial year ended 31 December 2020 (2019: Nil).

Auditors

The fees payable to the auditors for audit services for the year ended 31 December 2020 are as follows:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Audit Services	6,200	5,431	2,800	3,372

No other services were contracted from the auditors.

The re-appointment of auditors will be discussed at the next Annual Meeting.

Note of appreciation

The Directors wish to thank the Chief Executive Officer and his team for their hard work and congratulate them for the results achieved.

Approved by the Board of Directors and signed on its behalf.

N K **Ballah** GOSK

Chairman

24 June 2021

D D **Manraj** GOSK

Director

24 June 2021

Highlights 2020

Standing by the *people*

2020 was an unprecedented year as the world and Mauritius confronted the Covid-19 pandemic. From the onset of the first lockdown in March 2020, Mauritius Telecom displayed its strong commitment to supporting both the authorities and Mauritians in the fight against the virus.

Exceptional measures for MT customers

Mauritius Telecom took extraordinary measures in order to alleviate the stress due to the first lockdown for its customers: free viewing of more than 100 my.t TV channels, doubling of the volume allowance at no additional charge, no disconnection of lines in case of non-payment and no penalty fee for late payment.

Technicians in flu clinics

Wi-Fi and broadband for health services

Mauritius Telecom also immediately placed its technological expertise at the service of the health authorities. MT's technical teams installed free Wi-Fi in Covid-19 quarantine centres. Moreover, high speed internet was deployed in flu clinics, as well as in the Central Health Laboratory and Virology Department of Victoria Hospital in Candos. A hotline – 8924 – was also set up.

Highlights 2020 (Cont'd)

Enabling the authorities to *operate* and *communicate*

beSafeMoris

MT developed beSafeMoris, the website and app, in collaboration with the Ministry of Health and Wellness and the Ministry of Information Technology, Communication and Innovation, to provide the population with up-to-date official information about the Covid-19 situation in the country. beSafeMoris was launched on 25 March 2020.

Digital Work Access Permit

The digital Work Access Permit (WAP) was subsequently included on beSafeMoris. This proved to be an indispensable tool for the Mauritius Police Force and it enabled Mauritians to travel to work during the partial deconfinement in mid-May 2020.

MT Employee working from home

Covid-19 Solidarity fund

Contributions to the Covid-19 Solidarity Fund were facilitated through my.t money.

Press briefing tool

A special tool was developed for the National Communication Committee on Covid-19 which allowed its members to receive questions from the media.

Videoconferencing solutions

During lockdown, Mauritius Telecom enabled the authorities to continue to operate thanks to the setting up of videoconferencing solutions. The Prime Minister, ministers and government officials had access to Teams. During the initial lockdown, the cabinet meeting was held for the first time via Teams.

Work from home solutions

Major private and public companies, such as the MCB, SBM, CEB and MRA, as well as call centres, were able to ensure business continuity through technological solutions which facilitated working from home.

Digital services

New digital services, including mytmarket.telecom.mu and shop.myt.mu, were also launched to respond to the accelerating need for contactless services.

Wall of Fame

In order to help create positive feelings within the population in these stressful times, Mauritius Telecom developed a Wall of Fame website to celebrate frontliners and other patriots making positive contributions to society.

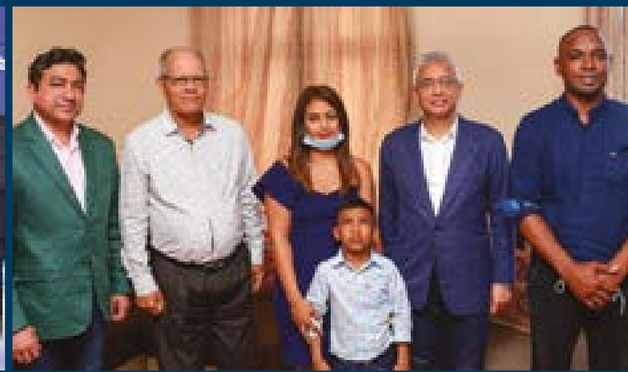
Achievements for *society*

my.t home in Rodrigues

11 October, another historic moment for Rodriguans, when households in Rodrigues were connected to the fibre network. The following day, Mauritius Telecom launched its my.t Home offers in the island.

my.t billpay

Mauritius Telecom's my.t billpay app became a unique payment platform for the settlement of my.t, CWA and CEB bills, using my.t money as mode of payment. The new service was launched on 26 November by the CEO of MT, Sherry Singh, and the General Managers of CEB and CWA, Jean Donat and Hoolass Lochee respectively.



New unlimited offers

Four new high-speed data pack offers for MT's prepay customers were launched on 22 September: the 24H No limit at Rs 15, the Weekly Unlimited, the Monthly Unlimited and the 3-Month Unlimited. The event was held at the Hennessy Park Hotel.

On 28 September, the CEO met key mobile prepay distributors and major retailers for a workshop at Telecom Tower.

Finally, on 10 November, Mauritius Telecom's CEO presented three new packages: Postpay 500, the Postpay 1000 and the No limit Postpay 2000 during a chic cocktail party at Le Suffren Hotel's Pink Socks Seafront Bar.

Highlights 2020 (Cont'd)

MUGA the success story

Mauritius Telecom opened two additional technology-enabled sports complexes in 2020. MUGA La Source was inaugurated on 31 October with exceptional new features: a Senior Citizen's Corner and an automated external defibrillator (AED), a life-saving device in case of cardiac arrest.

MUGA Goodlands was then launched on 28 November. Here again, new components were introduced: the exclusive mode of payment for booking the Futsal pitch using my.t money and first MUGA covered pitch and stands.

Both complexes were inaugurated by the Prime Minister, Pravind Jugnauth, and the CEO of Mauritius Telecom, Sherry Singh.

Caring for our people

MT staff rose to the occasion and undertook field intervention during the first lockdown in 2020 despite the risks involved. A ceremony was organised on 21 September at the Hennessy Park Hotel in Ebene to recognise the commitment of 171 Telecom frontline employees. During the event, MT also acknowledged the support of other employees who worked during the period of lockdown.

To provide the same kind of facilities to all its employees, Mauritius Telecom inaugurated a wellness centre for its staff in Rodrigues, on 10 October. The centre is located at Fond La Digue in Port Mathurin and is a fully equipped gym with all amenities.

During a visit to the CSL premises in Ebene on 5 November, Sherry Singh also announced enhanced work conditions for the staff of this MT subsidiary.

Business **Review**

Revenue

Enterprise Solutions

The Covid-19 pandemic resulted in Enterprise Solutions (ES) reviewing its offers to address the challenges of the new business environment in order to mitigate the impact of the pandemic on its customers' operations.

The adverse effect on operations compelled them to adopt drastic survival measures, including a reduction in their operational costs. This translated into the downgrade and suspension of some of their services which impaired ES's overall turnover.

During the complete lockdown, ES rapidly developed innovative tools to ensure continuity of service. The ES team was able to work from home and secure virtual private network access to MT core applications, providing uninterrupted support to customers starting from the first day of the sanitary lockdown.

As Covid-19 also compelled its customers to adopt new working methods, ES supported them in meeting their specific needs. Internet access was upgraded seamlessly during the lockdown upon request.

Moreover, ES developed tailor-made offers to enable the digitalisation of a customer's infrastructure through the MT Data Centre and security solutions.

Cloud PABX

Both ES and its customers saw an acceleration in digitalisation, a process forecast to expand in the short to medium term. The use of Cloud PABX solutions was embraced by businesses of all sizes, proving successful in facilitating flexible working solutions.

MT's cloud and data-centre solutions proved to be of immense service to the hospitality sector, particularly severely hit by the pandemic.

Videoconferencing via Microsoft TEAMS

Enterprise Solutions played a major role in enabling business continuity and securing remote working via the online Microsoft Teams platform. Enterprise Emerging Technologies provided this solution to various ministries, such as the PMO (Prime Minister's Office), MOFED (Ministry of Finance and Economic Development), MOFA (Ministry of Foreign Affairs) and MOH (Ministry of Health and Wellness), as well as the Police and Prison services and the CEB.

Videoconferencing facilities were also made available to the PMO and extended to permanent secretaries that needed to provide daily information to the government for the Covid-19 high-level daily meeting.

National law enforcement and public authority bodies also turned to videoconferencing facilities and the same solution proved extremely useful when the country had to deal with the MV Wakashio oil spill at Pointe D'Esny.

Digital transformation at the Ministry of Public Service, Administrative and Institutional Reforms

Data collection from 1,300 island-wide inspections sites was improved to comply with Covid-19 security measures. Inspectors were able to upload their site reports through their devices using the Microsoft Forms app customised by MT Emerging Technologies. Team leader instantly received the inspection reports for their respective teams on a web interface, removing the need for paperwork and travel back to the office. Consequently all team data and analytics were stored in Microsoft SharePoint, where they could be viewed by all 48 members of the Operational Health and Safety Division.

Wi-Fi in quarantine centres

Following Covid-19's appearance in Mauritius, quarantine centres were set up for citizens being repatriated preceding the announcement of a national lockdown. Armed with protective suits, masks, gloves and eye shields, ES staff went to each centre to deploy Wi-Fi so that those in quarantine would not be completely cut off from the outside world.

Work-from-home solutions

ES aimed at making business as usual a reality for others who chose to adopt the policy of work from home in their companies.

The solution comprises of boosting employees' home internet connections, Wi-Fi routers, secure VPN access, unified communication solutions, mobile devices with unlimited data and voice package, and videoconferencing platforms.

The above allowed companies to stay connected, to be productive and above all to ensure the continuity of their activities in complete safety while working from home. The services also enabled collaboration among teams in Mauritius or overseas, in an efficient and transparent manner.

Billing by e-mail

Another innovation was billing by e-mail, through which businesses receive their bills through a digitalised medium in a convenient, safe and secure way. Customers also have the possibility of viewing transaction data, managing their accounts and carrying out bill payments on line through a self-care platform.

In view of the crisis situation, when necessary ES also provided deferred payment facilities for the settlement of charges.

Revenue (Cont'd)

Enterprise Solutions (Cont'd)

New mobile offers

A major revamp of MT's mobile offer was made for both prepay and postpay customers, with new data packages to meet increasing market demand. In this respect, MT took the initiative to introduce the first truly unlimited offer on the market for the whole business community – Postpay 2000 with no limit on calls to any network, no limit on text messages and no limit on data.

Other bundles introduced for voice, data and text messages included Postpay 1000 and Postpay 500 featuring a major increase in data allowances. The conversion of a prepay account to postpay by keeping the same mobile number was also made possible at no additional cost.

Consumer Market

Changes were brought to the infrastructural set-up of all Telecom Shops to comply with the health and sanitary safety norms required after the outbreak of the Covid-19 pandemic in Mauritius in March 2020. A sound balance was achieved between providing a safe environment for both employees and customers while, safeguarding the privacy of customers' commercial dealings.

In June 2020, to facilitate customer access to MT products, Mauritius Telecom introduced an online shopping platform, shop.myt.mu. Customers can now purchase smartphones or subscribe to MT services from the comfort of their homes or offices without having to visit a Telecom Shop. The MT team also ensures delivery of mobile devices to buyers' chosen address.

Meanwhile, a new Telecom Shop was opened in the South, at Riviere des Anguilles, to increase the Company's geographical coverage. In addition, three points of sale, in Riviere du Rempart, Rose Belle and Vacoas, were relocated to more accessible sites and the opening hours of the Telecom Shop in Rose Belle were extended.

Despite the difficult commercial environment in 2020, marked by uncertainties arising from the Covid-19 pandemic, Mauritius Telecom achieved record sales figures of mobile devices and accessories thanks to the team spirit displayed by the distribution, marketing, procurement and logistics teams.

Government Solutions and Special projects

Over the years, the Government sector has emerged as a sales segment of its own and Mauritius Telecom has actively contributed to various Government initiatives such as the Citizens Support Unit and Safe Country. As a result, a Government Solutions and Special projects department has been created to offer dedicated solutions for Government as well as other major ICT projects.

Wholesale

Roaming business was deeply impacted by the Covid-19 pandemic with practically no tourist arrivals after the closure of the country's borders in mid-March 2020. Despite this negative impact, roaming revenue was contained at 38% of the results obtained in 2019 thanks to previously negotiated revenue commitments with partners. On the other hand, the cost of the roaming service to MT went down by 83% compared to 2019. This trend is expected to continue for some time into 2021.

For Application-to-person (A2P) SMS business, revenue grew by 60% in 2020 thanks to the installation of a new SMS firewall in July 2020, which blocked unofficial routes, and new agreements signed with aggregators.

Meanwhile, international data carrier business revenue rose by 13% despite the difficult conditions affecting multinational companies globally. However, this trend is expected to decline in 2021 with adverse economic impacts being felt by businesses, likely to adopt a strategy to reduce their costs due to declining revenues.

International Business Development

Inorganic expansion remains key to Mauritius Telecom's strategic ambitions. The telecommunications industry has demonstrated resiliency amid Covid-19 showing potential opportunities. The search for new opportunities on the international front therefore continued during 2020.

Moreover, the increasing demand for broadband services has largely fuelled the rapid expansion of the submarine cable network in the last decade. The rapid uptake of ever more bandwidth-hungry applications, cloud computing, connected devices, streaming and countless other digital services combined with users' expectation has pushed MT to strategically invest in a submarine cable linking Mauritius to South Africa, with the possibility to connect Reunion and Madagascar in the future in order to enhance the resilience of international connectivity.

A tripartite contract was signed on 30 June 2020 between Mauritius Telecom (MT), Alcatel Submarine Networks (ASN) and France Telecom Marine for the implementation of the third submarine project, which is expected to be ready for commercial service by the end of August 2023.

In 2021, it is expected that the global pandemic will reduce economic activities and M&A. Possible opportunities lie in markets where intense competition will drive small players out of the mobile industry or where telecom companies will divest from non-core activities such as cell towers to refocus on core activities.

Worldwide, opportunities and acquisitions in the Technology, Media and Telecoms sector will also be driven by growing demand for content, cloud, artificial intelligence, big data, blockchain, internet of things, cybersecurity, 5G and the emergence of 5G-related technologies. Based on these global macro trends, Mauritius Telecom will pursue its search for opportunities that are aligned with its strategic ambitions and that will help not only in expanding customer footprint but also in achieving sustainable economic growth.

Cellplus

In order to further enhance the quality of its services, some additional 20 mobile sites were deployed in 2020. The network was also optimised to reduce latency and improve mobile data response time. To provide service continuity during power outages, additional backup batteries were also deployed in the mobile network.

These measures were further to the implementation of the single radio access network (SRAN) project and 4G deployment, which led to a call setup success rate (CSSR) of above 99.5% and a call drop rate (CDR) of below 0.2%.

Teleforce Ltd

Teleforce is the media and communications arm of Mauritius Telecom. It manages the Group's media strategy and advertising programmes using a range of print, electronic, digital and outdoor platforms. It also provides a whole gamut of advertising booking services, including pertinent media bookings and strategic media planning, whilst its wide billboard network allows customers to benefit from island-wide visibility.

Business **Review**

Marketing & new products

Marketing and mobile financial services

Mauritius Telecom initiated some exceptional measures as soon as lockdown started on 20 March 2020 to alleviate the backlash of confinement on customers and accelerate the adoption of digital services. My.t TV customers were able to watch all channels at no extra cost to provide a break from the worrying realities of the Covid-19 pandemic. In addition, the broadband volume allowance for residential customers was doubled, again without any additional charge, and no disconnections were made or billing surcharges applied to either residential or business numbers. In the case of recently-disconnected customers, service was restored to enable them to keep informed and connected.

Other assistance measures

In collaboration with MT's Innovation team, a beSafeMoris app was launched, as well as an e-commerce platform, shop.myt.mu. This online shop was introduced to provide customers with the opportunity to order any Mauritius Telecom products and services at a click – from requesting a new fixed telephone line or a TV/internet upgrade, or for the purchase of a smartphone.

Recognition of unsung heroes

To celebrate unsung heroes, MT launched its my.t Wall of Fame, a website on which Mauritians could post videos, tips and messages so as to boost the morale of frontliners and the public at large.

Prepay and postpay

The disruption brought about by the Covid-19 pandemic led to deep changes in the behaviour of Mauritian consumers that impacted the mobile market. As the demand for data increased as a result of the pandemic, MT completely reviewed its prepay offers. Hence, in October, under the slogan Gagn Pa Krwar, special offers were launched, changing the market landscape with more data at affordable prices. MT's flagship offer of a 24-hour no limit data pack at only Rs 15 was the best offer then on the market, allowing customers to surf, play and download as much as they wanted over 24 hours, without any volume capping or speed limit.

There were also three other unlimited prepay offers: weekly unlimited for Rs 95, monthly unlimited for Rs 315 and, for the first time, 3-month unlimited for Rs 815.

The success of the prepay offers triggered high demand from postpay customers for fresh packages. Therefore, in November, a no-limit internet, text-messaging and calls package to all local numbers (landlines and other mobile operators) was introduced for only Rs 2,000 per month. The Rs 1,000 and Rs 500 per month packages were simultaneously reviewed so that customers could enjoy more data for the same price.

Mobile financial services

my.t money proved to be particularly valuable during the lockdown, when digital transactions reached a new peak. As an easy, reliable and secure mode of payment, it continued to be a leading platform for cashless and bill payments, as well as being easy to recharge, helping to ensure business and life continuity.

Digital cash-in for my.t money users

The National Payment Switch (NPS) introduced by the Bank of Mauritius enabled all major banks to be connected to the Instant Payment Switch (IPS) platform, allowing digital cash-in up to Rs 20,000 per day to their customers from the safety of their homes.

A dedicated platform was created for my.t money users with an MCB bank account so they could transfer money to their my.t money wallets while MCB completed its IPS arrangements. By the end of 2020, digital cash-in had become available at all major commercial banks.

my.t market

At a time where there was restriction of movement, an on-line platform for the purchase of basic necessities and food stuffs became a priority so that purchases could be made from the comfort and safety of users' homes. This led to the creation of my.t market, an on-line marketplace bringing together a variety of merchants on a single platform offering a wide range of products. my.t market provides an end-to-end service, from ordering to delivery, and requires the collaboration of many stakeholders, merchants and logistics partners who ensure delivery within 48 hours.

Marketing & New Products (Cont'd)

Marketing and mobile financial services (Cont'd)

Facilitating bill payment of essential services

To further ease the life of customers, a mobile app, my.t billpay, was launched to facilitate the payment of all utility bills (MT - fixed & mobile, CEB and CWA), anytime and anywhere. Besides being the only platform to include all three essential services, my.t billpay app comes with a set of services which makes paying bills a hassle-free activity. Users can settle their bills on the go and also pay third-party bills. Moreover, users receive notifications whenever bills are issued or nearing deadlines, thus minimising the risk of late payment and surcharges.

Mauritius Telecom also digitalised its billing services for all postpay customers in August, with bills sent by e-mail, enabling customers to access their bills anytime and anywhere.

my.t Mag

Mauritius Telecom's monthly publication continued to promote all products and services under the my.t brand, providing information about MT's latest innovations, events, launches and non-commercial initiatives.

Telecom shops

For the convenience of MT customers in the South, a new Telecom Shop was opened in Riviere des Anguilles. For the same reason, MT shops in Rose Belle and Vacoas were relocated.

First cashless MUGA

Opened in November, MUGA Goodlands became the first to adopt a cashless mode of payment. Customers no longer needed to travel to make payments as they could reserve their futsal pitch via the MUGA application and pay directly via my.t money. Other MUGAs followed suit.

Cashback and rewards

In another bid to sustain the digital transformation in the country, a 2% cashback campaign was carried out in December. For the first time, for all payments made through my.t money, customers received 2% cashback on their my.t money wallet.

my.t Happy Days

The year ended with MT's umbrella campaign themed "my.t Happy Days" with promotions, discounts and cashbacks. The promotional activity covered a wide range of products and services from smartphones, devices and accessories to broadband and TV, including free installation. As a gift to celebrate the festive period, free viewing of all my.t TV channels was offered to all TV and broadband customers.

Innovation

In 2020, the Innovation Team further consolidated its role as an enabler within Mauritius Telecom. During lockdown, to counter the impact of Covid-19, the entire team was dedicated to delivering projects both at company and national levels. Ministries and other government bodies requested the help of the team for the development of digital services to help the public during lockdown.

Pulse app

In collaboration with the HR Department, the Pulse mobile app was designed and developed for MT employees to benefit from the following features:

- Easily apply for leave and view leave information.
- View and download medical reports effortlessly.
- Simple access to their pay-slips and pay-slip history.
- A more organised way to consult the MT organigram.
- Easily order lunch through the cafeteria.
- Search the staff directory.
- Get real-time push notifications for upcoming events and other company communications.
- Ability to submit anonymous feedback.
- Ability to submit ideas and suggestions.
- Quick access to news feeds related to wellness, commercial offers, Our people and My Learning.

beSafeMoris

In collaboration with the Ministry of Health and Wellness (MoHW), Mauritius Telecom, came up with the beSafeMoris app in order to stop the spread of fake news on social networks and to provide verified and official information related to the Covid-19 situation in Mauritius.

Developed by the Innovation Team, the app featured daily Covid-19 case statistics, emergency contacts and communiqués and newsfeeds from the MoHW. The app also integrated the digital work access permit QR code, which an individual was able to use to travel during the lockdown. It was the most downloaded MT app during the confinement period.

Work access permit (WAP)

During the Covid-19 lockdown, the Prime Minister's Office (PMO) sought the help of Mauritius Telecom to digitalise the work access permit (WAP). In collaboration with the PMO and the Mauritius Police Force (MPF), the Innovation Team developed the WAP portal. Individuals and employers in the public and private sector were able to make a WAP application through the portal,

Officers from Citizens Advice Bureaus (CAB) were trained to assist applicants when applying for a WAP in a CAB office. The Innovation Team also trained officers from the MPF to verify and approve WAP applications. People with a WAP could only travel from and to places as specified in their WAP. Police officers were also equipped with smartphones and a special app was developed by the Innovation Team for the police force to validate WAPs.

In total there were above 200,000 WAP applications and more than 400,000 employees/individuals were issued with a permit.

my.t market

During the confinement, this market site was launched to help facilitate the sales of products and services on line, acting as a go-between linking merchants and the general public.

