INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHANAGAR TELEPHONE (MAURITIUS) LTD

Report on the Audit of Financial Statements

Opinion

We have audited the consolidated financial statements of **Mahanagar Telephone (Mauritius) Ltd** and its subsidiaries(together referred to as the "Group") and the Company's separate financial statements which comprise the statement of financial position as at 31 March 2023 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 21 to 48.

In our opinion, these financial statements give a true and fair view of the financial position of **Mahanagar Telephone (Mauritius) Ltd** as at 31 March 2023 and of its financial performance and cash flows for the year then ended 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.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants (IESBA Code) *Code of Ethics for Professional Accountants*, 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 Information

The directors are responsible for the other information. The other information comprises the commentary of the directors and certificate from the secretary.

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

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

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the principles of the Code.

The directors have given satisfactory explanations on the principles of the Code which have not been complied with. In our opinion, the disclosures in the annual report, including explanations on the reasons for non-compliance, is consistent with the principles of the Code.

Directors' Responsibility for the consolidated and separate financial statements

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

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

Key audit matters

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

The key audit matters discussed in the table below relate to the consolidated financial statements. We have determined that there are no key audit matters regarding the audit of the separate financial statements of the Company for the current period to communicate in our report.

Key audit matters	**How our audit addressed the key audit matters**
Revenue recognition (Refer to note 16 to the consolidated financial statements)	
The Group reported revenues of Rs. 434,438,220. The amount involved is material to the Group financial statement and there is a rebuttable presumption that revenue is a significant risk. MTML revenue consists of two major streams namely the income from ancillary services and mobile services making up to 21% and 45% respectively of rendering of services revenue category. We have also identified a risk of management override of controls through manual revenue journal entries which may be susceptible to fraud and error.	Our audit procedures included, among others, obtaining an understanding of, evaluating the design and implementation, testing the operating effectiveness of the controls over the Group's revenue recognition process. • Tested the key controls over the calculation of the amounts billed to customers and the capturing and recording of the revenue transactions; • Tested the key controls over the authorisation of the rate changes and the input of such rates to the billing systems; • Tested the end-to-end reconciliations from business support systems to billing systems to the general ledger.

Directors' Responsibility for the consolidated and separate financial statements (continued)

Key audit matters	**How our audit addressed the key audit matters**
	• Tested material journals processed between the billing systems and the general ledger. • Performed tests on the accuracy of customer bill generation process on a sample basis and tested a sample of the credits and discounts applied to such customer bills. • We have reviewed the appropriateness of revenue recognition accounting policies and assessed the compliance with the requirement of IFRS 15 *Revenue Recognition*.
Provision of impairment of trade receivables (refer to note 8(a))	
We focused on this area as the provision of trade receivables require the application of judgement and the use of subjective assumptions as described in critical accounting estimates and judgments in Note 4.	We evaluated management's assumptions and methods applied for calculating the provision for impairment of trade receivables by carrying out the following procedures, among others: • Obtained an update of the understanding of the process relating to the provisions for impairment of trade receivables and performed tests of a sample to confirm our understanding. • Obtained an ageing report of trade receivables and tested the accuracy by verifying the ageing of individual invoices on a sample basis. • Obtained the management's calculation of the provision for various age categories made in accordance with the impairment policy and checked if they were in line with assumptions made by management. We have also considered the appropriateness of the policy based on historical experience and application of the Expected Credit Losses model. • We have also considered the appropriateness of the disclosures in accordance with the requirements of IFRS 9.

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

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

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

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

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors.

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

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

Use of this report

This report is made solely to the Company's member in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Company's member those matters that we are required to state in an auditors' 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 member for our audit work, for this report, or for the opinions we have formed.

NJC ASSOCIATES

Chartered Accountants

5th Floor, Orbis Court

Royal Road St Jean

Quatre Bornes

Date: 27-05-2023

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MAHANAGAR TELEPHONE (MAURITIUS) LTD

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

ASSETS	Notes	THE GROUP		THE HOLDING COMPANY	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Non-current assets					
Property, plant and equipment	5 (a)	**369,986,907**	374,686,925	**369,986,907**	374,686,925
Right-of-use assets	5 (b)	**2,909,080**	3,673,573	**2,909,080**	3,673,573
Investment property	5 (c)	**36,397,996**	39,145,828	**36,397,996**	39,145,828
		409,293,983	417,506,326	**409,293,983**	417,506,326
Current assets					
Inventories	7	**4,652,754**	5,627,362	**4,652,754**	5,627,362
Trade receivables	8(a)	**62,931,949**	49,348,405	**62,931,949**	49,348,405
Other current assets	8(b)	**62,050,165**	69,998,528	**62,103,565**	70,050,929
Financial Assets at Amortised Cost	9(b)	**159,212,648**	225,325,124	**159,212,648**	225,325,124
Cash and cash equivalents	9(a)	**114,872,856**	96,391,082	**114,872,856**	96,391,082
		403,773,772	446,690,501	**403,773,772**	446,742,902
TOTAL ASSETS		**813,067,755**	**864,196,827**	**813,067,755**	**864,249,228**

EQUITY AND LIABILITIES

Equity	Notes	THE GROUP		THE HOLDING COMPANY	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Stated capital	10	**673,717,949**	673,717,949	**673,717,949**	673,717,949
Retained earnings	11	**27,668,025**	49,537,071	**27,720,525**	49,588,721
		701,438,474	723,255,020	**701,438,474**	723,306,670
Non-current liabilities					
Leased liabilities	5 (b)	**2,797,639**	4,230,893	**2,797,639**	4,230,893
Deferred tax liabilities	15	**38,290,588**	41,916,325	**38,291,488**	41,917,075
		41,088,227	46,147,218	**41,089,127**	46,147,968
Current liabilities					
Trade and other payables	12	**69,184,494**	74,298,818	**69,184,494**	74,298,818
Current tax liabilities	15	**-**	13,890,112	**-**	13,890,112
Leased liabilities	5 (b)	**1,355,660**	1,355,660	**1,355,660**	1,355,660
Dividend Payable	18		5,250,000		5,250,000
		70,540,154	94,794,590	**70,540,154**	94,794,590
Total Equity And Liabilities		**813,067,755**	864,196,827	**813,067,755**	864,249,228

These financial statements have been approved for issue by the board of directors on: 27-05-2023

(RAMAPATEE GUJADHUR)
DIRECTOR

(P.K. PURWAR)
DIRECTOR

MAHANAGAR TELEPHONE (MAURITIUS) LTD

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	THE GROUP		THE HOLDING COMPANY	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue	16	**434,438,220**	463,190,582	**434,438,220**	463,190,582
Cost of sales	27	**(338,643,089)**	(337,505,906)	**(338,643,089)**	(337,505,906)
Gross profit		**95,795,131**	125,684,676	**95,795,131**	125,684,676
Personnel expenses	28	**(24,560,632)**	(21,143,086)	**(24,560,632)**	(21,143,086)
Licence fees	29	**(64,240,660)**	(61,978,771)	**(64,240,660)**	(61,978,771)
Other operating expenses	30	**(23,965,533)**	(9,927,298)	**(23,964,533)**	(9,926,298)
Marketing expenses	31	**(18,935,482)**	(18,237,791)	**(18,935,482)**	(18,237,791)
Impairment loss	6	**-**	-	**-**	-
Other income	13	**5,092,195**	3,704,677	**5,092,195**	3,704,677
Operating (loss)/ profit	19	**(30,814,981)**	18,102,407	**(30,813,981)**	18,103,407
Finance income	14	**6,026,602**	1,161,424	**6,026,602**	1,161,424
Finance cost	5(b)(ii)	**(706,404)**	(1,038,508)	**(706,404)**	(1,038,508)
(Loss)/ profit before tax		**(25,494,783)**	18,225,323	**(25,493,783)**	18,226,323
Taxation	15	**3,625,737**	(16,679,791)	**3,625,587**	(16,679,941)
PROFIT FOR THE YEAR		**(21,869,046)**	1,545,532	**(21,868,196)**	1,546,382
Other comprehensive income, net of income tax		**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(21,869,046)**	1,545,532	**(21,868,196)**	1,546,382
(Loss)/ profit attributable to:					
Owners of the parent		**(21,869,046)**	1,545,532		
Non-controlling interests		**-**	-		
		(21,869,046)	1,545,532		
Earnings per share (Rs.)	17	**(0.04)**	0.03	**(0.03)**	0.03