Online Telecom Shop

Covid-19 brought along a new normal way of shopping. Consumers started to privilege digital sales to skip crowded areas and Mauritius Telecom adapted to this paradigm shift. The Online Telecom shop was put in place to cater for this surge in online retail and at the same time ease pressure on its physical Telecom shops. From buying a smartphone and getting a doorstep delivery to subscribing to a new broadband offer or upgrading TV Packs, customers are able to shop for practically any product in Mauritius Telecom's domestic portfolio and selected items in its business product line. To provide a fully contactless service, payments can only be made using digital channels such as my.t money and debit/credit cards.

my.t billpay

After lockdown in June 2020, people were less eager or able to pay their my.t bills at Telecom shops. Due to the fear of the virus, people also wanted to avoid crowded places and queues. The Innovation Team came up with my.t billpay, an app providing a quick and easy way for customers to pay their MT fixed line and mobile postpaid bills. Later in the year, a new version was released that has enabled my.t customers to also pay their CEB and CWA bills. Customers also receive notifications when a new bill is ready, two days before a bill's due date and on the due date if the customer has not yet paid the bill.

Traffic Watch

Major enhancements were made to the Traffic Watch app for Maha Shivaratree in 2020. An additional 360° drone view of Grand Bassin was added, allowing users to look around by scrolling/moving their phones. Traffic density (colour-coded similar to Google Maps) and expected time duration to cover specific traffic segments towards Grand Bassin were added to the map and traffic info menu. Live weather info (temperature, humidity, wind speed and rainfall for the last 24 hours) at Grand Bassin and Forest Side were also added as a side banner to Traffic Watch event streams.

Business **Review**

Service

Call Services Ltd

Call Services Ltd (CSL) is a wholly-owned subsidiary of Mauritius Telecom, established in 1999 as the pioneer contact centre in Mauritius.

It is among the largest employers in the BPO segment in Mauritius with 402 full-time employees, operating on a 24/7 basis. It is also the first company to have opened a call centre in Rodrigues, with 50 positions. This has the added benefit of contributing directly to the economic development of Rodrigues by creating jobs and enhancing skills and competences.

Moving up the value chain in the BPO Sector

Over the past few years, CSL has been transitioning from a pure contact centre to a BPO one, gradually broadening its activities. It is now a high-tech and innovative contact centre and BPO service provider, offering a wide range of services including differed transactions and back office activities.

During 2020, greater emphasis was laid on moving CSL up in the value chain in the BPO sector. Level 1 and Level 2 troubleshooting are now provided as part of after-sales services for both consumer and enterprise segments. The order-to-cash process for the provisioning of Enterprise Solutions was added to its portfolio.

CSL is a major player in MT's vision to become a digital company with services such as Selfcare and Online Shop now part of the activities currently being provided to customers.

- Over 500,000 inbound calls handled every month, easily scalable to reach 1 million inbound calls per month
- Over 100,000 outbound calls generated every month, easily scalable to reach 300,000 outbound calls per month
- Over 50,000 back-office requests processed each month, easily scalable to reach 100,000 per month.

Business continuity during confinement

During the Covid-19 lockdown, with the support of IS colleagues, CSL implemented working from home, proving its resilience and agility by being able to provide seamless operations for its clients' critical services on a 24/7 basis, including support to the authorities. Despite the crisis, KPIs were met to 90% and more complaints were handled within hours.

By the end of the lockdown, a hybrid 24/7 contact centre operating model had been successfully implemented, with colleagues operating both from home and office, thus ensuring social distancing and split operations. This achievement now provides CSL with the ability to work from home and enable business continuity in all its operations.

Customer experience

CSL continued to make it easier for customers to contact the Company through myriad channels and to bridge any gaps between service delivery and customer expectations.

It also produced further continuity designs to provide customers with a connected journey over multiple channels (including internet, social media, and telephone) and to improve consumer experiences, whilst providing a personalised human touch. The implementation of full channel integration (i.e. omni-channel capability) has focused on connecting various customer interactions.

NPS score

The figures for the Customer Satisfaction Index (CSI), Net Promoter Score (NPS) and Customer Effort Score (CES) improved for all the different hotline services offered by CSL. The improvement in the Net Promoter Score (NPS) of hotlines in the fourth quarter of 2020 to 55 was particularly significant as any score over 50 in this industry is considered excellent as per global NPS standards.

Automation and digitalisation

CSL continued to harness the power of new technologies to adapt to accelerating changes and new customer demands. CSL's digitalisation uses newly deployed state-of-the-art technology, such as Vocalcom's Hermes.net contact centre management platform.

It promotes and manages integrated digital platforms provided to customers, and the versatility and expertise of its staff to work on the different channels enables the company to provide an efficient and world-class service to customers.

Restructuring programme

As the Company has been growing, systems became more complex and it had become essential to adopt a holistic and integrated approach to improve the existing set-up and processes, with a more appropriate and future-focused organisational and operational structure. Therefore the existing organisational operating model was totally revamped, with a review of the current structure and terms and conditions of employment, followed by a salary review exercise in December 2020.

Field Intervention

In order to provide an unmatched customer experience, installation, provisioning and fault management activities for all customer segments were centralised within a single unit, Field Intervention.

Copper recovery

With the aim of further improving and cleaning its network, MT recovered more than 90% of disused copper cables.

Service (Cont'd)

Field Intervention (Cont'd)

Covid-19 highlights

Despite the hazards, MT's technicians responded to urgent requests from essential services, in particular in the installation of high-speed internet in various hospitals and more than 20 quarantine centres across the island. One of the priorities was the deployment of services at the Prime Minister's Office and the Ministry of Health and Wellness to ensure the smooth running of the daily Covid-19 press briefing.

After the lifting of the lockdown, about 3,000 faults were successfully repaired by MT's technical support team, while giving priority to business customers.

Rodrigues FTTH project

MT started the deployment of fibre for business and residential customers in October 2020, following network extensions carried out around the island. About 1,200 subscribers were able to take advantage of 20, 50 and 100 Mbps TV and broadband packages, including 120 customers for packages released on the my.t Business Boost service.

Service Operations Centre

The Service Operations Centre (SOC) was set up to provide an integrated approach for complaints, service delivery and service assurance.

The unit not only raises alerts with departments in the service delivery and complaint management value chain but also collaborates with them to improve operational efficiency, service experience and customer satisfaction.

This has resulted in an improvement in both service delivery and complaints' resolution times.

The SOC also aims at identifying key factors that affect customers by reducing the occurrence of failures in service delivery and complaints resolution.

The future of the SOC will see it geared towards pro-active specific monitoring to provide a near real-time insight on service impact. This will eventually allow MT to predict events affecting customers and address issues in advance, thus averting complaints.

Customer Experience (CX)

Customers are at the centre of MT's reflections and the Customer Experience Department therefore concentrates on giving them a smoother and faster journey, with the result that they are now being provisioned by the following day.

There was a significant increase in the index score used to measure customer experience from 2016 to 2020. The level reached was well above the industry benchmark for telecommunication service providers of fixed-line, internet, mobile and TV services. The main reasons given for customer satisfaction for both mass and enterprise markets were:

- Good quality of service at customer touchpoints
- Reliability of services
- Stable internet service
- Satisfaction with mobile data offers.

MT's NPS score, an indicator of the likelihood of customers recommending the Company and its products and services to others, increased appreciably for consumers as well as enterprises during the year. This indicator could be associated with the communications by the Company on special triple-play offers, revamped mobile offers and MUGA.

Independent surveys

The organisation follows every aspect of the customer experience. An important method used was a series of around 200 independent audits at customer premises and at touchpoints. Data were also collected on products and services. This direct approach permitted the Company to have a better understanding of customer behaviour and expectations.

Customer satisfaction at touchpoints

Our experts have devised innovative solutions on tools utilised by customer-facing and non-customer facing employees. The digital solutions implemented were geared towards customer care. All these were supplemented with adequate training and empowerment of frontline staff.

The following subsections depict some of the main service review projects positively impacting service delivery.

Orders management

This project focussed on orders to connect customers requiring an intervention on site within three days of application. The outcomes were:

- All customers automatically billed on installations being completed instead of one to five days later
- Fibre deployed in areas with lengthy wait times
- Greater customer satisfaction level through continual monitoring of my.t online shop and customer feedback.

Additionally, some tangible results were obtained, including a decrease in the number of waiting customers by 89%. Moreover, whereas in 2018, 15% of them were connected and billed within three days, the figure jumped to 52% in 2020 and 86% were connected within 7 days. Furthermore, missed appointments as a percentage of appointments were reduced from 5% in June 2020 to 1.5% by November.

Complaints management

Repeated complaints were closely monitored. On top of root cause analysis, there were cross-departmental focus group meetings on ageing complaints and a task force on repeated complaints, as well as the standardisation of the treatment flow of complaints and improvement action plans. As a result, customer complaints decreased by 26% compared to the previous year and there was a drop of 36% in repeated complaints.

Customer journeys and digitalisation

Through intense collaborative efforts co-ordinated by CX, the following digital solutions were devised for enhanced customer experience:

- Simplification of registration and payment customer journeys on my.t Selfcare, a unified platform offering digital self-service and payment facilities. Registrations increased threefold over the year, coupled with high CSI and NPS scores.
- Extension of the Knowledge Portal to Rodrigues to provide unified communication on commercial and technical aspects.
- Smart ID for partners with double authentication, professionalising the interaction of field technicians with customers.
- A customer premises equipment management system to improve operational efficiency.
- A digital tool that provides visibility on devices in stock at sales points, thereby helping MT hotlines provide instant information to customers with queries.

Support to staff

Customer Experience continued empowering the Group's workforce through cross-functional workshops, focus groups, the introduction of simplified work methods with new tools and training on processes. Interactive order management dashboards were introduced for use by all operational teams.

Transverse workshops and training, held online during confinement, resulted in innovative solutions for customers (my.t Selfcare, Knowledge Portal, special Covid-19 measures, Online Shop and home delivery of devices).

Partner management with field contractors

Through multiple audits at the premises of residential and business customers, followed by debriefing with contractors, substantial improvement was recorded in the quality of workmanship and customer satisfaction.

Partner management with CSL

In line with a company-wide review of services, a similar project was undertaken with CSL, at the same time setting up new digital customer touchpoints. A quality framework was set up between CX, MT departments and CSL, which has led to stable processes and a constant upskilling of CSL staff. Both the CSI and NPS indicators recorded much improved figures during the year.

Certification to standards

The MT Data Centre security management systems were successfully recertified to ISO 27001:2013 standard, while Enterprise Solutions services were recertified to the ISO 9001:2015 quality standard. High customer satisfaction was noted.

Lockdown period

Above 4,000 e-mails from customers were processed remotely, most within 24 hours, for matters such as internet upgrades and mobile requests from work-from–home customers. Customer Experience also took swift action on some key issues - the activation of the my.t TV app due to line issues during confinement (crucial for students' online classes), a one-off data pack for students and work-from-home adults and call forward from a fixed line to a mobile number. In addition, a dedicated section on Special Covid-19 measures was created on the Knowledge Portal.

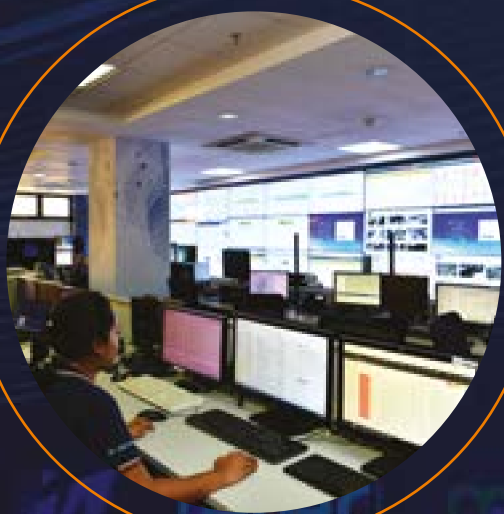
Outlook

Selected processes are being further re-engineered that will allow for next day provisioning of services, as well as faster resolution of customer issues.

Enterprise data processes, including cloud services, are being streamlined to allow for faster service delivery. The processes in shops are also being digitalised to allow for faster service and more time allocated to determining customer needs and securing sales.

Focus is also being laid on customer communications pre- and post-service delivery to ensure successful installations, enabling customers to better use and enjoy services.

Business
Review
Infrastructure



Network

Fixed broadband network

In order to sustain the present broadband traffic growth rate, in 2020 Mauritius Telecom continued to modernise and increase capacity on its nationwide backhaul transport networks. Existing IP core and dense wavelength division multiplexing (DWDM) networks were upgraded to 100 Gbps and additional resiliency was introduced with the deployment of new equipment in various geographical locations.

MT also embarked on a project to evolve the backhaul transport networks towards better service agility, intelligent control and proactive management with the introduction of software-defined network (SDN) functionalities.

The core network infrastructure in Rodrigues was also upgraded to support the introduction of FTTH services to customers.

ISP network

For its broadband users, Mauritius Telecom upgraded its network to cater for the growing traffic.

Mobile networks

The my.t mobile network was upgraded to ensure that service quality and customer experience remain optimum. The network was also optimised to reduce latency and improve mobile data response time.

To provide service continuity during power outages, additional backup batteries were deployed on the mobile network.

Network operations during the sanitary curfew

2020 was marked by Covid-19 and exceptional measures taken to curb the spread of the virus. The Networks Team responded positively by shifting to remote working with collaboration tools and the 24/7 Network Management Centre continued its operations throughout the sanitary curfew period. Optimisation of the network was also performed continuously to cater for new traffic profiles generated by work from home arrangements and special offers provided to customers during the curfew period.

Data Centre

Occupancy of MT's Tier IV Rose Belle Data Centre increased in 2020, reflecting strong customer trust and confidence in this state-of the-art facility.

Climate change and green action

Mauritius Telecom has set itself the target of reducing its power consumption by 5% and its carbon footprint by 10%.

In 2020, a number of initiatives were undertaken to meet these objectives:

- Dynamic power savings (DPS) were implemented on 504 mobiles sites, achieving an average 10% power saving.
- Legacy equipment, such as OCB and SDH, were powered down.
- Cooling systems in technical rooms were optimised.
- Higher performance fibre-optic cable was purchased for more efficient power consumption.
- A Data Centre culture was developed for all users, so that all equipment is installed in a planned standard manner before implementation, creating an optimal working environment.

Business
Review
Support & Enablers

Information systems

To meet market demand, Information Systems (IS) took an innovative approach to the launching of hybrid offers, in partnership with other MT units. In particular, it played a significant role in the rapid introduction of new prepay, prepay-to-hybrid and postpay offers. Simultaneously, service provisioning platforms were upgraded to support the new services and to latest underlying technology stack.

The introduction of work-from-home portal in the confinement period enabled MT to provide seamless and continuous operational support to both external and internal customers. CSL continues to use its particular solution for its operations.

Furthermore, IS was able to help MT customers adapt to the pandemic in a simple, safe and reliable way through apps such as its selfcare, my.t market online shopping portal, bill payments and fault monitoring. In particular, the self-care registration and payment processes were radically simplified to open up the app to more users and enriching the overall experience.

The integration of various apps with the customer relationship management system made updated data more readily available. Various features were automated so that, for example, customer billing queries could be addressed rapidly. For the same reason, several internal mission critical systems, such as those used for mediation and collection of CDRs, were also upgraded to improve system reliability and enhance security.

Human Resources

Moving towards becoming a tech company

At Mauritius Telecom, we have always been a fervent proponent of getting the best out of our diverse workforce through a hands on talent management style and a fit for purpose structure.

In this respect, a new and leaner organisation structure, supported by the HR department, was put in place where working back from our customers was the main driving force. As such, all customer related departments and support functions were reviewed where the HR focus was on having the right people, with the appropriate skillset. The new structure went on to support the formation of self-organising cross functional teams thus breaking away from traditional silos functioning.

During the year, the company started to reap the benefits of the reorganisation with various innovative solutions being born out of our cross functional teams.

Pulse

Internal communication was transformed with the launch of an employee app named Pulse, launched on 1 July 2020, which has improved communication and employee engagement. The unifying platform allows employees spread across various geographical locations to connect with each other digitally and to have access to regular contents including official communiqués, individual and companywide achievements, coverage of special events, learning materials, marketing, wellness-related news and interesting employee offers.

The app also houses the staff directory, leave application, meal ordering, ideas section, details of internal vacancies, 'Talk to us' section and a digital medical claim facility.

The platform has also promoted a praise and appreciation culture, by recognising exceptional gestures and services, that congratulates employees in a 'Being your Best' section.

Over the months, the Pulse app evolved to accommodate new features including digital payslip, personal medical report and dynamic organigram options, while maintaining optimal security protocols.

Learning

Traditionally, learning took the form of taught classes and training programmes were organised upon request. However 2020 marked a turning point with a substantial shift towards online learning, not least due to the Covid-19 situation. On a pilot basis, staff of Telecom shops and Networks were given access to a content-driven platform in parallel with a few blended sessions to make the transition swift.

Support & Enablers (Cont'd)

Human Resources (Cont'd)

Responsiveness to Covid-19

Mauritius Telecom adopted a proactive approach during the Covid-19 outbreak. Several weeks before the lockdown period, employees were sensitised on precautionary measures to be taken against the virus.

In an effort to deal with queries and any apprehension felt by employees, a special communications cell and a Covid-19 hotline were created, which enabled HR to be always in touch with employees. Safety kits and PPE were distributed to all staff to ensure maximum protection and, during lockdown, employees were given the appropriate tools and facilities they needed to stay productive.

Sanitary protocols were communicated to employees on precautionary measures, posters published on internal digital platforms and flyers were distributed at worksites. All MT's main sites were equipped with thermal cameras for better monitoring.

MT also conducted rapid antigen tests for all its frontliners through the Ministry of Health and Wellness. The return to office endeavour was successful, with all sites equipped for health monitoring, social distancing and frequent sanitisation. MT's response to the evolving pandemic situation was the continued focus on providing support to employees so that they can feel safe and be at their best.

Recognition of MT Heroes

During the confinement period, Mauritius Telecom continued to ensure the provision of services to its customers. Many field employees were physically present on sites to handle technical issues and many more were working from home to maintain continuity of service. The courage, dedication and professionalism displayed were remarkable. A special ceremony was held and those who took the greatest risks were recognised as MT Heroes. They were also honoured in a special edition of the my.t magazine and the CEO personally addressed a letter of gratitude and appreciation to each employee who had gone the extra mile.

Wellness

After the lockdown period, various programmes were resumed or initiated to cater for the health and wellness of employees:

- 400 staff participated in an eye-screening programme conducted by a renowned ophthalmologist in the months of August and September 2020 to identify vision problems at a treatable stage.
- A health promotion campaign was conducted amongst employees in July in collaboration with the Ministry of Health and Wellness Non-Communicable Disease Unit, The aim was to provide employees with a better understanding of their health status and the factors which may increase health risks (such as diabetes, hypertension and cardiac problems).
- 1,100 staff participated in a health-screening programme that was run throughout 2020.
- 315 employees throughout MT Group were trained in first aid in order to have qualified staff to deal with emergencies.
- 68 staff were trained to use an automated external defibrillator (AED), a medical device designed to analyse the heart rhythm and deliver an electric shock to victims of uncoordinated heart rhythm, most often responsible for sudden cardiac arrest, to restore the heart rhythm to normal.

In Rodrigues, an employee wellness centre was launched in October 2020 where employees can benefit from facilities such as the latest gym equipment, pool table, baby foot and community games.

Risk Management

The Mauritius Telecom Group (MTG) identifies and manages risks to reduce the uncertainty associated with executing business strategies and to maximise opportunities that may arise. MTG faces a number of risks and uncertainties, coming from both internal and external sources. Some can be controlled and others not. Identifying and managing risks with the potential to affect its strategies and objectives is an essential part of its governance framework. Specialised functions such as Legal, Regulatory, Treasury, Insurance and Credit Management support the business units within the Group in managing some of the risks. MTG has also established a rigorous and systematic risk review process to identify, evaluate, respond to and monitor risks. Identified risks are assessed on their likelihood and the adverse impact on finance (revenue, profits, liquidity and capital resources), business (brand, customers and service delivery), people (employees, customers, partners and the general public) and the Group's image and reputation.

The Group is committed to achieving its financial, customer, people and societal goals through sustained profitable growth, without compromising its integrity, values and reputation by risking brand damage, service delivery standards, severe network disruption or regulatory non-compliance.

Although the Group's risk management approach facilitates appropriate identification, assessment and control of risks to its operations and corporate strategy, nevertheless there may be some risks which are unknown today or some which were considered of little significance but which may become important later. The outbreak of the Covid-19 pandemic is an example of an unforeseen risk affecting economies and businesses worldwide due to the unpredecented disruption caused.

Events outside the Group present both risks and opportunities. While focused efforts are made on predicting and managing risks, it also seeks to take advantage of any opportunities that may emerge.

The principal risk types faced by the Group, not in order of significance, are pandemic/COVID-19, financial, regulatory, competitive, technology, IT, breach of privacy, network failure and catastrophe, and people.

Throughout the year, the Group continues to refine its risk-management approach. Risks are regularly reviewed and monitored, and new risks, especially those internal and external risks that could have a material impact on its objectives, are identified and assessed with respect to the likelihood and severity of their impact.

Material business risks

By the nature of its business, the Group is exposed to material business risks that could adversely affect the Group's financial performance, business, brand, assets and growth potential in future years. In all respects, the Group continually seeks to mitigate or manage them.

Pandemic risks/Covid-19

The Covid-19 pandemic is having and will continue to impact MTG's business as it affects its suppliers, customers and operations. Adverse effects on sales activity and demand, roaming revenue, ability to deliver products and services to customers (with a longer lead time due to supply chain disruptions), higher bad debts with insolvency of some SME and large business and higher unemployment are more likely to happen. The severity of the impact is dependent on factors including but not limited to virus recurrence through various variants, insolvency rates, unemployment levels, length of travel restrictions and the speed of the recovery.

Financial risks

Like many businesses, the Mauritius Telecom Group is exposed to financial risks such as market risk, severe fluctuations in interest and foreign exchange rates arising from prolonged economic uncertainty following the Covid-19 pandemic, credit risk, liquidity risk and tax risks. These are expanded on in note 32 of the Financial Statements.

Industry disruption and competition

Rapid changes in telecommunications technology are increasing the level of competition in the telecommunications industry worldwide with the lowering of barriers to entry.

Competition comes from new and existing competitors as well as emerging competitors, including over-the-top (OTT) service providers, with disruptive technologies, lower cost bases and often considerable agility, who also provide multimedia and video content applications and services directly on demand. The effect of increasing competition is inter alia characterised by constant and rapid change, falling prices, reduced market differentiation and customer migration from higher-margin legacy products to fully digitalised, converged, fault-free solutions. Not responding effectively to competition can result in loss of market share, revenue or even profit in a small and saturated market for fixed, mobile and internet services.