MAHANAGAR TELEPHONE (MAURITIUS) LTD

STATEMENTS OF CHANGES IN EQUITY

THE GROUP	Notes	Stated capital Rs.	Retained earnings Rs.	Total equity Rs.
Balance at 01 April 2021		673,717,949	53,241,539	726,959,488
Adjustment for change in accounting policy		-	-	-
Total comprehensive income for the year		-	1,545,532	1,545,532
Dividend	18	-	(5,250,000)	(5,250,000)
Balance at 31 March 2022		673,717,949	49,537,071	723,255,020
Balance at 01 April 2022		**673,717,949**	**49,537,071**	**723,255,020**
Total comprehensive income for the year		**-**	**(21,869,046)**	**(21,869,046)**
Dividend	18	-		-
Other comprehensive income for the year, net of income tax		-	-	-
Balance at 31 March 2023		673,717,949	27,668,025	701,385,974

THE HOLDING COMPANY		Stated capital Rs.	Retained earnings Rs.	Total equity Rs.
Balance at 01 April 2021		673,717,949	53,292,339	727,010,288
Adjustment from application of IFRS 16		-	-	-
Total comprehensive income for the year		-	1,546,382	1,546,382
Dividend	18	-	(5,250,000)	(5,250,000)
Balance at 31 March 2022		673,717,949	49,588,721	723,306,670
Balance at 01 April 2022		**673,717,949**	**49,588,721**	**723,306,670**
Total comprehensive income for the year		**-**	**(21,868,196)**	**(21,868,196)**
Dividend	18	-		-
Other comprehensive income for the year, net of income tax		-	-	-
Balance at 31 March 2023		**673,717,949**	**27,720,525**	**701,438,474**