The Group is mitigating these risks by monitoring competitor activity, phasing out legacy services and offers, implementing a strategy of broadening and deepening customer relationships with a single unified brand, providing more value, delivering superior customer experience, reducing complexity for customers and employees, simplifying processes, transforming its operating model and continuous investment in providing customers with an experience that stands out in the market place.

Technology risk

The Telecommunications and ICT industries are subject to rapid and significant technological changes, which may reduce costs, expand capacity, open new opportunities and result in shorter periods for investment recovery. The Mauritius Telecom Group needs to be able to identify emerging technologies, assess how customers will adopt them and invest accordingly, often a long time before the demand materialises. The rapid advancements in new technologies can lead to increased investment requirements and the accelerated obsolescence of current products, assets and systems before the end of their expected useful life. This can lead to impairment of some assets which may have a material effect on financial results. The Group is mitigating this risk by monitoring technology developments, phasing out legacy technologies and investing in securing network leadership.

Support & Enablers (Cont'd)

Risk Management (Cont'd)

Vendor/supply chain risks

The Group relies on third-party vendors and service providers and their extended supply chains in many aspects of its business for various purposes such as network development and extension, operations and maintenance, supply of handsets and equipment, customer provisioning and content provision. Its operations and reputation may be affected by third-party vendors or their supply chains failing to perform their obligations and by severe delays in providing equipment and services from disruption caused by Covid-19. Close monitoring is done with key vendors and in the development of new relationships, where possible, to mitigate supply risks.

Security and resilience

The MT Group network is critical to its ability to compete and provide stable, highly reliable and fast networks and services. A high dependency on technology and the increased integration of customer services means outages can significantly impact the continuity of business operations and delivery of services to customers. Other key threats include extreme weather events, natural disasters, malicious attacks, loss of key third-party service providers and human errors. The Group monitors its IS, fixed and mobile network performance and it has business capabilities, strategies, alternative work areas and plans in place, which are subject to continuous review, to respond and recover from any critical service disruption, featuring backup sites, system redundancy and business recovery. The aim is to equip the Group with the means to manage adverse events or mitigate their consequences, and to provide acceptable levels of service continuity, especially for critical transactions and applications.

Cybersecurity and privacy risks

Globally, there are increased cybersecurity risks as a result of hacking tools, phishing scams and disruptive malware becoming more sophisticated and accessible to attackers. The Group's business is heavily dependent on the resiliency of its network infrastructure and supporting systems. The exposure is further intensified with the growing dependency on uninterrupted connectivity. Unless adequately protected from cyber-attack, theft or other malicious activities, this could result in disruption in the MTG's operations or network, and leakage or unauthorised dissemination of sensitive information about the Group and its customers. Apart from reputational risks, it could in turn lead to litigation from customers and penalties from regulatory bodies. The Group places high importance on protecting the security and privacy of customer and company data. To manage the growing risk, in addition to a multi-layered security framework for ensuring there are relevant preventive, detective and recovery measures, the Group uses campaigns and training to raise security awareness and promote good security hygiene among staff. It also continually reviews and updates the security controls on its network based on known threats and best industry practice and knowledge.

Innovation and agility

Innovation cycles are getting shorter and shorter. This results in the challenge of having to bring out new products and services at shorter and shorter intervals. The Group's capacity and ability to respond to this are tied to the agility of its internal processes and the capability and flexibility of its people. To manage this risk, the MTG enriches its pool of key competencies by enhancing its people skills and hiring externally where there is scarcity. It is further committed to identifying innovative products and services to help in driving the digital transformation of society. In addition, the Group has embarked on a digital transformation and simplification plan with the aim of delivering a world-class customer experience and increasing speed to market, as well as operational efficiencies through automation.

Regulatory environment

The Group operates in a regulated environment. Regulatory or policy changes, which can only be anticipated to a limited extent, may directly impact the Group's defined strategies and business model, as well as increasing complexity and the cost of doing business. Regulations can also impact or limit the Group's flexibility to respond swiftly to market conditions or competition from non-traditional competitors. To lessen such risks, the Group closely monitors new developments, engages and maintains relationships with relevant regulatory stakeholders and policy makers, community groups and industry, to find mutually acceptable ways forward and mitigate any potential adverse effects of policy and regulatory decisions which might be inappropriate for a small market like Mauritius.

People

Technological evolution, transformation and innovation require a capable workforce to realise the Group's growth strategy and adapt to the changing operational environment. A risk factor is the Group's need for technical, sales and leadership skills within key growth areas, in which it may prove difficult to attract and retain key staff. The Group's mitigation strategies, intended to enhance its competitive advantage and people capability, include succession planning, external professional hire and retention, talent management and perpetual upgrading of the competencies of the existing workforce in growth areas.

Pensions

The Group has an exclusive funding obligation to its main defined benefit pension schemes. All such schemes face risks of low investment returns, high inflation, longer life expectancy, increases in salary and pensions, and regulatory changes, any of which, or a combination thereof, may lead to a higher deficit and require a further increase in the additional annual contributions made into the schemes. MT mitigates this risk by regularly reviewing investment performance with the pension administrator. To contain wider growth in retirement benefit obligations, all defined benefit schemes have been closed to new members since 2007. All employees who joined the Group thereafter are under a defined contribution scheme.

Reputational risk

Reputation is key to the Mauritius Telecom Group's business and it is continuously working on promoting its corporate and brand images. An unforeseeable negative media report on its products and services or its corporate activities and responsibilities can have a huge impact on the Group's reputation and brand image, which might easily be tarnished in an era of digitalisation and widespread use of social media. To mitigate this risk, the MTG is engaged in a constant and constructive dialogue with its customers and the media to ensure a balanced view prevails.

Legal and Regulatory

Covid-19: Making change happen

The coronavirus Covid-19 outbreak has highlighted the vital importance of the ICT industry's crucial role in keeping the nation connected during a crisis, a factor recognised by the sector regulator, the Information and Communication Technologies Authority (ICTA).

The ICTA maintained close dialogue with the industry and, where applicable, appropriate measures were adopted to help and support the public at large. Administrative procedures were shortened and online clearance platforms for ICT equipment, dealers' licences and customer complaints were set-up to fast-track decision-taking, as well as new forms of coordinating committees.

The key priority for the ICTA and industry operators was to make sure that people stayed connected and continued to be informed and entertained.

The summary below highlights the most significant legal and regulatory developments taken either in collaboration with the ICTA or by Mauritius Telecom on its own during 2020.

Support to the nation

MT participated in helping to support and protect all consumers, committing to work with customers finding it difficult to pay their bills, supporting businesses by ensuring fast broadband connectivity and working with government institutions to provide information and communication services as and when needed. That support is ongoing.

The ICTA adopted an electronic signature system to remove the need for physical displacement, thus saving time and ensuring secure transactions.

Paving the way for digital transformation

The need for physical distancing meant that there was greater reliance than ever before on mobile broadband connections in all aspects of life.

The ICTA approved MT high-speed unlimited data packs, thus opening the door for a wide range of opportunities from staying always connected to enjoying new apps and solutions.

As organisations around the world have been discovering 5G, Mauritius Telecom started trials of 4.5G and 5G in consultation with the ICTA, which in turn started consultation with operators regarding the allocation of frequency bands for 5G.

Looking to the future

Together with the ICT sector, the fintech industry witnessed major changes, the most obvious being the growing move to online banking models.

The Bank of Mauritius is also working towards a digital future. Digital banks are catalysing change across the global banking sector with their focus on hyper-personalisation, adoption of new technologies and the willingness to embrace new business models.

The Bank of Mauritius issued a request for proposals for the provision of services for the setting up of a Central KYC Registry. The aim of the Centralised KYC is to link with other registries for data collection and/or verification of identity of customers to enable financial institutions to cut down on the lengthy process of customer onboarding and the costs entailed therein, while saving customers from having to produce similar documentation multiple times.

Business
Review
Social

The Mauritius Telecom Foundation (MTF)

The Mauritius Telecom Foundation (MTF) is responsible for the management of the Mauritius Telecom Group's Corporate Social Responsibility (CSR) funds. Operating since 2009, it has funded major national projects aiming to promote social and economic integration and also the fight against poverty.

Mobility

Wheelchairs are among the most relevant equipment that can promote mobility, particularly amongst the elderly and those with walking impairments. One of the main concerns when loved ones experience limited or decreased mobility is the difficulty they can face taking part in social activities. As socialisation is vital for emotional and physical health, it is important for them to maintain a healthy social life. For them, having a comfortable wheelchair is not a luxury but rather a necessity. In 2020 the MTF has donated 66 wheelchairs to those suffering from severe physical disabilities.

Education

In 2020, the Mauritius Telecom Foundation organised the distribution of school materials to children from Dunputh Lallah Secondary School, amongst others. Such donations help to ensure that these children continue their studies and acquire knowledge and culture, which can help them to become skilled professionals.

Unfortunately, not every family has the financial stability to supply their child with the proper school equipment. Through these donations, many families from vulnerable backgrounds are relieved of a financial stress that would otherwise impair their ability to support their children's education.

Putting a smile on children's faces

Christmas is a time for giving and sharing. However, for many families from vulnerable backgrounds in Mauritius, this festive period feels like a burden as they cannot buy gifts for their children. The Foundation distributed some 4,000 toys to such children around the island and also organised the distribution of toys at Victoria Hospital on Christmas Eve for those young children who could not celebrate Christmas with their families at home.

A better environment for a better tomorrow

In support of the Government's Environment Protection (Banning of Plastic Bags) Regulations 2015, the Foundation distributed some 1,000 long-lasting and re-usable bags to the general public.

On 9 August 2020, the MTF team decided to join forces with thousands of other volunteers for the collection of straw from fields to fill sacks for the construction of barriers against the oil spillage resulting from the ecological emergency when the MV Wakashio ran aground on a coral reef at Pointe d'Esny, while carrying 4,000 tonnes of fuel oil.

Health, fitness and wellness

MUGA (Multi-use games area) is an MTF initiative to promote healthy living through physical activity and education for all segments of the population. MUGA are accessible to the general public and offer several facilities such as free fitness, yoga and Zumba classes, a futsal court, a jogging track and a petanque court, as well as an outdoor gym.

Two new MUGA facilities were launched in 2020, in La Source, Quatre Bornes on 31 October and in Goodlands on 28 November 2020.

Technological support

Technology is becoming an increasingly important education tool. Beyond the school system, there are NGOs in Mauritius that are providing remedial education to students, while others are innovating and providing online classes for their students. In 2020, the MTF provided technological support to help these NGOs.

Social (Cont'd)

Rodrigues

The Foundation donated Rs 1 million of its CSR funds to help NGOs in Rodrigues. As with Mauritian projects, the aim was to help needy families.

The following NGOs received support from the Foundation:

1. Association SOS Pauvreté

Reducing number of drug, alcohol and cigarette users through the social integration of children.

2. Association Capucine Rodrigues

Facilitating access to funding, training and development programmes to alleviate poverty, and by also prompting the use of green materials to favour environmentally-friendly development.

3. Association Feminine Légendine Rémir

Helping unemployed women to become financially autonomous by encouraging entrepreneurship and educating women through training programmes.

4. The Trevor Huddleston Association for the Disabled

Supporting the development and improvement of the Gonzague Pierre Louis Special Learning Centre which offers quality care and special education for children with disabilities and experiencing learning difficulties.

5. Care-Co

Empowering people with disabilities and alleviating poverty in Rodrigues by providing training and production workshops.

6. Breast Cancer Care

Informing and sensitising public opinion on breast cancer, as well as providing comfort and psychological support to breast cancer patients.

7. Restore Another Child's Hope Association (ReACH)

Assisting students from vulnerable families in Rodrigues attending secondary and tertiary institutions by providing them with a daily meal.

8. EDYCS Epilepsy Group

Promoting the training of professional and non-professional healthcare providers, public and civil servants, and civil society leaders in epilepsy management.

9. Association Les Enfants D'Abord

Providing basic musical training mainly to underprivileged children by developing children's talents, thereby promoting local culture and also keeping children away from social ills.

10. Caritas Rodrigues

Providing hot meals to poor and needy students on a daily basis.

Agalega

The Foundation's support to those from a vulnerable background, is not limited only to Mauritius and Rodrigues. In 2020, MTF donated exercise books and school bags to students in Agalega.

Rodrigues

Following the rolling out of the fibre network in Rodrigues from October 2020, my.t residential and business customers were able to benefit from the same services as those in Mauritius: TV and high-speed broadband (20M, 50M and 100M) and a portfolio of over 100 my.t TV channels.


The Lisette family, the first family to be connected to 100 Mbps in Rodrigues


Landing of the MARS cable in Rodrigues

Rodrigues

The beginning of a new era in Rodrigues.

In October 2020, Rodrigues took a major step in its technological advancement with the introduction of the fibre network by Mauritius Telecom.

Its population can now benefit from high speed internet of up to 100 Mbps, as well as more than 100 television channels.

Independent **auditor's report**

to the Shareholders of Mauritius Telecom Ltd

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Mauritius Telecom Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 96 to 160, which comprise the statements of financial position as at 31 December 2020, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2020, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis for opinion

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

Other matter

The consolidated and separate financial statements of the Group and the Company for the year ended 31 December 2019 were audited by another auditor, who expressed an unmodified opinion on those statements on 24 July 2020.

Other information

The directors are responsible for the other information. The other information comprises the Directors' annual report, the corporate governance report, statement of compliance and the certificate by Company Secretary, but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Corporate Governance Report

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

Responsibilities of directors for the consolidated and separate financial statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

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

- we have no relationship with, or interest in, the Company and its subsidiaries other than in our capacity as auditor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Use of this report

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

Deloitte
Chartered Accountants

Jacques de C du Mée, ACA
Licensed by FRC

24 June 2021

Consolidated and Separate **Statements of Financial Position**

As at 31 December 2020

	Notes	THE GROUP 31 December 2020 Rs 000s	THE GROUP 31 December 2019 Rs 000s (Restated)	THE GROUP 1 January 2019 Rs 000s (Restated)	THE COMPANY 31 December 2020 Rs 000s	THE COMPANY 31 December 2019 Rs 000s
ASSETS						
Non-current assets						
Property, plant and equipment	5	**15,727,265**	15,795,598	16,134,841	**13,838,745**	13,825,960
Intangible assets	6	**1,569,492**	1,288,453	1,146,973	**1,118,023**	1,145,233
Right-of-use assets	36(i)	**615,850**	720,055	-	**392,737**	436,995
Investments in subsidiaries	7	**-**	-	-	**842,408**	842,408
Equity investments designated at FVTOCI	9	**202,575**	147,246	39,825	**202,575**	147,246
Loan to subsidiary	10	**-**	-	-	**113,735**	140,194
Contract assets	12	**356,338**	394,203	392,294	**356,338**	394,203
Other receivables	13	**90,534**	87,117	86,879	**90,534**	87,117
Other deposits	38	**-**	66,483	30,909	**-**	66,483
Deferred tax asset	18	**904,128**	421,643	405,415	**835,292**	411,027
Total non-current assets		**19,466,182**	18,920,798	18,237,136	**17,790,387**	17,496,866
CURRENT ASSETS						
Inventories	11	**821,458**	735,456	639,672	**670,868**	611,620
Trade receivables	12	**993,820**	1,393,988	982,188	**823,397**	931,214
Other receivables	13	**566,796**	612,380	856,738	**514,540**	578,464
Contract assets	12	**447,166**	327,099	279,162	**70,258**	62,193
Loan to subsidiary	10	**-**	-	-	**26,459**	24,190
Other deposits	38	**-**	105,913	139,091	**-**	105,000
Tax receivables	18	**6,928**	4,042	-	**6,928**	4,042
Cash and bank balances	37	**1,602,943**	349,990	752,944	**1,479,880**	280,154
		4,439,111	3,528,868	3,649,795	**3,592,330**	2,596,877
Assets classified as held-for-sale	39	**301,450**	486,576	290,920	**51,465**	236,591
Total current assets		**4,740,561**	4,015,444	3,940,715	**3,643,795**	2,833,468
Total assets		**24,206,743**	22,936,242	22,177,851	**21,434,182**	20,330,334

	Notes	THE GROUP			THE COMPANY	
		31 December 2020	31 December 2019	1 January 2019	**31 December 2020**	31 December 2019
		Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
			(Restated)	(Restated)		
EQUITY AND LIABILITIES						
Capital and reserves						
Stated capital	15	**190,000**	190,000	190,000	**190,000**	190,000
Fair value reserve	16	**196,100**	140,771	33,350	**196,100**	140,771
Translation reserve		**(14,236)**	(14,236)	1,384	**-**	-
Retained earnings		**6,766,269**	8,817,098	8,872,190	**952,457**	3,561,043
Total equity		**7,138,133**	9,133,633	9,096,924	**1,338,557**	3,891,814
Non-current liabilities						
Loans	17	**2,423,788**	2,125,599	1,586,316	**2,423,788**	2,125,599
Lease liabilities	36(iv)	**563,990**	650,186	-	**458,951**	475,621
Deferred tax liabilities	18	**-**	-	36,521	**-**	-
Retirement benefit obligations	19	**7,184,759**	4,356,784	4,424,347	**6,607,823**	4,022,608
Deferred revenue	22	**423,921**	420,198	417,949	**423,921**	420,198
Provisions	24	**43,475**	35,589	39,119	**4,660**	10,066
Other payables	21	**285,738**	373,857	92,489	**282,158**	369,831
Total non-current liabilities		**10,925,671**	7,962,213	6,596,741	**10,201,301**	7,423,923
Current liabilities						
Loans	17	**50,135**	43,021	10,915	**1,340,279**	1,128,244
Lease liabilities	36(iv)	**115,338**	114,259	-	**43,265**	56,888
Trade payables	20	**2,192,939**	2,088,059	2,392,178	**1,372,940**	1,188,841
Other payables and accrued expenses	21	**2,171,286**	1,755,759	2,610,973	**5,998,943**	5,207,681
Deferred revenue	22	**464,855**	352,172	370,545	**328,026**	226,969
Security deposits	23	**440,695**	417,555	392,979	**440,695**	417,555
Dividend payable	14	**710**	327,413	535	**710**	327,413
Current tax liabilities	18	**329,972**	263,615	377,012	**20,126**	-
Provisions	24	**369,524**	333,879	329,049	**341,855**	316,342
Bank overdraft	37	**7,485**	144,664	-	**7,485**	144,664
Total current liabilities		**6,142,939**	5,840,396	6,484,186	**9,894,324**	9,014,597
Total liabilities		**17,068,610**	13,802,609	13,080,927	**20,095,625**	16,438,520
Total equity and liabilities		**24,206,743**	22,936,242	22,177,851	**21,434,182**	20,330,334

Approved by the Board of Directors and authorised for issue on 24 June 2021.

N.K. **Ballah** *GOSK*
Chairman

D.D. **Manraj** *GOSK*
Director

The notes on pages 102 to 160 form an integral part of these financial statements.

Consolidated and Separate **Statements of Profit or Loss and Other Comprehensive Income**

For the year ended 31 December 2020

	Notes	THE GROUP		THE COMPANY	
		2020	2019	**2020**	2019
		Rs 000s	Rs 000s	Rs 000s	Rs 000s
			(Restated)		
Revenue	25	**10,412,434**	10,494,749	**7,371,590**	7,028,877
Cost of sales		**(2,578,391)**	(2,659,810)	**(1,516,776)**	(1,665,320)
Gross Profit		**7,834,043**	7,834,939	**5,854,814**	5,363,557
Other income	26	**200,171**	210,368	**1,014,842**	1,017,258
Operating expenses		**(6,706,632)**	(6,955,365)	**(6,012,755)**	(6,263,562)
Impairment losses (including reversals of impairment losses) on financial assets and contract assets	12,13	**(285,111)**	(179,353)	**(251,964)**	(169,463)
Profit/(loss) from operations	27	**1,042,471**	910,589	**604,937**	(52,210)
Other gains/(losses)	28	**(208,107)**	(35,164)	**(356,268)**	(65,262)
Finance income	29	**46,899**	34,464	**57,640**	53,514
Finance costs	30	**(229,073)**	(219,143)	**(469,630)**	(448,068)
Profit/(loss) before tax		**652,190**	690,746	**(163,321)**	(512,026)
Income tax (expense)/income	18	**(100,329)**	(72,787)	**(25,055)**	121,740
PROFIT/(LOSS) FOR THE YEAR, attributable to owners of the Company		**551,861**	617,959	**(188,376)**	(390,286)
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of retirement benefit obligations	19	**(2,929,682)**	160,675	**(2,721,337)**	173,615
Deferred tax on remeasurement of retirement benefit obligation	18	**488,492**	(50,926)	**462,627**	(49,186)
Fair value gain on equity investments designated at FVTOCI	9	**55,329**	107,421	**55,329**	107,421
		(2,385,861)	217,170	**(2,203,381)**	231,850
Items that may be reclassified subsequently to profit or loss:					
Exchange difference on translating foreign operations		**-**	(15,620)	**-**	-
Other comprehensive (loss)/income for the year, net of tax		**(2,385,861)**	201,550	**(2,203,381)**	231,850
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, attributable to owners of the Company		**(1,834,000)**	819,509	**(2,391,757)**	(158,436)
Earnings per share	31	**2.90**	3.25		

The notes on pages 102 to 160 form an integral part of these financial statements.

Consolidated and Separate **Statements of Changes in Equity**

For the year ended 31 December 2020

The Group	Notes	Stated Capital	Fair value reserve	Translation reserve	Retained Earnings	Total Attributable to the owners of the company
		Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At 1 January 2019						
- As previously reported	44	190,000	33,350	1,384	8,985,103	9,209,837
- Prior year adjustment	44	-	-	-	(112,913)	(112,913)
- As restated		190,000	33,350	1,384	8,872,190	9,096,924
Profit for the year		-	-	-	617,959	617,959
Other comprehensive income/(loss) for the year net of tax		-	107,421	(15,620)	109,749	201,550
Total comprehensive income/(loss) for the year		-	107,421	(15,620)	727,708	819,509
Dividend	14	-	-	-	(782,800)	(782,800)
At 31 December 2019		190,000	140,771	(14,236)	8,817,098	9,133,633
At 1 January 2020						
- As previously reported	44	190,000	140,771	(14,236)	8,954,917	9,271,452
- Prior year adjustment	44	-	-	-	(137,819)	(137,819)
- As restated		190,000	140,771	(14,236)	8,817,098	9,133,633
Profit for the year		-	-	-	551,861	551,861
Other comprehensive income/(loss) for the year net of tax		-	55,329	-	(2,441,190)	(2,385,861)
Total comprehensive (loss)/income for the year		-	55,329	-	(1,889,329)	(1,834,000)
Dividend	14	-	-	-	(161,500)	(161,500)
At 31 December 2020		**190,000**	**196,100**	**(14,236)**	**6,766,269**	**7,138,133**

The notes on pages 102 to 160 form an integral part of these financial statements.