MAHANAGAR TELEPHONE (MAURITIUS) LTD

STATEMENTS OF CASH FLOWS

	Notes	The Group		The Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cash flow from operating activities					
(Loss)/Profit Before Tax		**(25,493,783)**	18,225,323	**(25,493,783)**	18,226,323
Adjustments for:-					
Profit on disposal of assets		**-**	-	**-**	-
Provision for bad debts		**200,000**	150,000	**200,000**	150,000
Impairment		**-**			-
Finance cost		**764,492**	1,038,508	**764,492**	1,038,508
Depreciation	**20**	**77,991,044**	75,982,107	**77,991,044**	75,982,107
Cashflow from operation before working capital changes		**53,460,753**	95,395,938	**53,461,753**	95,396,938
Changes in working capital					
Inventories		**974,608**	(3,882,950)	**974,608**	(3,882,950)
Trade and other receivables		**(6,283,706)**	(38,645,195)	**(6,284,706)**	(38,646,195)
Trade and other payables		**(5,114,324)**	(27,272,626)	**(5,114,324)**	(27,272,626)
Net cash generated from operating activities		**43,037,331**	25,595,167	**43,037,331**	25,595,167
Cash flows from investing activities					
Purchase of investment in financial assets	**9 (b)**	**66,561,002**	(9,186,005)	**66,561,002**	(9,186,005)
Purchase of property, plant and equipment	**5 (a)**	**(69,778,696)**	(7,184,460)	**(69,778,696)**	(7,184,460)
Net cash used in investing activities		**(3,217,694)**	(16,370,465)	**(3,217,694)**	(16,370,465)
Cash flows from financing activities					
Dividend paid	**18**	**(5,250,000)**	(5,250,000)	**(5,250,000)**	(5,250,000)
Principal paid on lease liabilities		**(1,564,004)**	(1,157,327)	**(1,564,004)**	(1,157,327)
Interest paid on lease liabilites		**(764,492)**	(1,038,508)	**(764,492)**	(1,038,508)
Corporate Tax Paid		**(5,774,277)**	-	**(5,774,277)**	-
Solidarity Levy Paid		**(7,985,090)**	(7,985,090)	**(7,985,090)**	(7,985,090)
Net cash used in financing activities		**(21,337,863)**	(15,430,925)	**(21,337,863)**	(15,430,925)
Net movement in cash and cash equivalents		**18,481,774**	(6,206,223)	**18,481,774**	(6,206,223)
Movement in cash and cash equivalents					
Cash and cash equivalents at the beginning of the year		**96,391,082**	102,597,305	**96,391,082**	102,597,305
Cash and cash equivalents at the end of the year	**9**	**114,872,856**	96,391,082	**114,872,856**	96,391,082
Net Movement in cash and cash equivalents		**18,481,774**	(6,206,223)	**18,481,774**	(6,206,223)

MAHANAGAR TELEPHONE (MAURITIUS) LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. CORPORATE INFORMATION

Mahanagar Telephone (Mauritius) Ltd is a private limited Company incorporated in Mauritius on 14 November 2003. The address of the registered office is MTML Square, 63 Cyber City, Ebene, Mauritius. The principal activity of the Holding Company and its subsidiaries is to provide telecommunication services.

2. Standards, Amendments to published Standards and Interpretations effective in the reporting period

New and revised IFRSs with no material effect on the financial statements

The following new and revised IFRSs have been adopted in these financial statements. The nature and effect of the application of these new and revised IFRSs and the International Financial Reporting Interpretations Committee (“IFRIC”) has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) - The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. This standard is not applicable to the Company.

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) - The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). This standard is not applicable to the Company

New standards, interpretations and amendments to published standards

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2023 and which have not been adopted in these financial statements.

The Company is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application and these statements, where applicable, will be applied in the year when they are effective.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Noncurrent: The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

New standards, interpretations and amendments to published standards

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2): The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments are effective for annual periods beginning on or after 1 January 2023, with early application permitted.

Definition of Accounting Estimates (Amendments to IAS 8): The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The amendments are effective for annual periods beginning on or after 1 January 2023, with early application permitted.

Non-current Liabilities with Covenants (Amendments to IAS 1): The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for annual periods beginning on or after 1 January 2024, with early application permitted. Classification of Liabilities as Current or Non-Current (Amendments to IAS 1): The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments are effective for annual periods beginning on or after 1 January 2024, with early application permitted.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with: – Right-of-use assets and lease liabilities – Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

  The amendments are effective for annual periods beginning on or after 1 January 2024, with early application permitted.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

The financial statements of Mahanagar Telephone (Mauritius) Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements are that of the Holding Company and its subsidiaries and are presented in Mauritian Rupees. The financial statements are prepared under the historical cost convention, except that the relevant financial assets and financial liabilities are stated at them fair value or at amortised cost.

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Investments in subsidiaries

Investments in subsidiary companies are carried at cost (or at fair value). The carrying amount is reduced to recognise any impairment in the value of individual investments.

Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss and other comprehensive income. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss and other comprehensive income. Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not premeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the statement of profit or loss and other comprehensive Income. If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination.