Consolidated and Separate **Statements of Changes in Equity** (Cont'd)

For the year ended 31 December 2020

The company	Notes	Stated Capital	Fair value reserve	Retained Earnings	Total
		Rs 000s	Rs 000s	Rs 000s	Rs 000s
At 1 January 2019		190,000	33,350	4,609,700	4,833,050
Loss for the year		-	-	(390,286)	(390,286)
Other comprehensive income for the year net of tax		-	107,421	124,429	231,850
Total comprehensive income/(loss) for the year		-	107,421	(265,857)	(158,436)
Dividend	14	-	-	(782,800)	(782,800)
At 31 December 2019		190,000	140,771	3,561,043	3,891,814
Loss for the year		-	-	(188,376)	(188,376)
Other comprehensive income/(loss) for the year net of tax		-	55,329	(2,258,710)	(2,203,381)
Total comprehensive income/(loss) for the year		-	55,329	(2,447,086)	(2,391,757)
Dividend	14	-	-	(161,500)	(161,500)
At 31 December 2020		**190,000**	**196,100**	**952,457**	**1,338,557**

The notes on pages 102 to 160 form an integral part of these financial statements.

Consolidated and Separate **Statements of Cash Flows**

For the year ended 31 December 2020

	Note	THE GROUP 2020 Rs 000s	THE GROUP 2019 Rs 000s	THE COMPANY 2020 Rs 000s	THE COMPANY 2019 Rs 000s
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/(loss) before taxation		**652,190**	690,746	**(163,321)**	(512,026)
Adjustments for: -					
Profit on disposal of property, plant and equipment		**(3,485)**	(1,186)	**(3,344)**	(1,074)
Interest expense		**229,073**	219,143	**469,630**	448,068
Interest income		**(46,899)**	(34,464)	**(57,640)**	(53,514)
Dividend income		**(14,336)**	(10,006)	**(14,336)**	(10,006)
Retirement benefit obligations		**(101,707)**	93,112	**(136,122)**	56,705
Termination benefits		**(97,885)**	261,447	**(97,357)**	277,342
Depreciation of property, plant and equipment		**2,173,000**	2,023,360	**1,862,528**	1,702,333
Impairment of property plant and equipment		**11,444**	33,038	**-**	-
Amortisation of intangible assets		**244,289**	194,585	**188,367**	155,167
Depreciation on right-of-use assets		**144,914**	145,817	**81,660**	78,813
Unrealised exchange loss/(gain)		**140,504**	(8,945)	**294,673**	21,534
Fair value adjustment for assets classified as held-for-sale		**99,514**	-	**99,514**	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**3,430,616**	3,606,647	**2,524,252**	2,163,342
Increase in inventories		**(86,002)**	(95,784)	**(59,248)**	(122,657)
Decrease in trade receivables and contract assets		**363,647**	(444,699)	**199,399**	(185,546)
Decrease in other receivables		**42,166**	252,811	**63,924**	136,984
Increase/(decrease) in trade payables		**49,699**	(308,357)	**141,178**	(395,086)
Decrease /(increase) in other payables and accrued expenses		**(245,850)**	(451,307)	**105,550**	392,992
Increase/(decrease) in deferred revenue		**116,406**	(45,180)	**104,779**	(32,588)
Increase/(decrease) in provisions		**31,432**	(7,522)	**30,379**	5,817
CASH GENERATED FROM OPERATIONS		**3,702,114**	2,506,609	**3,110,213**	1,963,258
Taxes (paid)/refund		**(28,537)**	(251,527)	**32,884**	(5,696)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES		**3,673,577**	2,255,082	**3,143,097**	1,957,562
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	41(ii)	**(1,559,307)**	(2,686,554)	**(1,522,490)**	(2,477,830)
Purchase of intangible assets		**(525,328)**	(336,875)	**(161,157)**	(253,393)
Proceeds from sale of property, plant and equipment		**3,820**	35,973	**3,680**	35,824
Proceed from sale of asset classified as held-for-sale		**85,612**	237,407	**85,612**	237,407
Movement in other deposits		**172,396**	(2,396)	**171,483**	(1,483)
Interest received		**26,658**	14,285	**37,399**	14,275
Dividend received		**14,336**	10,006	**14,336**	10,006
NET CASH USED IN INVESTING ACTIVITIES		**(1,781,813)**	(2,728,154)	**(1,371,137)**	(2,435,194)
CASH FLOWS FROM FINANCING ACTIVITES					
Bank loan received	41(ii)	**151,988**	504,087	**151,988**	504,087
Payment of lease liability	41(ii)	**(166,041)**	(165,007)	**(95,710)**	(90,874)
Interest paid		**(50,306)**	(34,593)	**(50,306)**	(38,572)
Dividend paid		**(488,203)**	(455,921)	**(488,203)**	(455,921)
NET CASH USED IN FINANCING ACTIVITIES		**(552,562)**	(151,434)	**(482,231)**	(81,280)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**1,339,202**	(624,506)	**1,289,729**	(558,912)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**205,326**	752,944	**135,490**	624,985
Effect of exchange rate changes on the balance of cash held in foreign currencies		**50,930**	76,888	**47,176**	69,417
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	37	**1,595,458**	205,326	**1,472,395**	135,490

The notes on pages 102 to 160 form an integral part of these financial statements.

Notes to the Consolidated and Separate **Financial Statements**

For the year ended 31 December 2020

1a. General Information

Mauritius Telecom Ltd ("the Company") is a public company incorporated in Mauritius. Its registered office and principal place of business is Telecom Tower, Edith Cavell Street, Port Louis. It is engaged in the provision of telecommunication services and the principal activities of its subsidiaries are described in note 7.

1b. Impact of Covid-19

At 31 December 2019, a number of cases of an unknown virus had been reported to the World Health Organisation ("WHO"). Following the subsequent spread of the virus, the WHO declared the COVID-19 outbreak to be a pandemic in March 2020.

Mauritius witnessed its first outbreak of Covid-19 in March 2020. The Government imposed strict restrictions such as national lockdowns, travel bans and quarantines in an attempt to contain the spread of the pandemic. A second national lockdown was enforced in March 2021 after a few new local cases were detected.

The Covid-19 pandemic has had far reaching economic consequences beyond the spread of the disease itself. Some industries like airlines and tourism including SMEs linked to the hospitality sector are massively impacted and these sectors are uncertain about their recovery.

The Government of Mauritius has taken several measures including review of monetary policies by the Bank of Mauritius in order to reinforce economic resiliency.

Key impact on financial performance of the Group and the Company

Revenue

Lockdown and travel bans have impacted on the roaming, mobile prepaid and fixed voice revenues.

Credit risk

The damage to businesses and economies is becoming more visible every day. Forecasting institutions and scenario planners are estimating significant contractions in GDP. These economic disruptions have deteriorated the overall credit quality of majority of businesses. The Group and the Company have considered the impact of COVID-19 in its financial statements by revisiting its ECL model to cater for higher level of economic and market uncertainties.

Pension liabilities

The various monetary policies implemented by the Bank of Mauritius have resulted in a significant decrease in interest rates.This has greatly affected the measurement of retirement benefit obligation and plan asset. The methodology for the discount rate is to use extrapolation technique to derive a yield curve for different duration based on yields on government bonds from secondary market. The discount rate dropped from 4.9% - 7.9% in 2019 to 2.6% - 3.7% in 2020 resulting in significant increase in retirement benefit liability.

Like many other entities, the Group and the Company have not remained immune to the Covid-19 crisis. However, the Group and the Company are resilient. Management is closely monitoring the situation and has considered the potential impacts of COVID-19 on the budget and cash flows forecast in assessing the liquidity of the Group and the Company.

Management is of view that the significant uncertainties associated with the COVID-19 currently do not cast any significant doubt on the Group's and Company's ability to continue as a going concern.

2. Application of New and Revised International Financial Reporting Standards (IFRSs)

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

New and revised standards that are effective for the current year

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

IAS 1	Presentation of financial statements: Amendments regarding the definition of material
IAS8	Accounting Policies, Changes in Accounting Estimates and Errors: Amendments regarding the definition of material
IAS 39	Financial Instruments - Recognition and Measurement: Amendments regarding pre-replacement issues in the context of the IBOR reform
IFRS 3	Business Combinations: Amendments to clarify the definition of a business
IFRS 7	Financial Instruments - Disclosures: Amendments regarding pre-replacement issues in the context of the IBOR reform

New and revised standards that are effective for the current year (Cont'd)

IFRS 9 Financial Instruments - Recognition and Measurement: Amendments regarding the pre-replacement issues in the context of the IBOR reform

Standards and interpretations in issue but not yet effective

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

IAS 1 Presentation of Financial Statements: Amendments regarding the classification of liabilities (effective 1 January 2023)

IAS 1 Presentation of Financial Statements: Amendments to defer the effective date of the January 2020 amendments (effective 1 January 2023)

IAS 1 Presentation of Financial Statements: Amendments regarding the disclosure of accounting policies (effective 1 January 2023)

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Amendments regarding the disclosure of accounting policies (effective 1 January 2023)

IAS 16 Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective 1 January 2022)

IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022)

IAS 39 Financial Instruments - Recognition and Measurement: Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)

IFRS 3 Business Combinations: Amendments updating a reference to the Conceptual Framework (effective 1 January 2022)

IFRS 7 Financial Instruments - Disclosures: Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)

IFRS 9 Financial Instruments: Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)

IFRS 9 Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the "10 per cent" test for derecognition of financial liabilities) (effective 1 January 2022)

IFRS 16 Leases: Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)

IFRS 16 Leases: Amendments to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification (effective 1 June 2020)

IFRS 16 Leases: Amendments to extend the exemption from assessing whether a COVID-19 related rent concession is a lease modification (effective 1 April 2021)

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

3. Significant Accounting Policies

The accounting policies adopted by the Group and the Company are set out below.

(a) Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and complied with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

(b) Basis of preparation

The financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (collectively referred to as the ''Group''). Control is achieved when the Company:

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

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

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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

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

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(d) Investments in subsidiaries

In the Company's financial statements, investments in subsidiaries are accounted for at cost less any impairment loss.

(e) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is measured at cost, cost less impairment at Company level from the date the investee becomes an associate.

An investment in an associate is measured using the equity method from the date on which the investee becomes an associate at Group level.

On acquisition of the investment in an associate, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. Significant Accounting Policies (Cont'd)

(e) Investments in associates (Cont'd)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held-for-sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a Group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(f) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in statement of profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(g) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group and the Company recognise revenue when they transfer control over a good and service to a customer, either over time or at a point in time.

The consideration to which the Group and the Company expect to be entitled in a contract with a customer excludes amount collected on behalf of third parties and takes into consideration any financing component arising on transfer of control passed on over time for a period more than one year.

The main revenue streams are recognised as follows:

1. Telephone and Roaming services

The Group and the Company offer fixed and mobile telephone services, fixed and mobile internet access services and content offers to their customers. Some contracts are for a fixed term (generally 12 or 24 months), while others may be terminated at short notice. Service revenue is recognised when the service is provided at a point in time, based on usage (minutes of traffic, number of SMS or bytes of data processed) or the period (e.g. monthly service costs). This gives rise to deferred revenue on prepaid services. Prepaid offers include expiry date. Any credits not yet consumed on prepaid services is recognised as revenue over time.

Contract with customers generally do not include material right, as the price invoiced for contracts and the services purchased and consumed by the customer beyond the specific scope generally reflect their standalone selling prices. Service obligations transferred to the customer at the same pace are treated as a single obligation. Any initial service connection is recognised in revenue over the average term of the expected contractual period.

When contracts include contractual clauses in terms of commercial discounts or free offers, the Group or the Company defer these discounts or free offers, if material, over the enforceable period of contract which is the period over which the Company and the customer have a firm commitment.

2. Sale of equipment

The Group and the Company offer equipment (primarily mobile phones) either separately or bundled with service offers. When sold separately, the amount invoiced is recognised in revenue on delivery. The proceeds are receivable immediately or in instalments over a period of 12 months or more for specific contracts. Where payment is received in instalments over a period of more than 24 months, the offer comprises a financial component and interest is calculated and deducted from the amount invoiced and recognised over the payment period in finance income.

When equipment is bundled with service, the Group and the Company recognise the equipment as revenue on delivery and service revenue is recognised over the contract period. Where the Group and Company have the rights to consideration for equipment delivered during the year but not billed at the reporting date, the Group and the Company recognised these as contract assets. Revenue is allocated to each component in proportion to their individual selling prices.

3. Significant Accounting Policies (Cont'd)

(g) Revenue recognition (Cont'd)

3. Wholesale contracts

Contracts with Operator customers for domestic and international wholesale activities can be in two types pay-as-you-go model or send-or-pay model. Pay-as-you-go model applies mainly to regulated activities with domestic operators (call termination). These contracts are not covered by a volume commitment. Revenue is recognised as the services are provided over the contractual terms.

Under a send-or-pay model, the price, volume and terms are defined. Such contracts include some roaming contracts with foreign operators. The operator has a commitment to pay the amount as per the contract irrespective of actual traffic consumed over the contract period. Revenue, reduced for any discount, is recognised progressively based on actual traffic during the contract period.

4. Commission

Commission represents income from activities performed by the Group in relation to media planning services. Revenue is recognised at a point in time upon delivery of services.

5. Co-location

Co-location income is derived from tower sites sharing arrangements with other operators. It is recognised over time on a contractual basis.

6. Deferred revenue

Sale of prepaid phone cards is not recognised as revenue outright since the subscriber does not consume all the credit at once. In order to provide a more accurate matching of revenues with the direct costs, revenue is recognised on a usage basis and a deferred revenue liability is recorded for the remaining balance. Prepaid services on mobile is accounted on consumption basis. Upfront payments for installation costs are recognised as deferred income and released over time to revenue over the initial minimum subscription period.

7. Revenue from projects

Advance payments related to projects have been deferred and amortised over the period of the contract. Revenue from services from the same projects are recognised over time as and when the performance obligation is satisfied. The progress towards the complete satisfaction of the performance obligation is measured in terms of the number of sites completed.

(h) Other income

Other income earned by the Group and the Company are recognised on the following basis:-

- Interest income is accrued over time, by reference to the principal outstanding and at the effective interest rate applicable.
- Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.
- Rental income is accrued over time at the consideration received/receivable.
- Management fees are accrued over time at the consideration received/receivable.
- Surcharge relates to late payment fee at 10% of the amount invoiced and is applicable once the credit period of 30 days is exceeded. The fee is recognised on an accrual basis over time, reduced for any expected waiving and is included in other income in profit or loss account.

(i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Plant and equipment includes assets related to projects which are depreciated over an estimated useful life of 10 to 20 years using the straight line method.

Depreciation is charged so as to write off the cost of assets, other than freehold land, over their estimated useful lives, using the straight-line method as follows:-

Land	- Nil
Buildings on freehold and leasehold land	- 5 to 25 years
Plant and equipment	- 2 to 20 years
Furniture, fittings and equipment	- 5 to 10 years
Motor vehicles	- 5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Assets in progress are capitalised based on the percentage of completion method and are stated at cost. No depreciation is provided until such time as the relevant assets are completed and available for use.

No depreciation is provided on freehold land.

Plant and equipment in progress is capitalised based on the percentage of completion method and are stated at cost. No depreciation is provided until such time as the relevant assets are completed and available for use. No depreciation is provided on assets in progress.

Whenever the entity incurs an obligation for costs to dismantle and remove an item of property, plant and equipment and restore the site on which it is located, a provision is recognised and measured under IAS 37. As such the cost of property, plant and equipment also includes the estimated cost of dismantling, removing and restoring the site occupied due to the obligation incurred by the entity.

(j) Intangible assets

Computer software

Computer software that is not considered to form an integral part of any hardware equipment is recorded as intangible assets. The software is capitalised at cost and amortised over its estimated useful life ranging from 5 to 10 years.

(k) Impairment of non-financial assets

At the end of each reporting period, the Group and the Company review the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, or whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is based on the invoice value of materials on a first-in, first-out (FIFO) basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. The costs of inventories comprise all costs of purchase and other costs incurred in bringing the Inventories to their present location and condition.

3. Significant Accounting Policies (Cont'd)

(m) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to statement of profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Mauritian Rupee using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of foreign operations (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to statement of profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in statement of profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to statement of profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

(n) Taxation

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

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are *not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

(iii) Current and deferred taxes for the year

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

(o) Cash and cash equivalents

Cash comprises cash at bank and in hand, demand deposits and bank overdrafts. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(p) Retirement benefit costs and termination benefits

The Group and the Company operate a number of defined benefit plans and defined contribution plans, the planned assets of which are held with State Insurance Company of Mauritius Ltd and Swan Life.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

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

The Group and the Company present the first two components of defined benefit costs in profit or loss in the line item operating expenses. Curtailment gains and losses are accounted for as past service costs.

The retirement obligations recognised in the statements of financial position represent the actual deficit or surplus in the Group's and the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

3. Significant Accounting Policies (Cont'd)

(p) Retirement benefit costs and termination benefits (Cont'd)

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

The present value of retirement gratuities is recognised in the statement of financial position as a non-current liability. The recognition and presentation of the components of the retirement gratuities are similar to the defined benefit plan (as above).

(q) Financial instruments

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the instruments.

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

Financial assets

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

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

Classification of financial assets

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

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

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

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

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

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

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

(i) Amortised cost and effective interest method

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

For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. For purchased or originated credit-impaired financial assets, the entity recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

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

(ii) Equity instruments designated as at FVTOCI

On initial recognition, the entity may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

(a) It has been acquired principally for the purpose of selling it in the near term; or

(b) On initial recognition it is part of a portfolio of identified financial instruments that the entity manages together and has evidence of a recent actual pattern of short-term profit-taking; or

(c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

The Group and the Company have elected to present the changes in fair value of the investment in equity instruments in OCI as it is not held for trading.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'other income' line item in profit or loss.

The Group and the Company have designated its investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

Foreign exchange gains and losses

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

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the fair value reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the fair value reserve.

Impairment of financial assets

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

"The Group and the Company apply the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions (when the trends are observable) and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL until they are derecognised due to short-term nature of the receivables and their credit risk have been assessed as other than low.

3. Significant Accounting Policies (Cont'd)

(q) Financial instruments (Cont'd)

Financial Assets (Cont'd)

(ii) Equity instruments designated as at FVTOCI (Cont'd)

Impairment of financial assets (Cont'd)

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

(i) Definition of Default

The Group and the Company consider a financial asset in default when contractual payments are past due for a period ranging from 150 to 180 days. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the entity is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the entity.

(ii) Write off policy

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Financial assets written off may still be subject to enforcement activities under the Group and the Company's recovery procedures. Any recoveries made are recognised in profit or loss.

(iii) Recognition of expected credit losses

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

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

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

Equity instrument

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

Financial liabilities

Financial Liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and the net gains and losses, including any interest expense are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(i) *Borrowings*

Interest bearing loans and bank overdrafts are initially recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instalment to the extent that they are not settled in the period in which they arise. Borrowings are subsequently measured at amortised cost using the effective interest method. Deferred interest accounted on borrowings below the market rate is amortised throughout the life of the loan.

(ii) *Accounts payable*

Accounts payables are stated at their amortised cost using effective interest method.

(iii) *Security Deposit*

The Company requires new customers to pay a security deposit upon subscription of fixed lines services. These deposits are refundable to the customers upon cancellation of the services. They are recognised in the statement of financial position as liabilities.

(iv) *Effective interest method*

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

(iv) *Derecognition of financial liabilities*

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

(r) Provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event, and it is probable that the Group and the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the end of each reporting period. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

A restructuring provision is recognised when the Group and the Company have developed a detailed formal plan for the restructuring and have raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are these amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

(s) Assets classified as held-for-sale

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(t) Leases

The Group and the Company as lessee

An entity assesses whether a contract is or contains a lease, at inception of the contract. The entity recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the entity recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

3. Significant Accounting Policies (Cont'd)

(t) Leases (Cont'd)

The Group and the Company as lessee (Cont'd)

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

(i) Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

(ii) Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

(iii) The amount expected to be payable by the lessee under residual value guarantees;

(iv) The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

(v) Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

An entity remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group and the Company did not make any such adjustments during the periods presented.

The Right-of-Use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever an entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a Right-of-Use asset, the costs are included in the related Right-of-Use asset, unless those costs are incurred to produce inventories.

Right-of-Use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the Right-of-Use asset reflects that the entity expects to exercise a purchase option, the related Right-of-Use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Right-of-Use assets are presented as a separate line in the Statement of Financial Position.

An entity applies IAS 36 Impairment of Assets to determine whether a Right-of-Use asset is impaired and accounts for any identified impairment loss as described in the 'impairment of tangible and intangible assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the Right-of-Use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'operating expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The lease contracts do not have lease and non-lease components and hence the Group and the Company have not used this practical expedient.

The Group and the Company as lessor

Leases for which an entity is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. The Group and the Company have only operating lease contracts.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the leased term.

(u) Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if they have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or if they and the Group are subject to common control. Related parties may be individuals or other entities.

(v) Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the Group and the Company. Contingent liabilities are not recognised but disclosed in the notes to the consolidated and separate financial statements, unless the possibility of an outflow of economic resources is remote.

(w) Comparative figures

Comparative figures have been restated and reclassified where necessary to conform to the current year's presentation.

4. Accounting Judgements and Key Sources of Estimation Uncertainty

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

In the process of applying the Group's and the Company's accounting policies, which are described in note 3, the directors and management are required to exercise judgement and also to use estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Actual results may differ as a result of changes in these estimates.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Estimated useful lives and residual values of property, plant and equipment

Determining the carrying amounts of property, plant and equipment requires the estimation of the useful lives and residual values of these assets. Estimates of useful lives and residual values carry a degree of uncertainty due to technological change and obsolescence. The directors have used current information relating to expected use of assets and have benchmarked with its counterparts within the same industry in order to determine the useful lives and residual values of property, plant and equipment.

(ii) Revenue recognition - Use of estimates

Revenue and expenses recognised in the statement of profit or loss and other comprehensive income include estimates for the fair value of services rendered during the reporting period but not yet billed. Although these estimates are based on management's best knowledge of current events and actions, management believe that they are not expected to be significantly different from actual results.