This determination is based on the market based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

(ii) Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in the statement of profit or loss and other comprehensive income.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

*(iv) Loss of cont*rol

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the statement of profit or loss and other comprehensive income. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Revenue recognition

Revenue from contracts with customers

(i) Rendering of services

Revenue relates to the provision of telephone services, data communication services and other corollary services.

Revenue is measured based on the consideration specified in a contract with a customer. 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.

International revenue is derived from outgoing calls from Mauritius and from payments by foreign network operators for calls and other traffic that originate outside Mauritius but which use the Company's network.

The Company pays a proportion of the international traffic revenue it collects from its customers to transit and destination network operators. These revenues and costs are stated gross in the financial statements. Amount payable and receivable from the same foreign network operators are shown net in the statement of financial position where a right of set off exists.

The two subsidiaries of the Company had not yet started operations during the year under review and, as such, did not derive any income.

(ii) Sale of goods

Revenue from sales of goods relates to sales of phone cards and mobile phones.

(ii) Other Income

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the Holding Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

The Holding Company and the Group recognised rental income on an accural basis.

Functional and presentation currency

(i) Reporting currency

The financial statements are presented in Mauritian Rupees (Rs), which is the Group's and the Company's functional and presentation currency. This represents the currency of the primary economic environment in which the Group and the Company operate.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities in foreign currencies at year end exchange rates are recognised in the statement of profit or loss and other comprehensive income.

Leases

From January 1, 2019, all leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Identifying Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) There is an identified asset;

(b) The Company obtains substantially all the economic benefits from use of the asset; and

(c) The Company has the right to direct use of the asset.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

The Company as lessor

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 lease term.

Trade and other payables

Trade payables and other payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Dividend distribution

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

*Investment in Subsidiarie*s

Subsidiaries are entities over which the Company has control. The Company controls an entity if and only if it has power over the entity and when it is exposed to, or has rights to variable returns from its involvement with the entity, and has the ability to use its power over the entity to affect those returns. The Company will re-assess 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.

Investment in subsidiaries is stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount.

Taxation

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

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 of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's and the Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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. 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 the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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 liabilities and assets 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 Holding Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in 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.

Stated capital

Ordinary shares are classified as equity.

Related parties

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

Financial Instruments

The Group and the Holding Company classifies non-derivative financial assets into the following category: loans and receivables.

The Group and the Holding Company classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Group and the Holding Company initially recognises loans and receivables issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group and the Holding Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group and the Company is recognised as a separate asset or liability.

The Group and the Holding Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets – measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iv) Impairment

Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group and the Company on terms that the Group and the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy.

(v) Financial assets measured at amortised cost

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Company/Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, inconsequence, the new expected cashflows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income (operating profit).

The Company/Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and cash at bank.

Provisions

Provisions are recognised when the Group and the Company has a present obligation (legal or constructive) as a result of a past event, 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of property, plant or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the branch and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit or loss and other comprehensive income as incurred.

Depreciation

Depreciation is recognised in the profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Additions during the year bear a due proportion of the annual depreciation charge. As per the company policy,only 95% of total cost is depreciated over the useful life of the assets and 5% is treated as residual value.

The annual effective depreciation rates used are as follows:

Building	4.75%
Computer equipment	31.67%
Furniture, fixtures and fittings	11.88%

Office equipment	19.00%
Motor vehicles	11.88%
Plant and equipment	9.50%

Gains and losses on disposal of property, plant and equipment are determined by reference to their written down value and are included in determining operating profit.

Investment property

Property held to earn rental and/or for capital appreciation, is stated at cost less accumulated depreciation and any accumulated impairment losses. Investment properties are measured initially at cost, including transaction costs.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal.

The annual depreciation rates used are as follows:

Building	4.75%

Related parties

Related parties may be individuals or other entities where the individual or other entities has the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in governing the financial and operating policies, or vice versa, or where the Company are subject to common control of common significant influence.

Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined on the First in First out basis (FIFO).The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses. Cost of inventories include the transfer from equity of any gains / losses on qualifying cash flow hedges relating to purchases of raw materials.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the period of the revision and future periods if the revision affects both current and future periods.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Key sources of estimation uncertainty

With regards to the nature of the Group's and the Company's business there were no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Going concern

The Group's and the Company's 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 the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Impairment of assets

Property, plant and equipment and investment properties are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself. Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. Cash flows which are utilised in these assessments are extracted from the yearly budget.

Impairment of financial asset

The loss allowances for financial assets are based on assumption about risk of default and expected loss rates. The Company uses judgement in making theses assumptions and selecting the inputs to the impairment calculation, based on the Group and Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Asset lives and residual values

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

Depreciation policies

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Group and Company would currently obtain from the disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life. The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the asset at the end of their expected useful lives.

Limitations of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group and Company's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

5 (a) PROPERTY, PLANT AND EQUIPMENT

(i) THE GROUP AND THE HOLDING COMPANY

	Building Rs.	Computer equipment Rs.	Furniture, fixtures and fittings Rs.	Office equipment Rs.	Motor vehicles Rs.	Plant and equipment Rs.	Total Rs.
COST							
At 01 April 2022	76,117,144	1,974,527	12,438,432	1,650,376	5,812,178	1,286,152,637	1,384,145,294
Additions	-	74,958	17,539	65,360	-	69,620,839	69,778,696
At 31 March 2023	**76,117,144**	**2,049,485**	**12,455,971**	**1,715,736**	**5,812,178**	**1,355,773,476**	**1,453,923,990**
DEPRECIATION							
At 01 April 2022	27,184,858	1,728,386	11,062,625	1,439,291	4,782,956	963,260,248	1,009,458,364
Charge for the year	3,434,790	128,802	294,495	60,781	229,561	70,330,290	74,478,719
At 31 March 2023	**30,619,648**	**1,857,188**	**11,357,120**	**1,500,072**	**5,012,517**	**1,033,590,538**	**1,083,937,083**
NET BOOK VALUE							
At 31 March 2023	**45,497,496**	**192,297**	**1,098,851**	**215,664**	**799,661**	**322,182,938**	**369,986,907**

(ii) THE GROUP AND THE HOLDING COMPANY

	Building Rs.	Computer equipment Rs.	Furniture, fixtures and fittings Rs.	Office equipment Rs.	Motor vehicles Rs.	Plant and equipment Rs.	Total Rs.
COST							
At 01 April 2021	76,117,144	1,890,547	12,438,432	1,650,376	5,812,178	1,279,052,157	1,376,960,834
Additions	-	83,980	-	-	-	7,100,480	7,184,460
Disposal	-	-	-	-	-	-	-
At 31 March 2022	**76,117,144**	**1,974,527**	**12,438,432**	**1,650,376**	**5,812,178**	**1,286,152,637**	**1,384,145,294**
DEPRECIATION							
At 01 April 2021	23,750,068	1,621,739	10,566,293	1,362,799	4,349,704	895,553,404	937,204,008
Charge for the year	3,434,790	106,647	496,332	76,492	433,252	67,706,848	72,254,361
disposel	-	-	-	-	-	-	-
At 31 March 2022	**27,184,858**	**1,728,386**	**11,062,625**	**1,439,291**	**4,782,956**	**963,260,252**	**1,009,458,369**
NET BOOK VALUE							
At 31 March 2022	**48,932,286**	**246,141**	**1,375,807**	**211,085**	**1,029,222**	**322,892,385**	**374,686,925**

Depreciation of Rs 70,330,290 (2022: Rs. 67,706,848) has been charged in cost of sales and depreciation of Rs 4,148,429 (2022: Rs. 4,547,513) has been charged in other operating expenses.