(iii) Impairment of assets

The guidance provided by IAS 36 has been followed in determining whether an investment needs to be impaired. This determination requires significant judgement. In making this judgement, the directors evaluate, among other factors, the duration and extent to which the fair value of an investment is less than its cost, the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

4. Accounting Judgements and Key Sources of Estimation Uncertainty (Cont'd)

Key sources of estimation uncertainty (Cont'd)

(iv) Allowance for slow-moving inventories

Inventories are stated at the lower of cost and net realisable value. Adjustments to reduce the cost of inventory to its realisable value are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

(v) Calculation of loss allowance

The Group and the Company use a provision matrix to calculate Expected Credit Loss (ECL) for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

When measuring ECL the Group and the Company use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. In 2020, the Group and the Company have factored forward economic conditions in ECL.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the entity would expect to receive, taking into account cash flows from credit enhancements.

The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(vi) Pension Obligation

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost /(income) for pensions include a selection of discount rate.

The Group and the Company determine the appropriate discount rate at the end of each year. The Nelson Siegel model has been used to derive a yield curve and to extrapolate the discount rates at the corresponding duration for this year's exercise for the Group and the Company. Other key assumptions for pension obligations are based in part on current market conditions.

These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Group's and the Company's financial statements within the next year. Further information on the carrying amounts of the Group's and the Company's defined benefit obligation and the sensitivity of those amounts to changes in discount rate are provided in note 19.

5. Property, Plant and Equipment

(a) The Group

	Land	Buildings on freehold and Leasehold Land	Plant and equipment	Furniture, fittings and equipment	Motor vehicles	Assets in progress	Total
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
COST							
At 1 January 2019	23,218	2,672,254	32,947,762	1,246,144	239,222	4,738,361	41,866,961
Additions	-	2,602	-	869	8,945	2,171,742	2,184,158
Disposals	-	-	(512,591)	(10,873)	(5,176)	-	(528,640)
Assets capitalised during the year	-	10,897	4,083,468	82,283	-	(4,176,648)	-
Assets write off	-	-	(6,184,257)	-	-	-	(6,184,257)
Asset transferred to assets held-for-sale	-	-	(2,349,771)	-	-	-	(2,349,771)
At 31 December 2019	23,218	2,685,753	27,984,611	1,318,423	242,991	2,733,455	34,988,451
Reclassification	-	(61,391)	-	59,111	-	2,280	-
Additions	-	9,770	-	-	1,119	2,105,557	2,116,446
Disposals	-	-	(23,829)	(558)	(9,965)	-	(34,352)
Assets capitalised during the year	-	14,896	2,236,799	67,793	-	(2,319,488)	-
At 31 December 2020	**23,218**	**2,649,028**	**30,197,581**	**1,444,769**	**234,145**	**2,521,804**	**37,070,545**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS							
At 1 January 2019	-	1,159,435	23,454,753	990,815	127,117	-	25,732,120
Charge for the year	-	148,282	1,795,878	41,177	38,023	-	2,023,360
Disposals	-	-	(498,510)	(10,873)	(4,573)	-	(513,956)
Asset transferred to assets held-for-sale	-	-	(1,897,452)	-	-	-	(1,897,452)
Impairment loss	-	-	33,038	-	-	-	33,038
Assets write off	-	-	(6,184,257)	-	-	-	(6,184,257)
At 31 December 2019	-	1,307,717	16,703,450	1,021,119	160,567	-	19,192,853
Reclassification	-	(33,898)	-	33,898	-	-	-
Charge for the year	-	88,480	1,982,212	69,869	32,439	-	2,173,000
Disposals	-	-	(23,563)	(536)	(9,918)	-	(34,017)
Impairment loss	-	-	11,444	-	-	-	11,444
At 31 December 2020	**-**	**1,362,299**	**18,673,543**	**1,124,350**	**183,088**	**-**	**21,343,280**
NET BOOK VALUE							
At 31 December 2020	**23,218**	**1,286,729**	**11,524,038**	**320,419**	**51,057**	**2,521,804**	**15,727,265**
At 31 December 2019	23,218	1,378,036	11,281,161	297,304	82,424	2,733,455	15,795,598

Impairment loss recognised during the year amounted to Rs'000s 11,444 (2019: Rs' 000s 33,038) was due to change in mobile technology.

Following a technical survey carried out in the financial year ended 31 December 2019, the Group and the Company identified some fully depreciated and scrapped assets which were still included in the Fixed Asset Register. Consequently, the Board approved to write off these assets in 2019.

Notes to the Consolidated and Separate **Financial Statements** (Cont'd)

For the year ended 31 December 2020

5. Property, Plant and Equipment (Cont'd)

(b) The Company

	Land	Buildings on freehold and Leasehold Land	Plant and equipment	Furniture, fittings and equipment	Motor vehicles	Assets in progress	Total
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
COST							
At 1 January 2019	23,218	2,082,283	27,646,658	871,439	233,003	4,399,654	35,256,255
Additions	-	-	-	-	8,945	1,822,486	1,831,431
Transfer to assets held-for-sale	-	-	(2,349,771)	-	-	-	(2,349,771)
Assets capitalised during the year	-	6,463	4,034,090	81,015	-	(4,121,568)	-
Disposals	-	-	(506,591)	(10,873)	(5,176)	-	(522,640)
Write off during the year	-	-	(6,184,257)	-	-	-	(6,184,257)
At 31 December 2019	23,218	2,088,746	22,640,129	941,581	236,772	2,100,572	28,031,018
Additions	-	-	-	-	1,119	1,874,530	1,875,649
Assets capitalised during the year	-	14,896	1,736,734	66,180	-	(1,817,810)	-
Disposals	-	-	(20,596)	(559)	(9,965)	-	(31,120)
At 31 December 2020	**23,218**	**2,103,642**	**24,356,267**	**1,007,202**	**227,926**	**2,157,292**	**29,875,547**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS							
At 1 January 2019	-	947,381	19,317,905	706,207	120,897	-	21,092,390
Charge for the year	-	120,429	1,517,841	26,040	38,023	-	1,702,333
Disposals	-	-	(492,510)	(10,873)	(4,573)	-	(507,956)
Write off during the year	-	-	(6,184,257)	-	-	-	(6,184,257)
Transfer to assets held-for-sale	-	-	(1,897,452)	-	-	-	(1,897,452)
At 31 December 2019	-	1,067,810	12,261,527	721,374	154,347	-	14,205,058
Charge for the year	-	69,535	1,709,584	50,970	32,439	-	1,862,528
Disposals	-	-	(20,330)	(536)	(9,918)	-	(30,784)
At 31 December 2020	**-**	**1,137,345**	**13,950,781**	**771,808**	**176,868**	**-**	**16,036,802**
NET BOOK VALUE							
At 31 December 2020	**23,218**	**966,297**	**10,405,486**	**235,394**	**51,058**	**2,157,292**	**13,838,745**
At 31 December 2019	23,218	1,020,936	10,378,602	220,207	82,425	2,100,572	13,825,960

6. Intangible Assets

	THE GROUP			THE COMPANY		
	Computer software in progress	Computer software	Total	Computer software in progress	Computer software	Total
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
COST						
At 1 January 2019	746,870	2,301,589	3,048,459	725,389	1,582,294	2,307,683
Assets capitalised during the year	(760,518)	760,518	-	(714,024)	714,024	-
Additions	330,752	6,123	336,875	253,393	-	253,393
Adjustment	-	(900)	(900)	-	(900)	(900)
At 31 December 2019	317,104	3,067,330	3,384,434	264,758	2,295,418	2,560,176
Assets capitalised during the year	(300,416)	300,416	-	(240,969)	240,969	-
Additions	525,328	-	525,328	161,157	-	161,157
At 31 December 2020	**542,016**	**3,367,746**	**3,909,762**	**184,946**	**2,536,387**	**2,721,333**
ACCUMULATED AMORTISATION						
At 1 January 2019	-	1,901,486	1,901,486	-	1,259,866	1,259,866
Charge for the year	-	194,585	194,585	-	155,167	155,167
Adjustment	-	(90)	(90)	-	(90)	(90)
At 31 December 2019	-	2,095,981	2,095,981	-	1,414,943	1,414,943
Charge for the year	-	244,289	244,289	-	188,367	188,367
At 31 December 2020	**-**	**2,340,270**	**2,340,270**	**-**	**1,603,310**	**1,603,310**
NET BOOK VALUE						
At 31 December 2020	**542,016**	**1,027,476**	**1,569,492**	**184,946**	**933,077**	**1,118,023**
At 31 December 2019	317,104	971,349	1,288,453	264,758	880,475	1,145,233

Intangible assets pertain to computer software used in the Group’s and the Company’s operations and financial information systems. Amortisation expense in relation to intangible assets is included in operating expenses.

For the year ended 31 December 2020

7. Investments in Subsidiaries

	THE COMPANY	
	2020	2019
	Rs 000s	Rs 000s
At Cost, unquoted		
At 1 January and 31 December	**842,408**	842,408

The directors have assessed for indication of impairment in investment in subsidiaries at the reporting date. Following the results of this assessment, the directors have noted that there is no impairment loss that needs to be recognised at 31 December 2020 (2019: Nil).

The subsidiaries of Mauritius Telecom Ltd are as follows:

Name of company	Country of Incorporation	Class of Shares	Proportion of ownership interest		Type of Shareholding	Principal activity
			2020	2019		
Cellplus Mobile Communications Ltd	Mauritius	Ordinary	**100%**	100%	Direct	Mobile phone operator
Call Services Ltd	Mauritius	Ordinary	**100%**	100%	Direct	Call centre services
Teleforce Limited	Mauritius	Ordinary	**100%**	100%	Direct	Directory publication
Telecom Plus Ltd	Mauritius	Ordinary	**100%**	100%	Direct	Internet service provider
MT Properties Ltd	Mauritius	Ordinary	**100%**	100%	Direct	Property management
MT International Ventures PCC	Mauritius	Ordinary	**100%**	100%	Direct	Investment vehicle
MT Services Ltd	Mauritius	Ordinary	**100%**	100%	Direct	Human resources management

Following a Board resolution dated 14 December 2015, it was resolved to wind up the subsidiary Telecom Plus Ltd. The assets, liabilities and operations of Telecom Plus Ltd will be transferred to Mauritius Telecom Ltd upon completion of customer migration. However, the subsidiary is still in operation and has not yet initiated the process of migration of activities and winding up.

8. Investments in Associates

Name of company	Country of incorporation	Class of shares	Proportion of ownership interest		Type of Shareholding	Principal activity
			2020	2019		
Telsea Investment Ltd	Mauritius	Ordinary	**24.50%**	24.50%	Direct	Investment holding
EON Reality (Mauritius) Ltd	Mauritius	Ordinary	**25.00%**	25.00%	Direct	Interactive digital centre hub

The investment in EON Reality has been fully impaired in prior years.

As of 31 December 2018, HDM interactive Ltd has been reclassified from associate to FVTOCI investments as the Group and the Company no longer have significant influence over the associate as they do not participate in the financial and operating policy decisions in that investee. The carrying amount transferred to FVTOCI investments is nil.

8. Investments in Associates (Cont'd)

Telsea Investment Ltd

Telsea Investment Ltd was classified as held-for-sale under IFRS 5 following a Board decision to dispose of this investment in April 2018. The sale is expected to materialise in 2021. Refer to Note 39.

The Group

	2020	2019
	Rs 000s	Rs 000s
Opening balance	-	-
Share of profit during the year	-	-
Closing balance	-	-

The Company

	2020	2019
At costs		
At 31 December	**71,310**	**71,310**
Impairient loss		
At 31 December	**71,310**	**71,310**
Carrying amount at 31 December	-	-

9. Equity Investments Designated at FVTOCI

	THE GROUP AND THE COMPANY	
	2020	2019
	Rs 000s	Rs 000s
At 1 January	**147,246**	39,825
Fair value movement	**55,329**	107,421
At 31 December	**202,575**	147,246

Fair value is determined at the end of each reporting period by making reference to most recent traded prices and to recent publicly available NAV prices whereby the underlying assets are fair valued.

The Group and the Company hold 30% equity shares in HDM Interactive Ltd and do not have significant influence in that entity. The investment is held for strategic purposes. The investment is fully impaired as at 31 December 2019 and 2020.

Notes to the Consolidated and Separate **Financial Statements** (Cont'd)

For the year ended 31 December 2020

10. Loan to Subsidiary

	THE COMPANY	
	2020	2019
	Rs 000s	Rs 000s
At 1 January	**164,384**	186,499
Movement during the year	**(24,190)**	(22,115)
At 31 December	**140,194**	164,384
Disclosed as follows :		
Current	**26,459**	24,190
Non current	**113,735**	140,194
	140,194	164,384

The loan to subsidiary is unsecured, repayable monthly and will mature in June 2025. The loan bears fixed interest at 9% per annum (2019: 9%). The carrying value of the loan to subsidiary approximate the fair value.

11. Inventories

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Trading inventories	**227,332**	185,192	**36,688**	30,579
Provision for obsolete stock	**(52,900)**	(49,742)	**(12,846)**	(12,629)
	174,432	135,450	**23,842**	17,950
Non -trading inventories	**651,936**	604,916	**651,936**	598,580
Provision for obsolete stock	**(4,910)**	(4,910)	**(4,910)**	(4,910)
	647,026	600,006	**647,026**	593,670
	821,458	735,456	**670,868**	611,620

Non-trading inventories pertain to items held for use in the maintenance of network infrastructure.

Provision for obsolete stock recognised as an expense includes **Rs 000's 3,158** (2019: Rs 000's 5,516) for the Group and **Rs 000's 217** (2019: Rs 000's 391) for the Company.

12. Trade Receivables and Contract Assets

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Trade receivables	**2,466,144**	2,601,988	**2,001,195**	1,877,723
Contract assets	**803,504**	721,302	**426,596**	456,396
Provision for doubtful debts	**(1,472,324)**	(1,208,000)	**(1,177,798)**	(946,509)
	1,797,324	2,115,290	**1,249,993**	1,387,610
Disclosed as follows :				
Non-current				
Trade receivables	**-**	-	**-**	-
Contract assets	**356,338**	394,203	**356,338**	394,203
	356,338	394,203	**356,338**	394,203
Current				
Trade receivables	**993,820**	1,393,988	**823,397**	931,214
Contract assets	**447,166**	327,099	**70,258**	62,193
	1,440,986	1,721,087	**893,655**	993,407
	1,797,324	2,115,290	**1,249,993**	1,387,610

12. Trade Receivables and Contract Assets (Cont'd)

The average credit period on sales of goods and services is 30 days. No interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, a surcharge is charged at 10% on the outstanding balance.

Before accepting any new customer, the Group and the Company assess the potential customer's credit quality and define credit limits by customer. These are reviewed on a regular basis. The concentration of credit risk is limited due to the customer base being large and unrelated.

The Group and the Company measure the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Management consider trade receivables to be in default when contractual payments are past due for a period ranging from 150 days to 180 days (2019: 330 days) based on the business environment in which the entities operate taking into consideration the market dynamics, customer base and competition. Management have also segmented the trade receivables by customer type for some of the entities and services provided. The Group and the Company have recognised a loss of 100% against all receivables over the default period because historical experience has indicated that these receivable are generally not recoverable.

The Group and the Company have reviewed the provision matrices in 2020 to take into consideration Covid-19 impact on forward-looking economic variables such as growth rate, inflation rate and unemployment rate. The segmentation and default period have also been reviewed for some of the services provided by the Group and the Company.

Contract assets amounting to Rs000's 426,596 (2019: Rs000's456,396) held with Government of Mauritius are assessed to have low credit risk at the reporting date and the identified impairment loss thereon is immaterial.

Contract assets amounting to Rs000's 376,908 (2019: Rs000's 264,906) in subsidiaries have been assessed and an expected credit loss of Rs000's 11,347 (2019: Rs000's 7,333) have been recognised. Contract assets under non-current assets include the Group's and the Company's rights to consideration for handsets delivered to a customer which will be billed after more than one year from the reporting date.

The following tables detail the risk profile of trade receivables and contract assets based on the Group's and the Company's provision matrix at 31 December 2020.

The Group

Fixed line Services

Business Market

	Not yet due	Trade receivables and contract assets - past due							
		1-30 days	**31-60 days**	**61-90 days**	**91-120 days**	**121-150 days**	**151-180 days**	**>180 days**	**Total**
Expected credit loss rate	**3%**	**20%**	**24%**	**26%**	**36%**	**54%**	**62%**	**100%**	
Estimated total gross carrying amount at default (Rs 000's)	147,113	23,210	16,016	15,601	10,695	7,382	9,231	196,837	426,085
Lifetime ECL (Rs 000's)	3,837	4,568	3,772	4,088	3,829	4,011	5,707	196,837	226,649

Consumer Market

	Not yet due	Trade receivables and contract assets - past due							
		1-30 days	**31-60 days**	**61-90 days**	**91-120 days**	**121-150 days**	**151-180 days**	**>180 days**	**Total**
Expected credit loss rate	**3%**	**3%**	**7%**	**13%**	**27%**	**53%**	**72%**	**100%**	
Estimated total gross carrying amount at default (Rs 000's)	315,742	75,673	41,785	27,900	21,451	17,731	14,970	453,248	968,500
Lifetime ECL (Rs 000's)	9,461	2,470	2,928	3,638	5,763	9,400	10,784	453,248	497,692

Notes to the Consolidated and Separate **Financial Statements** (Cont'd)

For the year ended 31 December 2020

12. Trade Receivables and Contract Assets (Cont'd)

The Group (Cont'd)

Fixed line Services (Cont'd)

Public Sector

		Trade receivables and contract assets - past due							
	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days	Total
Expected credit loss rate	10%	10%	20%	31%	49%	70%	85%	100%	
Estimated total gross carrying amount at default (Rs 000's)	35,771	6,473	5,447	5,706	3,228	3,779	3,363	96,704	160,471
Lifetime ECL (Rs 000's)	3,408	626	1,090	1,783	1,568	2,629	2,864	96,704	110,672

Postpaid Services

		Trade receivables and contract assets - past due						
	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	>150 days	Total
Expected credit loss rate	9%	14%	40%	35%	48%	73%	100%	
Estimated total gross carrying amount at default (Rs 000's)	34,109	11,882	843	7,877	8,130	5,829	217,549	286,219
Lifetime ECL (Rs 000's)	2,950	1,632	338	2,726	3,930	4,267	217,549	233,392

Other Services

		Trade receivables and contract assets - past due						
	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	>150 days	Total
Expected credit loss rate	3%	5% - 16%	7% - 14%	15% - 27%	35%	40% - 66%	100%	
Estimated total gross carrying amount at default (Rs 000's)	940,769	77,564	14,873	16,689	14,375	10,167	353,936	1,428,373
Lifetime ECL (Rs 000's)	29,799	4,927	1,628	3,170	5,088	5,371	353,936	403,919

The Company

Fixed line Services

Business Market

		Trade receivables and contract assets - past due							
	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days	Total
Expected credit loss rate	3%	20%	24%	26%	36%	54%	62%	100%	
Estimated total gross carrying amount at default (Rs 000's)	147,113	23,210	16,016	15,601	10,695	7,382	9,231	196,837	426,085
Lifetime ECL (Rs 000's)	3,837	4,568	3,772	4,088	3,829	4,011	5,707	196,837	226,649

Consumer Market

		Trade receivables and contract assets - past due							
	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days	Total
Expected credit loss rate	3%	3%	7%	13%	27%	53%	72%	100%	
Estimated total gross carrying amount at default (Rs 000's)	315,742	75,673	41,785	27,900	21,451	17,731	14,970	453,248	968,500
Lifetime ECL (Rs 000's)	9,461	2,470	2,928	3,638	5,763	9,400	10,784	453,248	497,692

12. Trade Receivables and Contract Assets (Cont'd)

The Company (Cont'd)

Fixed line Services (Cont'd)

Public Sector

	Trade receivables and contract assets - past due								
	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days	Total
Expected credit loss rate	10%	10%	20%	31%	49%	70%	85%	100%	
Estimated total gross carrying amount at default (Rs 000's)	35,771	6,473	5,447	5,706	3,228	3,779	3,363	96,704	160,471
Lifetime ECL (Rs 000's)	3,408	626	1,090	1,783	1,568	2,629	2,864	96,704	110,672

Other Services

	Trade receivables and contract assets - past due							
	Not yet due	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	>150 days	Total
Expected credit loss rate	3%	16%	14%	27%	35%	40%	100%	
Estimated total gross carrying amount at default (Rs 000's)	518,187	12,409	7,741	5,529	7,222	5,153	316,494	872,735
Lifetime ECL (Rs 000's)	17,080	1,999	1,098	1,490	2,559	2,065	316,494	342,785

The following tables detail the risk profile of trade receivables and contract assets based on the Group's and the Company's provision matrix at 31 December 2019.

The Group

Business Market

	Trade receivables and contract assets - past due						
	Not yet due	1-60 days	61-120 days	121-180 days	181-330 days	>330 days	Total
Expected credit loss rate	12% - 14%	19% - 23%	25% - 27%	29% - 32%	56% - 60%	100%	
Estimated total gross carrying amount at default (Rs 000's)	385,402	99,281	140,450	128,939	181,660	452,338	1,388,070
Lifetime ECL (Rs 000's)	40,254	10,653	18,548	18,143	72,465	452,338	612,401

Consumer Market

	Trade receivables and contract assets - past due						
	Not yet due	1-60 days	61-120 days	121-180 days	181-330 days	>330 days	Total
Expected credit loss rate	2% - 3%	11% - 14%	32% - 38%	59% - 66%	71% - 88%	100%	
Estimated total gross carrying amount at default (Rs 000's)	350,138	81,000	79,009	65,562	247,514	380,908	1,204,131
Lifetime ECL (Rs 000's)	12,639	11,606	20,750	14,790	39,555	380,908	480,248

Public Sector

	Trade receivables and contract assets - past due						
	Not yet due	1-60 days	61-120 days	121-180 days	181-330 days	>330 days	Total
Expected credit loss rate	1% - 5%	3% - 9%	8% - 20%	45% - 60%	45% - 62%	100%	
Estimated total gross carrying amount at default (Rs 000's)	526,981	15,222	17,357	20,394	86,106	65,029	731,089
Lifetime ECL (Rs 000's)	4,412	1,460	3,630	4,169	36,651	65,029	115,351

12. Trade Receivables and Contract Assets (Cont'd)

The Company

Business Market

	Not yet due	Trade receivables and contract assets - past due 1-60 days	61-120 days	121-180 days	181-330 days	>330 days	Total
Expected credit loss rate	12% - 14%	19% - 23%	25% - 27%	29% - 32%	56% - 60%	100%	
Estimated total gross carrying amount at default (Rs 000's)	236,880	44,015	65,930	33,947	62,353	378,536	821,661
Lifetime ECL (Rs 000's)	30,821	8,549	12,234	6,913	23,500	378,536	460,553

Consumer Market

	Not yet due	Trade receivables and contract assets - past due 1-60 days	61-120 days	121-180 days	181-330 days	>330 days	Total
Expected credit loss rate	2% - 3%	11% - 14%	32% - 38%	59% - 66%	71% - 88%	100%	
Estimated total gross carrying amount at default (Rs 000's)	288,786	68,055	49,451	25,543	46,534	303,375	781,744
Lifetime ECL (Rs 000's)	8,695	9,653	18,626	10,974	28,355	303,375	379,678

Public Sector

	Not yet due	Trade receivables and contract assets - past due 1-60 days	61-120 days	121-180 days	181-330 days	>330 days	Total
Expected credit loss rate	1% - 5%	3% - 9%	8% - 20%	45% - 60%	45% - 62%	100%	
Estimated total gross carrying amount at default (Rs 000's)	630,306	14,765	16,999	20,119	84,927	57,270	824,386
Lifetime ECL (Rs 000's)	4,142	1,278	3,484	3,992	36,112	57,270	106,278

	THE GROUP		
	Collectively assessed	Individually assessed	Total
	Rs 000s	Rs 000s	Rs 000s
Balance at 1 January 2019	176,833	861,457	1,038,290
Increase/(decrease) in loss allowance recognised in profit or loss during the year	132,892	51,832	184,724
Receivables written off during the year as uncollectible	-	(15,014)	(15,014)
Balance at 31 December 2019	309,725	898,275	1,208,000
Increase/(decrease) in loss allowance recognised in profit or loss during the year	(154,188)	419,999	265,811
Receivables written off during the year as uncollectible	(1,487)	-	(1,487)
Balance at 31 December 2020	154,050	1,318,274	1,472,324

	THE COMPANY		
	Collectively assessed	Individually assessed	Total
	Rs 000s	Rs 000s	Rs 000s
Balance at 1 January 2019	140,423	646,266	786,689
Increase/(decrease) in loss allowance recognised in profit or loss during the year	66,905	103,721	170,626
Receivables written off during the year as uncollectible	-	(10,806)	(10,806)
Balance at 31 December 2019	207,328	739,181	946,509
Increase/(decrease) in loss allowance recognised in profit or loss during the year	(91,339)	324,102	232,763
Receivables written off during the year as uncollectible	(1,474)	-	(1,474)
Balance at 31 December 2020	114,515	1,063,283	1,177,798

13. Other Receivables

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Receivable from third parties	**363,473**	501,656	**322,802**	474,818
Prepayments	**269,196**	174,918	**257,611**	167,840
Related parties	**24,661**	22,923	**24,661**	22,923
	657,330	699,497	**605,074**	665,581
Disclosed as follows:				
Current	**566,796**	612,380	**514,540**	578,464
Non-current	**90,534**	87,117	**90,534**	87,117
	657,330	699,497	**605,074**	665,581

The receivables from third parties are unsecured, interest free and do not have fixed terms of repayment. It includes loans to staff which bear interest at 4% and have a fixed term of repayment.

Other receivables also include unamortised cash grant which are deferred upon disbursement and amortised to profit or loss over the cash grant period.

The other receivables from related parties are unsecured, interest free and do not have fixed terms of repayment.

Expected losses on other receivables relating to third parties have been individually assessed and the impact recorded is as follows :

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Additional provision booked for the financial year	**20,787**	9,643	**20,675**	9,643

14. Dividend

	THE GROUP AND THE COMPANY	
	2020	2019
	Rs 000s	Rs 000s
At 1 January	**327,413**	534
Dividend declared during the year	**161,500**	782,800
Dividend paid	**(488,203)**	(455,921)
At 31 December	**710**	327,413

On 14 September 2020, a dividend of Rs 0.85 per share amounting to Rs 000s 161,500 was declared for the year ended 31 December 2019 out of which an amount of Rs 000s 161,470 was paid during the financial year ended 31 December 2020.

On 11 June 2019, a dividend of Rs 4.12 per share amounting to Rs 000s 782,800 was declared for the year 2018 and was partly paid during the financial year ended 31 December 2019.

15. Stated Capital

	THE GROUP AND THE COMPANY	
	2020	2019
	Rs 000s	Rs 000s
Authorised, issued and fully paid up		
190,000,001 Ordinary shares of Rs1 each	**190,000**	190,000

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For the year ended 31 December 2020

15. Stated Capital (Cont'd)

The constitution of the Company was amended at an extraordinary meeting held on 22 November 2000 whereby it was resolved to increase the authorised and issued share capital of the Company by the creation and issue of one special share of one rupee. The Special Share ranks equally with an Ordinary Share in the capital of the Company as regards to rights to dividends, other distributions and for return of capital upon winding-up. At any General Meeting of the Company where a resolution is proposed in relation specific cases as per Section 2.1A of the Memorandum and Article of Association, the Special Share shall carry or is entitled to cast, whether on a poll or otherwise, such number of votes as amounts to an absolute majority of the votes that may be cast at such General Meeting.

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

16. Fair Value Reserve

The movement during the year are provided in the table below:

	THE GROUP AND THE COMPANY	
	2020	2019
	Rs 000s	Rs 000s
At 1 January	**140,771**	33,350
Fair value gain for the year	**55,329**	107,421
At 31 December	**196,100**	140,771

The fair value reserve relate to the equity investments designated at FVTOCI.

17. Loans

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Bank loan (i)	**2,473,923**	2,168,620	**2,473,923**	2,168,621
Loan from subsidiary (ii)	**-**	-	**1,290,144**	1,085,222
	2,473,923	2,168,620	**3,764,067**	3,253,843
Disclosed as follows:				
Current	**50,135**	43,021	**1,340,279**	1,128,244
Non-current	**2,423,788**	2,125,599	**2,423,788**	2,125,599
	2,473,923	2,168,620	**3,764,067**	3,253,843

	THE GROUP AND THE COMPANY	
	2020	2019
	Rs 000s	Rs 000s
(i) Bank Loan		
At 1 January	**1,708,997**	1,225,024
Additions	**151,988**	504,087
Fair value arising on initial recognition	**(32,670)**	(116,472)
Interest expense for the year at effective interest rate	**81,382**	58,417
Interest expense paid at contractual rate	**(43,334)**	(29,501)
Foreign exchange loss	**138,963**	67,442
Loan balance	**2,005,326**	1,708,997
Deferred interest	**468,597**	459,623
At 31 December	**2,473,923**	2,168,620

In 2018, the Group and the Company entered into a "preferential buyer credit loan agreement" with the Export-Import (EXIM) Bank of China in order to finance the Safe City project. This is a project to provide security equipment, related hardware, software and licenses to the Government of Mauritius. According to the loan agreement, the EXIM Bank of China will make available a loan facility of up to USD 000's 73,687 to the Group and the Company and the Government of Mauritius is the guarantor. The loan is denominated in USD and the agreement is for a period of 20 years commencing on 1 April 2018. Contracted interest rate on the loan at the rate of 2% per annum is applicable on the outstanding balance as from the first disbursement. There is a grace period of seven years as from the commencement date for capital repayment after which the capital will be repayable over the next thirteen years in twenty-six equal instalments. At 31 December 2020, the Company has drawn down loan amounting to USD 000's 3,767 representing Rs 000's 151,988.

As at 31 December 2020, the loan amounted to USD 62,730,781 (2019: USD 58,963,735).

On initial recognition, the loan received was assessed for fair value using prevailing market interest rates for an equivalent loan at 4.42%, the fair value of the proceeds of the loan as at 31 December 2020 has been estimated at Rs 000's 2,005,326 (2019: Rs 000's 1,708,997). The difference of Rs 000's 468,597 (2019: Rs 000's 459,623) between the gross proceeds and fair value of the loan is the benefit derived from the preferential interest rate of 2% which has been classified under the loan at reporting date. The deferred interest will be amortised over the life of the loan.

(ii) The loan from subsidiary carries interest at the rate of Libor plus 3% per annum and is unsecured and repayable on demand.

18. Income Taxes

Income tax liability

Income tax is calculated at the rate of 15% (2019: 15%) for the Group and the Company on the profit for the year as adjusted for income tax purposes. The Group has accumulated tax losses at 31 December 2020 of Rs 000's 3,099,084 (2019: Rs 000's 2,758,512) and the Company has Rs 000's 2,951,988 (2019: Rs 000's 2,517,857) to offset against future taxable income.

One of the subsidiaries had tax losses amounting to Rs 000's 73,493, out of which an amount of Rs 000's 58,664 was utilised during the year. The remaining tax loss has expired in 2020 and cannot be carried forward.

The tax losses for the remaining companies amounting to Rs 000's 3,099,084 can be carried forward indefinitely.

The Group and the Company are required to set up a Corporate Social Responsibility ("CSR") fund equivalent to 2% of its chargeable income of the preceding year to implement a CSR programme in accordance with its own CSR framework. Where the amount paid out of the CSR fund is less than the amount provided under the fund, the difference shall be remitted to the Director-General at the time of submission of the income tax return of the year under review. For the years ended 31 December 2019 and 2020, the Company has tax losses hence there were no CSR paid or payable.

The Group and the Company are liable to pay to the Director-General a solidarity levy calculated by reference to its accounting profit and turnover in respect of the preceding year. The levy is calculated at the rate of 5% of the accounting profit and 1.5% of the turnover. The portion based on the turnover is reflected in operating expenses and other payables as disclosed in Note 26 and 21 respectively.

18.1 Current tax liabilities

	THE GROUP		THE COMPANY	
Income tax and CSR	**2020**	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
		Restated		Restated
At 1 January	**67,633**	74,612	**(4,042)**	(1,232)
Provision of income tax for the year	**135,243**	205,442	**-**	-
Provision of CSR for the year	**15,379**	25,324	**-**	-
Under/(over) provision of income tax in previous years	**5,603**	(36,057)	**-**	-
Tax assessment in previous years on corporate tax	**15,296**	2,732	**15,296**	2,732
Reversal of provision on tax assessment in previous years on corporate tax	**(72)**	-	**(95)**	-
Tax assessment in previous years on CSR	**2,039**	-	**2,039**	-
Under provision of CSR in previous years	**-**	154	**-**	154
Tax paid	**(112,827)**	(204,574)	**-**	(5,696)
At 31 December	**128,294**	67,633	**13,198**	(4,042)

For the year ended 31 December 2020

18. Income Taxes (Cont'd)

Income tax liability (Cont'd)

18.1 Current tax liabilities (Cont'd)

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Solidarity levy provision		Restated		Restated
At 1 January	**191,940**	302,400	**-**	68,140
Provision for the year	**19,603**	42,551	**-**	-
Tax assessment in previous years	**-**	-	**-**	-
Under provision of solidarity levy in previous years	**-**	(40,009)	**-**	(37,044)
Reversal of provision	**-**	(66,049)	**-**	(31,096)
Solidarity levy paid	**(16,793)**	(46,953)	**-**	-
At 31 December	**194,750**	191,940	**-**	-
Net current tax liabilities	**323,044**	259,573	**13,198**	-
Analysed as follows:				
Current tax asset	**(6,928)**	(4,042)	**(6,928)**	(4,042)
Current tax liabilities	**329,972**	263,615	**20,126**	-
	323,044	259,573	**13,198**	(4,042)

The Company is subject to a tax assessment on year of assessment 2014 and has been assessed to an additional tax of Rs 43,869,273 including interest and penalties. The tax assessment is still ongoing and the additional tax liability is being contested in the Assessment Review Committee. The directors have no clear indication of the outcome at this stage.

18.2 Tax expense/(credit)

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
		Restated		Restated
Current tax	**135,243**	205,442	**-**	-
CSR expense	**15,379**	25,324	**-**	-
Tax assessment in previous years on Corporate Tax	**15,296**	2,732	**15,296**	2,732
Additional provision on tax assessment in previous years	**2,241**	-	**2,242**	-
Tax assessment in previous years on CSR	**2,039**	-	**2,039**	-
Under/(over) provision in income tax and CSR	**5,603**	(36,057)	**-**	-
Deferred tax movement	**6,007**	(94,536)	**38,362**	(71,260)
Over provision of deferred tax in previous years	**-**	(6,620)	**-**	(22,116)
Income tax and CSR expense	**181,808**	96,285	**57,939**	(90,644)
Solidarity levy	**19,603**	42,551	**-**	-
Tax assessment in previous years	**-**	-	**-**	-
Refund from tax assessment in previous years	**(101,082)**	-	**(32,884)**	-
Reversal of provision	**-**	(66,049)	**-**	(31,096)
Tax expense/(credit)	**100,329**	72,787	**25,055**	(121,740)

18.3 Tax reconciliation

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
		Restated		Restated
Profit/(loss) before tax	**652,190**	690,746	**(163,321)**	(512,026)
Tax at the rate of 17% (2019: 17%)	**110,872**	117,427	**(27,765)**	(87,044)
Tax effect of:				
- Non allowable expenses	**112,857**	69,252	**87,355**	65,934
- Expenses eligible for 200% deduction	**(7,020)**	(8,348)	**(7,019)**	(8,348)
- Exempt income	**(70,312)**	(56,398)	**(31,306)**	(41,802)
- Under/(over) provision in income tax and CSR	**5,603**	(36,057)	**-**	-
- Current tax	**16,686**	11,106	**-**	-
- Tax assessment in previous years on Corporate Tax	**15,296**	2,732	**15,296**	2,732
- Additional Provision on tax assessment in previous years	**2,241**	-	**2,242**	-
- Tax assessment in previous years on CSR	**2,039**	-	**2,039**	-
- Under/(over)provision of deferred tax in previous years	**1,922**	(6,620)	**17,097**	(22,116)
- Tax loss not utilised	**1,607**	13,357	**-**	-
- Tax loss utilised	**(9,983)**	(10,166)	**-**	-
	70,936	(21,142)	**85,704**	(3,600)
Income tax and CSR expense	**181,808**	96,285	**57,939**	(90,644)

18.4 Income tax recognised in other comprehensive income

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
		Restated		Restated
Deferred tax				
Remeasurement of retirement benefit obligation	**488,492**	(50,926)	**462,627**	(49,186)

18.5 Deferred tax assets

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
		Restated		Restated
At 1 January				
- As previously reported	**559,462**	518,328	**411,027**	366,837
- Prior year adjustment (Note 44)	**(137,819)**	(112,913)	**-**	-
- As restated	**421,643**	405,415	**411,027**	366,837
Other adjustment	**-**	2,519	**-**	-
Movement in profit or loss:				
Under provision of deferred tax	**-**	6,620	**-**	22,116
Transfer from deferred tax liabilities	**-**	(36,521)	**-**	-
Deferred tax (charge)/credit	**(6,007)**	94,536	**(38,362)**	71,260
Movement in other comprehensive income	**488,492**	(50,926)	**462,627**	(49,186)
At 31 December	**904,128**	421,643	**835,292**	411,027

18. Income Taxes (Cont'd)

Income tax liability (Cont'd)

18.5 Deferred tax assets (Cont'd)

Deferred tax assets arise from the following:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
		Restated		Restated
Temporary differences:				
Property, plant and equipment	**(1,188,909)**	(1,077,720)	**(1,076,893)**	(969,261)
Tax losses	**526,555**	456,319	**501,838**	428,036
Provision for ECL	**257,132**	205,680	**206,240**	163,406
Other temporary differences	**87,464**	80,943	**45,900**	45,352
Retirement benefit obligation	**1,221,886**	756,421	**1,158,207**	743,494
	904,128	421,643	**835,292**	411,027

18.6 Deferred tax liabilities

	THE GROUP	
	2020	2019
	Rs 000s	Rs 000s
At 1 January	**-**	36,521
Under provision of deferred tax	**-**	(36,521)
At 31 December	**-**	-

19. Retirement Benefit Obligations

The Group and the Company operate defined benefits pension plans. All of the plans are based on final salary, which provide benefits to members in the form of a guaranteed level of pension payable for remaining life after retirement. The level of benefits provided depends on members' length of service and last salary. The benefit payments are from administered funds. Plan assets are governed by local regulations and practice. Responsibility for governance of the plans, including investment decisions and contributions schedules, lies with the fund administrator.

The Group's legal or constructive obligation for these plans is not limited to the contributions. There could be additional retirement gratuity obligations due to existence of local regulations. The amounts included in the statements of financial position arising from the Group's and the Company's obligations in respect of retirement benefit plans are as follows:

		THE GROUP		THE COMPANY	
	Note	**2020**	2019	**2020**	2019
		Rs 000s	Rs 000s	Rs 000s	Rs 000s
Defined benefit plans	19(a)	**7,082,522**	4,267,457	**6,582,909**	3,976,017
Retirement gratuities	19(b)	**102,237**	89,327	**24,914**	46,591
Present value of retirement benefit obligations		**7,184,759**	4,356,784	**6,607,823**	4,022,608

19. Retirement Benefit Obligations (Cont'd)

(a) Defined Benefit Plans

The Group and the Company operate a funded pension plan for their employees under the Mauritius Telecom Staff Pension Fund (including OTS and widow's Schemes). The assets of the funded plans are managed and administered by State Insurance Company of Mauritius Ltd and Swan Life.

The plans expose the Group and the Company to normal risks associated with defined benefit 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 an increase below the assumed rate will decrease the liability.

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Present value of funded obligations	**13,591,792**	9,974,654	**12,930,575**	9,549,492
Fair value of plan assets	**(6,509,270)**	(5,707,197)	**(6,347,666)**	(5,573,475)
	7,082,522	4,267,457	**6,582,909**	3,976,017

Reconciliation of net defined benefit liability

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At 1 January	**4,267,457**	4,360,126	**3,976,017**	4,113,469
Amount recognised in profit or loss	**426,635**	613,226	**383,851**	573,833
Amount recognised in other comprehensive income	**2,930,594**	(173,356)	**2,746,829**	(193,011)
Less: Employer contributions	**(542,164)**	(532,539)	**(523,788)**	(518,274)
At 31 December	**7,082,522**	4,267,457	**6,582,909**	3,976,017

Notes to the Consolidated and Separate **Financial Statements** (Cont'd)

For the year ended 31 December 2020

19. Retirement Benefit Obligations (Cont'd)

(a) Defined Benefit Plans (Cont'd)

Reconciliation of fair value of plan assets

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At 1 January	**5,707,197**	5,037,052	**5,573,475**	4,926,936
Interest income	**328,695**	325,925	**318,683**	317,936
Employer contributions	**542,164**	532,539	**523,788**	518,274
Employee contributions	**6,553**	6,426	**6,553**	6,426
Benefits paid	**(294,752)**	(444,211)	**(292,516)**	(441,792)
Return on plan assets excluding interest income	**219,413**	249,466	**217,683**	245,695
At 31 December	**6,509,270**	5,707,197	**6,347,666**	5,573,475

Reconciliation of present value of defined benefit obligation

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At 1 January	**9,974,654**	9,397,178	**9,549,492**	9,040,405
Current service cost	**199,934**	201,223	**175,841**	180,191
Employee contributions	**6,553**	6,426	**6,553**	6,426
Interest expense	**555,396**	595,192	**526,693**	570,620
Benefits paid	**(294,752)**	(444,211)	**(292,516)**	(441,792)
Liability loss due to change in financial assumptions	**2,651,124**	232,974	**2,477,865**	208,878
Liability experience loss/(gain)	**498,883**	(156,864)	**486,647**	(156,194)
Past service cost	**-**	142,736	**-**	140,958
At 31 December	**13,591,792**	9,974,654	**12,930,575**	9,549,492

Components of amount recognised in profit or loss:

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Current service cost	**199,934**	201,223	**175,841**	180,191
Past service cost	**-**	142,736	**-**	140,958
Service cost	**199,934**	343,959	**175,841**	321,149
Net interest on net defined benefit liability	**226,701**	269,267	**208,010**	252,684
Components of defined benefit costs recognised in profit or loss	**426,635**	613,226	**383,851**	573,833

Past service cost

A Voluntary Retirement Scheme (VRS) plan was launched in 2019 to all eligible employees who may wish to apply for early retirement. This has resulted in an additional cost (termed as past service cost) amounting to Rs 000s 142,736 for the Group and Rs 000s 140,958 for the Company. These costs, which have been charged to profit and loss in the prior year, represent the difference between past service reserve for each member opting for VRS and their respective cost for early retirement pension as at actual date for early retirement.

Components of amount recognised in other comprehensive income:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Return on plan assets above interest income	**(219,413)**	(249,466)	**(217,683)**	(245,695)
Liability experience loss/(gain)	**498,883**	(156,864)	**486,647**	(156,194)
Liability loss due to change in financial assumptions	**2,651,124**	232,974	**2,477,865**	208,878
Components of defined benefit costs recognised in other comprehensive income	**2,930,594**	(173,356)	**2,746,829**	(193,011)

The current service costs and the net interest expense for the year are included in operating expense.

The major categories of plan assets at the reporting date are as follows:

	THE GROUP		THE COMPANY	
Allocation of Plan Assets at 31 December	**2020**	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Equity - Local quoted	**650,927**	741,936	**634,767**	724,552
Equity - Local unquoted	**65,093**	57,072	**63,477**	55,735
Debt - Local quoted	**130,185**	57,072	**126,953**	55,735
Debt - Local unquoted	**3,384,820**	3,196,030	**3,300,786**	3,121,146
Property Local	**65,093**	57,072	**63,477**	55,735
Investment Funds	**1,822,596**	1,255,583	**1,777,346**	1,226,165
Cash and other	**390,556**	342,432	**380,860**	334,409
Total	**6,509,270**	5,707,197	**6,347,666**	5,573,477

	THE GROUP AND THE COMPANY	
Allocation of Plan Assets at 31 December	**2020**	2019
	%	%
Equity - Local quoted	**10**	13
Equity - Local unquoted	**1**	1
Debt - Local quoted	**2**	1
Debt - Local unquoted	**52**	56
Property Local	**1**	1
Investment Funds	**28**	22
Cash and other	**6**	6
Total	**100**	100

19. Retirement Benefit Obligations (Cont'd)

(a) Defined Benefit Plans (Cont'd)

Principal assumptions for accounting purposes

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
Discount rate %	**2.6 - 3.7**	4.9 - 7.6	**3.5/3.1/3.0/2.7**	7.6/5.9/5.8/4.9
Rate of salary increases	**5.50%**	6.50% - 7.50%	**5.50%**	7.50%
Rate of pension increases	**2%**	1% - 4%	**2%**	3.3%
Average retirement age	**63 yrs**	63 yrs - 65 yrs	**63 yrs**	63 yrs
Average life expectancy for:				
- Male at ARA	**12.8 - 17.3 yrs**	12.3 - 17.3 yrs	**17.3 yrs**	17.3 yrs
- Female at ARA	**14.2 - 21.7 yrs**	13.6 - 21.7 yrs	**21.7 yrs**	21.7 yrs

Sensitivity analysis on defined benefit obligation

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Increase due to 1% decrease in discount rate	**2,572,240**	1,692,732	**2,416,959**	1,597,927
Decrease due to 1% increase in discount rate	**2,022,744**	1,356,776	**1,902,427**	1,282,256

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

Future cash flows

The funding policy is to pay contributions to an external legal entity at the rate recommended by the entity's actuaries.