5(b)(i). Right-Of-Use Assets

Year 2023	THE GROUP AND THE HOLDING COMPANY		
	Land Rs.	Building Rs.	Total Rs.
COST			
At 01 April 2022	**2,374,500**	**6,014,658**	**8,389,158**
Additions	-	-	-
At 31 March 2023	**2,374,500**	**6,014,658**	**8,389,158**
DEPRECIATION			
At 01 April 2022	1,108,100	3,607,485	4,715,585
Charge for the year	79,150	685,343	764,493
At 31 March 2023	**1,187,250**	**4,292,828**	**5,480,078**
NET BOOK VALUE			
At 31 March 2023	**1,187,250**	**1,721,830**	**2,909,080**

Year 2022	THE GROUP AND THE HOLDING COMPANY		
	Land Rs.	Building Rs.	Total Rs.
COST			
At 01 April 2021	2,374,500	3,009,928	5,384,427
Additions	-	3,004,730	3,004,730
At 31 March 2022	2,374,500	6,014,658	8,389,158
DEPRECIATION			
At 01 April 2021	1,028,950	2,706,721	3,735,671
Charge for the year	79,150	900,764	979,914
At 31 March 2022	1,108,100	3,607,485	4,715,585
NET BOOK VALUE			
At 31 March 2022	1,266,400	2,407,173	3,673,573

Depreciation of Rs 764,492 (2022: Rs. 979,914) has been charged in other operating expenses.

Note: The right use of assets consists of :
- Land lease agreement from Landscope (Mauritius) Ltd. The lease is valid for a period of 30 years starting from 2009;
- Leasing of shop outlet. The lease is valid for a period of 5 years starting from 2018.

5(b)(ii). Lease liabilities

IFRS 16 'Leases' effective in the financial statements for the accounting period commencing 01 January 2019. The company adopt the standard prospectively by using the modified retrospective approach. IFRS 16 requires lessees to recognise right of use assets and lease liabilities on balance sheet for all leases, except short-term and low value asset leases. At commencement of the lease, the lease liability equals the present value of future lease payments, and the right of use asset equals the lease liability. Depreciation is charged on a straight-line basis, however, interest (finance cost) is charged on outstanding lease liabilities and therefore reduces over the life of the lease. As a result, the impact on the income statement below operating profit is dependent on lease maturity. The breakdown for the lease liability is as follows:

Year 2023	THE GROUP AND THE HOLDING COMPANY		
	Land Rs.	Building Rs.	Total Rs.
At April 1	3,044,445	2,542,108	5,586,553
Additions	-	-	-
Finance cost	441,569	264,835	706,404
Repayments	(408,904)	(1,730,754)	(2,139,658)
At March 31	3,077,110	1,076,189	4,153,299
Analysed as follows:			
- Current			1,355,660
- Non Current			2,797,639
			4,153,299

Year 2022	THE GROUP AND THE HOLDING COMPANY		
	Land Rs.	Building Rs.	Total Rs.
At April 1	3,011,780	3,732,101	6,743,881
Additions	-		-
Finance cost	441,569	596,939	1,038,507
Repayments	(408,904)	(1,786,932)	(2,195,836)
At March 31	3,044,444	2,542,108	5,586,552
Analysed as follows:			
- Current			1,355,660
- Non Current			4,230,893
			5,586,553

5(c). Investment Property

THE GROUP AND THE HOLDING COMPANY	Building 2023	Building 2022
	Rs.	Rs.
COST		
At 31 March	**60,893,715**	60,893,715
DEPRECIATION		
At 01 April	21,747,887	19,000,055
Charge for the year	2,747,832	2,747,832
At 31 March	**24,495,719**	21,747,887
NET BOOK VALUE		
At 31 March	**36,397,996**	39,145,828

Depreciation of Rs 2,747,832 (2022: Rs. 2,747,832) has been charged in other operating expenses.

Note: The Directors of the company have adopted the cost model in accordance with IAS 16 to be used for the valuation of the investment property There were no direct operating expenses related to Investment property during the year under review.