The Company expects to contribute Rs 000s 563,072 to its pension plan in 2021 and the weighted average duration of the defined benefit obligations ranges between 12 and 25 years for the Company.

The Group expects to contribute Rs 000s 582,913 to its pension plan in 2021. The weighted average duration of the defined benefit obligations ranges between 12 and 42 years for the Group.

The most recent actuarial valuation of the pension plan was carried out at 31 December 2020 by AON Hewitt Ltd, actuaries and consultants.

(b) Retirement gratuities

The Plan exposes the Group and the Company to normal risks associated with retirement gratuities such as investment, interest, longevity and salary risks.

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 an increase below the assumed rate will decrease the liability.

Amounts recognised in the statements of financial position

Present value of unfunded obligations

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Reconciliation of net defined benefit liability/(asset)				
At 1 January	**89,327**	64,289	**46,591**	26,049
Amount recognised in profit or loss	**13,939**	12,551	**3,815**	1,146
Amount recognised in other comprehensive income	**(912)**	12,681	**(25,492)**	19,396
Less: Employer contribution	**(117)**	(194)	**-**	-
At 31 December	**102,237**	89,327	**24,914**	46,591

Reconciliation of Present Value of unfunded obligations

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At 1 January	**89,327**	64,289	**46,591**	26,049
Current service cost	**7,487**	10,057	**740**	1,763
Interest expense	**6,452**	4,302	**3,075**	1,645
Past service cost	**-**	(1,808)	**-**	(2,262)
Other benefits paid	**(117)**	(194)	**-**	-
Liability experience (gain)/loss	**(41,087)**	20,718	**(29,311)**	20,472
Liability loss/(gain) due to change in financial assumptions	**40,175**	(8,037)	**3,819**	(1,076)
At 31 December	**102,237**	89,327	**24,914**	46,591

Components of amount recognised in profit or loss:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Current service cost	**7,487**	10,057	**740**	1,763
Past service cost	**-**	(1,808)	**-**	(2,262)
Service cost	**7,487**	8,249	**740**	(499)
Net interest on present value of unfunded obligation	**6,452**	2,636	**3,075**	1,645
Components of present value of unfunded obligation	**13,939**	10,885	**3,815**	1,146

For the year ended 31 December 2020

19. Retirement Benefit Obligations (Cont'd)

(b) Retirement gratuities (Cont'd)

Components of amount recognised in other comprehensive income

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Liability experience (gain)/loss	**(41,087)**	20,718	**(29,311)**	20,472
Liability loss/(gain) due to change in financial assumptions	**40,175**	(8,037)	**3,819**	(1,076)
Components of present value of unfunded obligation recognised in other comprehensive income	**(912)**	12,681	**(25,492)**	19,396

Principal assumptions for accounting purposes

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
Discount rate %	**3.1 - 4.0**	5.9 - 7.6	**3.1 - 3.5**	5.9 - 7.6
Rate of salary increases	**5.50%**	6.50 - 7.50%	**5.50%**	7.50%
Average retirement age	**63 - 65 yrs**	63 - 65 yrs	**63 yrs**	63 yrs

Sensitivity analysis on present value of unfunded obligation

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Increase due to 1% decrease in discount rate	**112,445**	20,133	**2,837**	5,373
Decrease due to 1% increase in discount rate	**22,914**	15,741	**2,455**	4,640

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

Future cash flows

The funding policy is to pay benefits out of the reporting entity`s cash flow as and when due.

The Group and the Company expect to distribute Rs 000 4,032 and Rs 000 2,073 respectively as retirement gratuities to members in 2021.

The weighted average duration of the defined benefit obligation is 11 years for the Company and ranges between 12 years to 25 years for the Group.

The most recent actuarial valuation of retirement gratuities was carried at 31 December 2020 by AON Hewitt Ltd actuaries and consultants.

(c) Defined Contribution Pension

A subsidiary of the Group contributes to the National Pension Scheme and defined contribution pension plan are expensed to profit or loss in the period in which they fall due. Contributions during the year were Rs 000's 19,463 (2019: Rs 000's 20,414).

The subsidiary and its employees contribute to a Defined Contribution Pension Scheme administered by SICOM.

20. Trades Payable

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Third parties	**2,118,971**	2,055,458	**1,311,395**	1,188,841
Related parties	**73,968**	32,601	**61,545**	-
	2,192,939	2,088,059	**1,372,940**	1,188,841

The average credit period from suppliers on purchases of goods and services is between 30 - 60 days from invoice date.

No interest is charged on the trade payables to third parties. The Group and the Company have set up processes that ensure all payables are paid within the credit timeframe.

Trade payables are unsecured and repayable on demand.

21. Other Payables and Accrued Expenses

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Other fiscal liabilities	**228,251**	44,653	**188,159**	38,930
Solidarity levy (Note 18)	**58,782**	131,014	**-**	65,971
Amount due to subsidiaries	**-**	-	**4,518,514**	3,960,047
Other payables and accrued expenses	**549,195**	742,386	**381,064**	543,244
Termination benefits	**292,268**	428,075	**288,688**	428,075
Accrual for capital expenditure in progress	**1,328,528**	783,488	**904,676**	541,245
	2,457,024	2,129,616	**6,281,101**	5,577,512
Analysed as:				
Current	**2,171,286**	1,755,759	**5,998,943**	5,207,681
Non-current	**285,738**	373,857	**282,158**	369,831
	2,457,024	2,129,616	**6,281,101**	5,577,512

Other payables classified as non-current liabilities relate to termination benefits payable to employees who have opted for Voluntary Retirement Scheme (VRS) in 2019.

The amounts due to subsidiaries represent current account balances which are unsecured, bear interest at 5.25 - 6.75% per annum (2019: 6.75% per annum) and are repayable on demand.

Following the legal case lodged by EMTEL against Information & Communication Technologies Authority, MAURITIUS TELECOM LTD, Cellplus Mobile Communications Ltd and the Ministry of Telecommunications, the Supreme Court has ruled in jointly and solido against three parties (Information & Communication Technologies Authority, MAURITIUS TELECOM LTD and Cellplus Mobile Communications Ltd). All three parties have made an appeal in the Supreme Court of Mauritius.

For the year ended 31 December 2020

22. Deferred Revenue

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At 1 January	**772,370**	788,494	**647,167**	650,699
Net movement on services	**110,063**	(33,864)	**98,437**	(21,272)
Net movement on ICT equipment	**6,343**	17,740	**6,343**	17,740
At 31 December	**888,776**	772,370	**751,947**	647,167
Analysed as:				
Current	**464,855**	352,172	**328,026**	226,969
Non-current	**423,921**	420,198	**423,921**	420,198
	888,776	772,370	**751,947**	647,167

23. Security Deposits

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Third parties	**440,695**	417,555	**440,695**	417,555

Security deposits are refundable to customers on cancellation of service. The Group and the Company do not expect the security deposits to be refundable within one year.

Sensitivity analysis on present value of unfunded obligation

24. Provisions

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Employee benefits	**346,419**	314,987	**333,515**	303,136
Dismantling costs	**66,580**	54,481	**13,000**	23,272
	412,999	369,468	**346,515**	326,408
Analysed as:				
Current	**369,524**	333,879	**341,855**	316,342
Non-current	**43,475**	35,589	**4,660**	10,066
	412,999	369,468	**346,515**	326,408

24. Provisions (Cont'd)

The table below shows the movement in provisions during the year:

	THE GROUP		THE COMPANY	
	Employee Benefits	Dismantling Costs	**Employee Benefits**	Dismantling Costs
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At 1 January 2019	**321,435**	46,733	**300,919**	7,036
Provisions recognised during the year	**99,536**	8,822	**99,155**	12,635
Finance cost	**-**	(1,074)	**-**	3,601
Utilised in current year	**(105,984)**	-	**(96,938)**	-
At 31 December 2019	**314,987**	54,481	**303,136**	23,272
Provisions recognised/(reversed) during the year	**81,468**	12,099	**80,043**	(10,272)
Utilised in current year	**(50,036)**	-	**(49,664)**	-
At 31 December 2020	**346,419**	66,580	**333,515**	13,000

(i) The provision for employee benefits represents untaken leaves and amounts accrued under the savings scheme. The provision is based on each employee's entitlement to the above mentioned benefits.

(ii) The provision for dismantling costs represents an estimate of the future outflow of economic benefits that will be required to remove plant and equipment. The estimate has been made on the basis of quotes obtained from external contractors.

25. Revenue

The Group and the Company derive revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
At a point in time				
Sale of goods	**863,161**	980,971	**116,913**	234,441
Over time				
Rental of PABX	**197,076**	252,250	**119,420**	176,327
Rendering of services	**9,352,197**	9,261,528	**7,135,257**	6,618,109
	10,412,434	10,494,749	**7,371,590**	7,028,877

As per General Notice No. 1813 of 2008, legal supplement, the Company is required to contribute part of the revenues derived from international incoming minutes to a Universal Service Fund established under Section 21 of the Information and Communication Technologies Act 2001. The amount contributed during the year was Rs 000s 7,535 (2019: Rs 000s 10,269) and has been included in operating expenses.

The volume of incoming international minutes terminated by Mauritius Telecom Ltd in 2020 was 8.12 million minutes (2019: 10.88 million minutes).

Notes to the Consolidated and Separate **Financial Statements** (Cont'd)

For the year ended 31 December 2020

26. Other Income

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Management fees	**-**	-	**829,063**	834,802
Surcharge	**148,401**	165,429	**118,947**	138,086
Non-operating revenue	**37,434**	34,933	**52,496**	34,364
Dividend income	**14,336**	10,006	**14,336**	10,006
	200,171	210,368	**1,014,842**	1,017,258

27. Profits/Loss from Operations

Profit/(loss) from operations is arrived at after charging/(crediting) the following items:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Depreciation of property, plant and equipment	**2,173,000**	2,023,360	**1,862,528**	1,702,333
Impairment of property plant and equipment	**11,444**	33,038	**-**	-
Amortisation of intangible assets	**244,289**	194,585	**188,367**	155,167
Depreciation of right-of-use asset	**144,914**	145,817	**81,660**	78,813
Staff costs	**2,601,752**	3,215,321	**2,325,358**	2,910,738
Costs of inventories recognised as expense	**789,381**	827,646	**99,071**	200,050
Solidarity levy (Note 18)	**(1,414)**	28,779	**(62,046)**	(44,018)
Impairment loss net of reversal recognised on receivables and contract asset	**285,111**	179,353	**251,964**	169,463
Directors` emoluments	**3,693**	3,777	**3,693**	3,777

(a) Staff costs include employee benefits expense as follows:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
- Staff costs excluding post employment benefits	**2,121,799**	2,215,540	**1,898,313**	1,960,089
- Defined benefit plans and retirement gratuities	**440,574**	624,111	**387,666**	574,979
- Termination benefits	**39,379**	375,670	**39,379**	375,670
	2,601,752	3,215,321	**2,325,358**	2,910,738

28. Other Gains/(Losses)

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Net exchange gains/(losses):				
- Realised exchange loss	**(71,088)**	(45,295)	**(64,941)**	(44,802)
- Unrealised exchange (loss)/gain	***(140,504)***	8,945	***(294,673)***	(21,534)
Gain on disposal of property, plant and equipment	**3,485**	1,186	**3,346**	1,074
	(208,107)	(35,164)	**(356,268)**	(65,262)

29. Finance Income

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Interest income				
- Bank deposits	**4,767**	6,207	**4,762**	6,196
- Treasury bills	**241**	809	**241**	809
- Current accounts with subsidiaries	**-**	-	**2,136**	3,172
- Loan to subsidiaries	**-**	-	**13,813**	15,887
- Financing component on advance payment	**20,241**	20,179	**20,241**	20,179
- Interest on tax refunds and other finance income	**21,650**	7,269	**16,447**	7,271
	46,899	34,464	**57,640**	53,514

The financing component on advance payment relates to equipment already delivered to the customer with deferred settlement terms over the period of the contract.

30. Finance Costs

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Interest expense:				
- Bank borrowings	**88,353**	58,417	**88,353**	58,417
- Loan with related parties	**-**	-	**36,302**	31,975
- Current accounts with related parties	**-**	-	**239,501**	238,214
- Financing component on deferred cost	**19,396**	36,694	**19,396**	36,694
- Lease interest expense	**40,215**	44,712	**28,015**	27,641
- Financing component on voluntary retirement scheme	**9,766**	19,763	**9,684**	19,763
- Others	**71,343**	59,557	**48,379**	35,364
	229,073	219,143	**469,630**	448,068

31. Earnings per Share

The calculation of earnings per share is based on profit for the year after taxation attributable to owners of the Company of Rs 000s 551,861 (2019 restated: Rs 000s 617,959) and on 190,000,001 shares in issue for the two years ended 31 December 2020 and 31 December 2019.

32. Financial Instruments

In its ordinary operations, the Group and the Company are exposed to various risks such as capital risks, market risks including foreign currency risk and interest rate risk, credit risk and liquidity risk. The Group and the Company have devised, on a central basis, a set of specific policies for managing these exposures.

Capital risk management

The Group and the Company manage their capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The strategy of the Group and the Company remains unchanged from 2019.

The capital structure of the Group and the Company consists of debt, which includes loans disclosed in note 17 net of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, retained earnings and reserves.

The capital structure is being reviewed regularly taking into consideration the cost of capital and risks associated with each class of capital. The objective is to reach a capital structure in line with those of its peers within the same industry and this would be achieved through payments of dividends, issue of new debt or/and redemption of existing debt.

The Group's and the Company's net debt to equity ratio at 31 December 2020 were as follows:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s (Restated)	Rs 000s	Rs 000s
Total loans including bank overdraft	**2,481,408**	2,313,284	**3,771,552**	3,398,507
Less: Cash and cash equivalents	**(1,602,943)**	(349,990)	**(1,479,880)**	(280,154)
Net debt	**878,465**	1,963,294	**2,291,672**	3,118,353
Total equity	**7,138,133**	9,133,633	**1,338,558**	3,891,814
Net debt to equity ratio	**0.12**	0.21	**1.71**	0.80

Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets, financial liabilities and equity instrument are disclosed in note 3 to the financial statements.

Categories of financial instruments

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Financial assets				
At amortised cost				
Trade receivables	**993,820**	1,393,988	**823,397**	931,214
Other receivables	**199,368**	367,645	**199,207**	367,645
Contract assets	**803,504**	721,302	**426,596**	456,396
Cash and bank balances	**1,602,943**	349,990	**1,479,880**	280,154
Loan to subsidiary	**-**	-	**140,194**	164,384
Other deposits	**-**	171,483	**-**	171,483
At FVTOCI				
Equity Investments designated at FVTOCI	**202,575**	147,246	**202,575**	147,246
	3,802,210	3,151,654	**3,271,849**	2,518,522

32. Financial Instruments (Cont'd)

Categories of financial instruments (Cont'd)

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Financial liabilities				
At amortised cost				
Loans	**2,473,923**	2,168,620	**3,764,067**	3,253,843
Lease liabilities	**679,328**	764,445	**502,216**	532,509
Trade payables	**2,192,939**	2,088,059	**1,372,940**	1,188,841
Security deposit	**440,695**	417,555	**440,695**	417,555
Other payables and accrued expenses	**2,295,597**	1,617,541	**6,237,544**	5,539,385
Dividend payable	**710**	327,413	**710**	327,413
Bank overdraft	**7,485**	144,664	**7,485**	144,664
Provisions	**412,999**	369,468	**346,515**	326,408
	8,503,676	7,897,765	**12,672,172**	11,730,618

Financial risk management

The Corporate Treasury Function provides services to all entities within the Group and the Company. It also monitors and manages their operations' exposure to financial risks namely market risks including foreign currency risk and interest rate risk, credit risk and liquidity risk.

Market risk

The Group's and the Company's operations expose them mainly to the financial risks of changes in foreign currency exchange rates and interest rates. The Group and the Company manage their foreign currency changes and interest rates risks through simple matching of proceeds and expenses in same currencies, purchase of future foreign currencies at spot rate, market intelligence and close follow-up of interest rate evolutions.

Foreign currency risk management

The Group and the Company undertake certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

Currency risks arise at transactional level (transactional risks) and when financial assets and liabilities are translated at exchange rate at the reporting date.

The approach of the Group and the Company to foreign currency risk management is not of a speculative nature.

Currency risks on transactions are managed through matching of inflows and outflows of foreign currencies. As the Group and the Company have more outflows than inflows in foreign currency, additional foreign currency requirement is purchased in advance, whenever relevant, at spot rates with financial institutions. The Group and the Company do not apply hedge accounting for transactions in foreign currency and there is no formal hedging contracts or arrangements.

Translation risk at the reporting date is managed through matching of foreign denominated assets and liabilities.

The carrying amount of the financial assets and liabilities by currency profile at the reporting date are as follows:

32. Financial Instruments (Cont'd)

Foreign currency risk management (Cont'd)

	THE GROUP				
Year 2020	**EUR**	**MUR**	**USD**	**Others**	**TOTAL**
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Financial Assets					
Trade receivables, contract assets and other receivables	147,110	1,345,668	503,170	744	1,996,692
Cash and bank balances	55,865	1,389,723	154,099	3,256	1,602,943
Equity investments at FVTOCI	-	202,575	-	-	202,575
	202,975	**2,937,966**	**657,269**	**4,000**	**3,802,210**
Financial Liabilities					
Loans	-	-	2,473,923	-	2,473,923
Lease liabilities	-	679,328	-	-	679,328
Trade and other payables and accrued expenses	381,221	3,979,977	125,769	1,569	4,488,536
Security deposit	-	440,695	-	-	440,695
Dividend payable	-	710	-	-	710
Bank overdraft	-	7,485	-	-	7,485
Provisions	-	412,999	-	-	412,999
	381,221	**5,521,194**	**2,599,692**	**1,569**	**8,503,676**

	THE GROUP				
Year 2019	**EUR**	**MUR**	**USD**	**Others**	**TOTAL**
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Financial Assets					
Trade receivables, contract assets and other receivables	-	2,026,539	456,396	-	2,482,935
Cash and bank balances	6,068	494,792	19,097	1,516	521,473
Equity investments at FVTOCI	-	147,246	-	-	147,246
	6,068	2,668,577	475,493	1,516	3,151,654
Financial Liabilities					
Loans	-	-	2,168,620	-	2,168,620
Lease liabilities	-	764,445	-	-	764,445
Trade and other payables and accrued expenses	249,285	3,157,035	286,079	13,201	3,705,600
Security deposit	-	417,555	-	-	417,555
Dividend payable	-	327,413	-	-	327,413
Bank overdraft	-	144,664	-	-	144,664
Provisions	-	369,468	-	-	369,468
	249,285	5,180,580	2,454,699	13,201	7,897,765

32. Financial Instruments (Cont'd)

Foreign currency risk management (Cont'd)

	THE COMPANY				
Year 2020	**EUR**	**MUR**	**USD**	**Others**	**TOTAL**
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Financial Assets					
Trade receivables, contract assets and other receivables	8,138	937,292	503,127	643	1,449,200
Cash and bank balances	55,865	1,268,474	152,285	3,256	1,479,880
Loan to subsidiary	-	140,194	-	-	140,194
Equity investments at FVTOCI	-	202,575	-	-	202,575
	64,003	**2,548,535**	**655,412**	**3,899**	**3,271,849**
Financial Liabilities					
Loans	1,290,144	-	2,473,923	-	3,764,067
Lease liabilities	-	502,216	-	-	502,216
Trade and other payables and accrued expenses	35,138	7,448,008	125,769	1,569	7,610,484
Security deposit	-	440,695	-	-	440,695
Dividend payable	-	710	-	-	710
Bank overdraft	-	7,485	-	-	7,485
Provisions	-	346,515	-	-	346,515
	1,325,282	**8,745,629**	**2,599,692**	**1,569**	**12,672,172**

	THE COMPANY				
Year 2019	**EUR**	**MUR**	**USD**	**Others**	**TOTAL**
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Financial Assets					
Trade receivables, contract assets and other receivables	6,250	1,144,464	600,178	4,363	1,755,255
Cash and bank balances	6,068	424,956	19,097	1,516	451,637
Loan to subsidiary	-	164,384	-	-	164,384
Equity investments at FVTOCI	-	147,246	-	-	147,246
	12,318	1,881,050	619,275	5,879	2,518,522
Financial Liabilities					
Loans	1,085,222	-	2,168,621	-	3,253,843
Lease liabilities	-	532,509	-	-	532,509
Trade and other payables and accrued expenses	78,219	6,495,253	141,553	13,201	6,728,226
Security deposit	-	417,555	-	-	417,555
Dividend payable	-	327,413	-	-	327,413
Bank overdraft	-	144,664	-	-	144,664
Provisions	-	326,408	-	-	326,408
	1,163,441	8,243,802	2,310,174	13,201	11,730,618

For the year ended 31 December 2020

32. Financial Instruments (Cont'd)

Currency profile

The Group and the Company are mainly exposed to the USD and Euro.

The profit or loss is mainly attributable to the exposure outstanding on USD and Euro receivables and payables at the reporting date for the Group and the Company. The following table shows the Group's and the Company's sensitivity to a 10% increase in exchange rate of USD and Euro on financial assets and liabilities. A 10% decrease will have the opposite impact on the financial assets and liabilities.

	THE GROUP			
	Euro Impact		USD Impact	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Loss	**(17,825)**	(24,322)	**(194,242)**	(197,921)

	THE COMPANY			
	Euro Impact		USD Impact	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Loss	**(126,128)**	(115,112)	**(194,428)**	(169,090)

Interest rate risk management

The Group and the Company are exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings.

The interest rate profile of the Group and the Company at 31 December 2020 and 2019 was as follows:

	THE GROUP AND THE COMPANY	
	2020	2019
Financial Assets		
Fixed interest	**0% - 10%**	0% - 10%
Variable Interest	**0% - 0.4%**	0% -2.6%
Financial liabilities		
Fixed interest	**2%**	2%
Variable Interest	**0% -6.75%, Libor+3%**	0% -6.85%, Libor+3%

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

If interest rates had been 5 basis points higher, the decrease in profit would have been as follows:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Increase/(decrease) in profit	**140**	(101)	**(2,828)**	(2,695)

32. Financial Instruments (Cont'd)

Credit risk management

The Group and the Company are exposed to credit risk, being risk that a customer or counter party will default on its contractual obligations resulting in financial loss to the Group and the Company.

The Group and the Company have adopted a policy of doing business only with creditworthy customers or counter parties as a means of mitigating the risk of financial loss from defaulters.

To assess the creditworthiness of customers, the Group and the Company use information from publicly available financial information, market intelligence and their own trading records, to rate their present and future customers.

Except for amounts due from related parties, the Group and the Company consider that they have an extremely limited exposure to concentrations of credit risk with respect to trade accounts receivable due to their large and diverse customer base (residential, professional and business customers) operating in numerous industries and located in Mauritius and abroad. In addition, the maximum value of the credit risk on these financial assets is equal to their recognised net book value.

Credit risk on trade receivables, contract assets and other receivables, is managed through appropriate credit control policies implemented as per approved policy, and which is reviewed yearly by the risk committee. The credit control policy is implemented by a credit control team dedicated to credit management.

To mitigate the Group's and the Company's credit risk, all new customers are required to provide a cash deposit on provision of services to them. Monthly invoices for services delivered are subject to a 10% surcharge if they are not settled by the due date. Regular reminders are sent for overdue invoices and service is disconnected if not settled within the defined period. Ultimately, the telephone lines are recovered and allocated to new customers if invoices remain unpaid.

The trade receivable recovery process after service disconnection has been outsourced to a debt collection agency.

Liquidity risk management

The Group's and the Company's liquidity management are overseen by the Corporate Treasury Function, the latter ensuring that necessary funds are available at all times to meet payment commitments when due. The Corporate Treasury Function manages liquidity risk by maintaining adequate resources, banking facilities and by continuously monitoring forecast and actual cash flows as well as matching the maturity profiles of financial assets and liabilities.

Any excess funds are invested on a short term basis which averages a 3 to 6 month period.

Maturities of Financial Assets and Financial Liabilities

	THE GROUP				
	Less than 1 month	1 - 3 months	3 months to 1 year	More than 1 year	Total
2020	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Financial Liabilities					
Loans	26,511	4,526	43,314	3,044,677	3,119,028
Lease liability	-	-	115,338	563,990	679,328
Trade payables	-	2,177,751	15,188	-	2,192,939
Security deposit	-	-	440,695	-	440,695
Other payables and accrued expenses	1,386	1,793,320	215,509	285,382	2,295,597
Dividend payable	-	710	-	-	710
Bank overdraft	7,485	-	-	-	7,485
Provisions	-	-	369,524	43,475	412,999
	35,382	**3,976,307**	**1,199,568**	**3,937,524**	**9,148,781**

Notes to the Consolidated and Separate **Financial Statements** (Cont'd)

For the year ended 31 December 2020

32. Financial Instruments (Cont'd)

Interest rate sensitivity analysis (Cont'd)

Liquidity risk management (Cont'd)

Maturities of Financial Assets and Financial Liabilities (Cont'd)

	THE GROUP				
	Less than 1 month	1 - 3 months	3 months to 1 year	More than 1 year	Total
2019	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Financial Liabilities					
Loans	21,442	6,478	39,574	2,686,817	2,754,311
Lease liability	-	-	114,259	650,186	764,445
Trade payables	-	1,812,319	275,740	-	2,088,059
Security deposit	-	-	417,555	-	417,555
Other payables and accrued expenses	592	1,012,061	235,057	369,831	1,617,541
Dividend payable	-	327,413	-	-	327,413
Bank overdraft	144,664	-	-	-	144,664
Provisions	-	-	333,879	35,589	369,468
	166,698	3,158,271	1,416,064	3,742,423	8,483,456

	THE COMPANY				
	Less than 1 month	1 - 3 months	3 months to 1 year	More than 1 year	Total
2020	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Financial Liabilities					
Loans	26,511	4,526	1,333,458	3,044,677	4,409,172
Lease liability	-	-	43,265	458,951	502,216
Dividend payable	-	710	-	-	710
Trade payables	-	1,372,474	465	-	1,372,939
Other payables	321	1,246,806	4,708,260	282,157	6,237,544
Security deposits	-	-	440,695	-	440,695
Provisions	-	-	341,855	4,660	346,515
Bank overdraft	7,485	-	-	-	7,485
	34,317	**2,624,516**	**6,867,998**	**3,790,445**	**13,317,276**
2019					
Financial Liabilities					
Loans	21,442	6,478	1,124,796	2,686,817	3,839,533
Lease liability	-	-	56,888	475,621	532,509
Dividend payable	-	327,413	-	-	327,413
Trade payables	-	1,188,841	-	-	1,188,841
Other payables	321	974,129	4,195,104	369,831	5,539,385
Security deposits	-	-	417,555	-	417,555
Provisions	-	-	316,342	10,066	326,408
Bank overdraft	144,664	-	-	-	144,664
	166,427	2,496,861	6,110,685	3,542,335	12,316,308

The Group and the Company have reported net current liability as at 31 December 2019. However, analysis of the current liabilities shows that some liabilities will not give rise to payments or do not have a fixed payments terms and which management believes will not give rise to a payment during 2020. Excluding these items, the adjusted working capital becomes positive.

32. Financial Instruments (Cont'd)

Price risk management

The Group and the Company's main products and services are not subject to frequent price variation as these are set by the Information and Communication Technologies Authority (ICTA).

33. Fair Value Measurement

Except where stated elsewhere, the carrying amounts of the Group's and the Company's financial assets and financial liabilities approximate their fair values due to the short term nature of the balances involved.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value. The basis on which the fair value has been determined is given below:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

	THE GROUP AND THE COMPANY			
	Level 1	Level 2	Level 3	Total
2020	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Equity investment designated at FVTOCI	**-**	**5,511**	**197,064**	**202,575**
2019				
Equity investment designated at FVTOCI	-	5,552	141,694	147,246

Reconciliation of level 3 fair values:	THE GROUP AND THE COMPANY	
	2020	2019
	Rs 000s	Rs 000s
Balance at 1 January	**141,694**	34,640
Fair value gain through OCI	**5,511**	107,054
Balance at 31 December	**197,064**	141,694

The directors have assessed the impact of a 1% increase and decrease in the net asset value and the impact is considered to be immaterial. For quoted investment designated at FVTOCI, management has used quoted prices in secondary markets. For unquoted investment designated at FVTOCI, fair value is determined at the end of each reporting period by making reference to most recent traded prices and to recent publicly available NAV prices whereby the underlying assets are fair valued.

Any change in the prices of the underlying asset will impact the fair value of the unquoted investments.

For the year ended 31 December 2020

34. Related Party Transactions

The shareholders of the Company are the Government of Mauritius, State Bank of Mauritius, National Pension Fund and Rimcom Ltd.

As per the exemption criteria of IAS 24 paragraph 25, the state-owned entities have not been disclosed.

During the year ended 31 December 2020, the Group and the Company entered into the following transactions with related parties.

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
(i) Sales of services				
- Subsidiaries	**-**	-	**568,666**	568,276
- Shareholders	**26,597**	23,233	**26,597**	23,233
- Entities under common shareholding	**34,757**	46,393	**27,368**	27,895
(ii) Purchases of services				
- Subsidiaries	**-**	-	**966,821**	1,002,844
- Shareholders	**1,205**	1,167	**1,205**	1,167
- Entities under common shareholding	**176,258**	203,401	**175,970**	202,772
(iii) Dividend income				
- Entities under common shareholding	**7,453**	10,006	**7,453**	10,006
(iv) Other income and management fees				
- Subsidiaries	**-**	-	**843,495**	834,802
(v) Interest expense				
- Subsidiaries	**-**	-	**232,791**	237,607
- On loan from subsidiary	**-**	-	**36,302**	31,975
(vi) Interest income				
- Subsidiaries	**-**	-	**-**	417
- On loan from subsidiary	**-**	-	**13,860**	15,887
(vii) Emoluments of key management personnel				
- Short term benefits	**85,421**	71,642	**83,761**	71,642
(viii) Outstanding balances receivable from:				
- Related parties	**25,498**	27,162	**24,661**	22,923
Trade receivables				
- Entities under common shareholding	**14,575**	26,341	**14,575**	26,341
(ix) Outstanding balances payable to				
- Subsidiaries	**-**	-	**4,432,063**	3,913,966
- Entities under common shareholding	**73,968**	66,417	**61,545**	33,816
(x) Loan to subsidiaries	**-**	-	**140,194**	164,384
Loan from subsidiaries	**-**	-	**1,290,144**	1,085,222

35. Commitments for Expenditure

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Commitments for the acquisition of property, plant and equipment	**1,886,558**	2,507,690	**1,660,598**	2,416,354

36. Leases

The Group and the Company lease land, buildings and equipment with lease terms exceeding one year. These leases contain a renewal option.

The Group and The Company as lessee

(i) Right-of-use assets

	THE GROUP			THE COMPANY	
	Land and buildings	Plant and equipment	Total	Land and buildings	Total
	Rs 000s	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Cost					
At 1 January 2019	576,135	272,309	848,444	512,089	512,089
Additions	17,428	-	17,428	3,719	3,719
At 31 December 2019	593,563	272,309	865,872	515,808	515,808
Additions	40,709	-	40,709	37,402	37,402
At 31 December 2020	**634,272**	**272,309**	**906,581**	**553,210**	**553,210**
Accumulated Depreciation					
At 1 January 2019	-	-	-	-	-
Charge for the year	97,657	48,160	145,817	78,813	78,813
At 31 December 2019	97,657	48,160	145,817	78,813	78,813
Charge for the year	96,754	48,160	144,914	81,660	81,660
At 31 December 2020	**194,411**	**96,320**	**290,731**	**160,473**	**160,473**
Net Book Value					
At 31 December 2020	**439,861**	**175,989**	**615,850**	**392,737**	**392,737**
At 31 December 2019	495,906	224,149	720,055	436,995	436,995

(ii) Amounts recognised in statements of profit or loss and other comprehensive income

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Depreciation expense on right-of-use assets	**144,914**	145,817	**81,660**	78,813
Interest expense on lease liabilities	**40,215**	44,712	**28,015**	27,641
	185,129	190,529	**109,675**	106,454

At 31 December 2020, the Group and the Company do not have any commitment for short term leases. There are no variable lease payment in the lease contracts of the Group and the Company.

For the year ended 31 December 2020

36. Leases (Cont'd)

(iii) Amounts recognised in statements of cash flows

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Total cash outflow for leases	**166,041**	165,007	**95,710**	90,874

(iv) Maturity analysis of lease liability

The following tables set out a maturity analysis of lease payables as at 31 December 2020 and 2019. Under IAS 17, the Group and the Company did not have any finance leases as a lessee.

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Current portion				
Within one year	**115,338**	114,259	**43,265**	56,888
Non current portion				
Between one and two years	**90,132**	99,908	**23,444**	28,734
Between two and three years	**72,696**	83,117	**17,507**	16,791
Between three and four years	**58,335**	69,655	**15,040**	11,883
Between four and five years	**53,012**	57,715	**6,668**	11,016
After five years	**289,815**	339,791	**396,292**	407,197
	563,990	650,186	**458,951**	475,621

37. Cash and Cash Equivalents

Cash and cash equivalents include cash and bank balances and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Cash and bank balances	**1,602,943**	349,990	**1,479,880**	280,154
Bank overdraft	**(7,485)**	(144,664)	**(7,485)**	(144,664)
	1,595,458	205,326	**1,472,395**	135,490

As at 31 December 2020, the Group and its subsidiary have Rs000s 42,194 (2019 : Rs 000s 35,838) in its bank accounts from clients/merchants having a my.t mobile money account. The Group and its subsidiary do not have authority to use this bank balance for its own use and as such this amount is excluded in the cash and cash equivalents as at reporting date.

38. Other Deposits

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Within one year	**-**	105,913	**-**	105,000
Between two and five years	**-**	66,483	**-**	66,483
	-	172,396	**-**	171,483

Other deposits as at 31 December 2019 represented a bank guarantee for a contractual agreement under a payment guarantee relating to the construction of an asset. The bank guarantee decreased progressively as and when the related payment was effected. The above represented restricted cash set aside by a contractual agreement. As at 31 December 2020, the cash was released completely and made available for use to the Company.

39. Assets Classified as Held-for-Sale

The expected net cash flows are discounted using an appropriate risk-adjusted discount rate.

The sale has been delayed due to COVID-19 and is expected to be completed by end of 2021.

The Group and the Company have reclassified the assets below as held-for-sale:

(i) Investment in Telsea Investment Ltd previously included in investment in associate; and

(ii) Underground copper cables previously included in property, plant and equipment.

Assets held-for-sale as at the reporting date is summarised below:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Investment in Telsea	**290,920**	290,920	**40,935**	40,935
Underground copper cables	**10,530**	195,656	**10,530**	195,656
Total	**301,450**	486,576	**51,465**	236,591

(i) Investments in associates

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Investment in associate classified as held-for-sale	**290,920**	290,920	**40,935**	40,935

In April 2018, the Board committed to dispose the Company's shareholding in Telsea Investment Ltd. In order to assess the fair value less cost to sell, the Group and the Company considered the discounted cash flow approach. Discounted cash flow approach considers the present value of the net cash flows expected to be generated from the facility, taking into account the budgeted EBITDA growth rate and the budgeted capital expenditure growth rate. The expected net cash flows are discounted using an appropriate risk-adjusted discount rate.

There was no fair value adjustment on reclassification to asset held-for-sale.

As at 31 December 2020, the fair value less cost to sell was reassessed and there was no fair value adjustment. The sale has been delayed due to COVID-19 and is expected to be completed by 2021.

(ii) Underground copper cables

In February 2019, the Board also committed to dispose copper cables following deployment of fibre network. Accordingly, the copper cables were reclassified as asset held-for-sale in accordance with IFRS 5. As at 31 December 2020, the fair value less costs to sell was reassessed and a fair value adjustment of Rs 000s 99,514 was recognised in the statement of profit or loss and other comprehensive income to reduce the carrying amount of the assets to their fair value less costs to sell as shown below.

	THE GROUP AND THE COMPANY
	Rs 000s
Cost transferred as at 1 February 2019	2,349,771
Accumulated depreciation as at 1 February 2019	(1,897,452)
Disposal during the year	(237,407)
Fair value adjustments recognised during the year	(19,256)
At 31 December 2019	195,656
Disposal during the year	(85,612)
Fair value adjustments recognised during the year	(99,514)
At 31 December 2020	10,530

The recovery and sale of the copper cables has been delayed due to circumstances outside the Company's control. The sale is expected to be completed by September 2021. The fair value measurement of the copper cables is based on a total of 850 cabinets over the island.

For the year ended 31 December 2020

40. Contigent Liabilities

There are contingent liabilities not provided for in the financial statements in respect of bank guarantees amounting to Rs 000s 150,151 (2019: Rs 000s 702,520) for the Group and Rs 000s 129,672 (2019: Rs 000s 677,909) for the Company respectively. The directors consider that no liabilities will arise as the probability for default in respect of the guarantees is remote.

41. Notes to Statement of Cash Flows

(i) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's and Company's cash flow statement as cash flows from financing activities.

The Group

	01-Jan-20	Financing cash flows	Other non-cash changes*	31-Dec-20
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
2020				
Bank loan	2,168,621	108,654	196,648	2,473,923
Lease liabilities	764,445	(166,041)	80,924	679,328
Total liabilities arising from financing activities	**2,933,066**	**(57,387)**	**277,572**	**3,153,251**
2019				
Bank loan	1,597,231	465,515	105,875	2,168,621
Lease liabilities	-	(165,007)	929,452	764,445
Total liabilities arising from financing activities	1,597,231	300,508	1,035,327	2,933,066

The Company

	01-Jan-20	Financing cash flows	Other non-cash changes*	31-Dec-20
2020				
Bank loan	2,168,621	108,654	196,648	2,473,923
Lease liabilities	532,509	(95,710)	65,417	502,216
Total liabilities arising from financing activities	**2,701,130**	**12,944**	**262,065**	**2,976,139**
2019				
Bank loan	1,597,231	469,494	101,896	2,168,621
Lease liabilities	-	(90,874)	623,383	532,509
Total liabilities arising from financing activities	1,597,231	378,620	725,279	2,701,130

*Other non-cash changes include new leases and interest accrual.

(ii) Payment for purchase of property, plant and equipment

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs 000s	Rs 000s	Rs 000s	Rs 000s
Cash purchases	**1,559,307**	2,686,554	**1,522,490**	2,477,830
Non-cash purchases	**557,139**	-	**353,159**	-
	2,116,446	2,686,554	**1,875,649**	2,477,830

42. Going Concern

At 31 December 2020, the Group and the Company had net current liabilities of Rs 000s 1,402,378 (2019: Rs 000s 1,824,952) and Rs 000s 6,250,529 (2019: Rs 000s 6,181,129) respectively. Included in the net current liabilities are non-financial liabilities which would not result in cash outflows of the Group and the Company and these include deferred revenue, provision for untaken leaves, security deposits, subordination agreements with subsidiaries amongst others which amount to Rs 000s 1,275,074 (2019: Rs 000s 1,103,606) and Rs 000s 5,542,639 (2019: Rs 000s 4,874,832) respectively.

Management has made an assessment of the Group's and the Company's ability to continue as a going concern and is satisfied that the Group and Company have the resources to continue in business for the foreseeable future.

Management has prepared cash flow forecasts based on reasonable and supportable assumptions, including the effects of COVID-19, which will provide the Group and the Company with sufficient funds to finance future operations and enable the Group and the Company to realise its assets and settle its liabilities in the normal course of business. Management has also considered the potential funding agreements in the process of being finalised and the transactions concluded post year-end to reach the above conclusion.

As a result of the above, the Group's and Company's forecasts and projections, taking account of reasonably possible changes in trading performance due to COVID-19, demonstrate that the Group and the Company should be able to operate within the level of their current and future financing and undrawn facilities available at the reporting date up to the next twelve months from the date of approval of these financial statements. Therefore, the consolidated and separate financial statements continue to be prepared on the going concern basis.

43. Events after Reporting Date

There are no events after the reporting date which would require disclosure and/or adjustments to the consolidated and separate financial statements for the year ended 31 December 2020.

44. Prior Year Adjustments

The treasury department of the Company is responsible for treasury management for the entities in the Group. Most of the funds of the group entities are transferred to this department which then uses them for payment of expenses and financing of projects within the Group. This results in receivable balances in the subsidiaries' financial statements with the corresponding liability in the Company's financial statements. The subsidiaries have recognised deferred tax assets on the expected credit losses (ECL) on these receivable balances at time of implementation of IFRS 9 (i.e at 1 January 2018) and for the subsequent movement recognised in the ECL balance (i.e. for year ended 31 December 2019). There was no impact on the Group profits for the year ended 31 December 2018. These deferred tax balances were eventually consolidated and presented in the Group financial statements.

Based on assessment performed, these receivables are of a financing nature and any ECL recognised on these balances do not qualify for future tax deductions as per the local tax regulations. Accordingly, the deferred tax assets recognised have been reversed in the consolidated financial statements. The retrospective adjustments do not have any impact on the separate financial statements and the consolidated statement of cash flows. The impact of these adjustments on the consolidated financial statements are as follows:

44. Prior Year Adjustments (Cont'd)

	THE GROUP		
	As previously reported	Adjustments	As restated
Statement of financial position	Rs 000s	Rs 000s	Rs 000s
Impact at 1 January 2019			
Deferred tax assets	518,328	(112,913)	405,415
Retained earnings	8,985,103	(112,913)	8,872,190
Impact at 1 January 2019			
Deferred tax assets	559,462	(137,819)	421,643
Retained earnings	8,954,917	(137,819)	8,817,098
Statement of profit or loss and other comprehensive income			
Impact for the year ended 31 December 2019			
Tax expense	(47,881)	(24,906)	(72,787)
Profit for the year	642,865	(24,906)	617,959
Total comprehensive income for the year	844,415	(24,906)	819,509
Earnings per share	3.38	(0.13)	3.25

Glossary of **Terms**

4G	4G is a mobile communications standard intended to replace 3G, allowing wireless internet access at a much higher speed.
5G	5G is the fifth generation of mobile network technology. It takes mobile data connectivity to the next level, increases speed and reduces latency.
CES (Customer Effort Score)	CES is a single-item metric that measures how much effort a customer has to exert to get an issue resolved, a request fulfilled, a product purchased or a question answered.
CSI (Customer Satisfaction Index)	An indicator which gives customer perception on quality of service satisfaction.
Fintech	Financial technology (Fintech) is used to describe new technology that seeks to improve and automate the delivery and use of financial services.
FTTH (Fibre-To-The-Home)	Fibre-optic access solutions designed for residential deployment.
National Payment Switch	National Payment Switch, an infrastructure that can interface with any point of sale (POS) system, Automated Teller machine (ATM), Mobile Payment System and internet-based commerce portals, consolidate all electronic transactions and then intelligently channel them to one or more payment processors for authorisation and settlement.
NPS (Net Promoter Score)	An indicator which gives perception on the likelihood of the customer to recommend the company/products/services to family/friends.
Single RAN	Single radio access network, a technology that allows mobile telecommunications operators to support multiple mobile communications standards and wireless telephone services on a single network.

my.t mobile

- Fastest Data Network
- Unlimited Mobile Data
- Fully 4G
- Mobile Voice & SMS
- Prepay & Postpay
- Love Pack
- my.t Apps
- Roaming Services
- Deezer & Fun Tones
- SMS Info
- Smartphones & Tablets

my.t home

- TV & Broadband
- Fibre Broadband
- Fibre Voice
- my.t triple play
- 100Mbps
- TV Packs
- Video on Demand
- Dual Room
- Catch-Up TV
- Fixed Telephones
- Wi-Fi Extender
- my.t TV apps
- my.t 4K Smart Box

my.t business

- Mobility
- High Speed Internet
- Data Centre and Cloud
- Local Connectivity
- Security
- International Connectivity

my.t money

- my.t money
- my.t billpay