The following amounts have been recognised in profit or loss:		
Rental income	**5,092,195**	3,704,677

Investment property relates to MTML building situated at MTML Square, 63, cyber city; 1st floor, 3rd Floor, 4th Floor, 5th Floor are rented out and same treated as investment property. The remaining floors are used by MTML itself.

Building is used for office purpose and only the unused part is rented out. Insured valued can be taken as fair value. The insured value of the building is Rs. 150 M and given that approximately 40% of the floors are rented out, the fair value of the investment property will approximate to Rs 60 M, where the fair value measurement is categorised within level 3.

6. Investment in subsidiaries

	The Holding Company	
	2023 Rs.	**2022 Rs.**
Unquoted investment at cost		
At 01 April	-	-
Impairment losses	-	-
As 31 March	-	-

The impairment losses relates to the two subsidiaries as described below, which were fully impaired.

Details of Company's investment in subsidiaries:-

Name of company	**Country of incorporation**	**Class of shares**	**Principal activity**	**Nominal value of investment** Rs.	**Holding** %
MTML Data Ltd	Mauritius	Ordinary	Telecommunication	2,000,000	100
MTML International Ltd	Mauritius	Ordinary	Telecommunication	10,000,000	100

The reporting date of the two subsidiaries is at 31 March 2023.

7. Inventories

	The Group And The Holding Company	
	2023 Rs.	2022 Rs.
Stock of subscribers equipment	**4,652,754**	5,627,362

Note:

- All stocks are measured at net realisable value
- All costs of inventories have been recognised in the cost of sales during the year.
- The cost of inventories recognised as expense and included in cost of sales amounted to Rs. 36,610,204 (2022: Rs.35,357,382).

8(a) Trade receivables

	The Group		The Holding Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade receivables	79,060,459	66,122,665	79,060,459	66,122,665
Less: Provision for impairment	(16,128,510)	(16,774,260)	(16,128,510)	(16,774,260)
	62,931,949	49,348,405	62,931,949	49,348,405

(i) Impairment of trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before March 31, 2023 or April 01, 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP as the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The closing loss allowances for trade receivables as at March 31, reconcile to the opening loss allowances as follows:

	TRADE RECEIVABLES	
	2023 Rs.	2022 Rs.
Loss allowance as at April 1,	**16,774,260**	16,624,260
Loss allowance recognised in profit or loss during the year	**200,000**	150,000
Provision written back during the year	**(845,750)**	-
At March 31,	**16,128,510**	16,774,260

Financial Year	Credit sales Rs.	Expected loss rate %	Loss Allowance Rs.
Mar_ 2021	176166057	2%	3,585,000.00
Mar_ 2022	200411059	2%	3,420,000.00
Mar_ 2023	201997245	2%	3,254,000.00

8(b) Other current assets

	THE GROUP		The Holding Company	
	2023 Rs.	**2022 Rs.**	**2023 Rs.**	**2022 Rs.**
Claims receivable	**5,854,904**	5,854,904	**5,854,904**	5,854,904
Advance payment	**17,075,116**	29,663,402	**17,075,116**	29,663,402
Prepayments	**34,886,638**	30,262,704	**34,886,638**	30,262,704
Other receivables	**4,233,507**	4,217,518	**4,286,907**	4,269,919
	62,050,165	69,998,528	**62,103,565**	70,050,929

9.(a) CASH AND CASH EQUIVALENTS

	THE GROUP		THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**	**2023 Rs.**	**2022 Rs.**
Cash at bank	**110,330,168**	88,800,492	**110,330,168**	88,800,492
Cash in hand	**4,542,688**	7,590,590	**4,542,688**	7,590,590
	114,872,856	96,391,082	**114,872,856**	96,391,082

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

9.(b) FINANCIAL ASSETS AT AMORTISED COST

	THE GROUP		THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**	**2023 Rs.**	**2022 Rs.**
Interest bearing deposits	**156,125,003**	222,686,005	**156,125,003**	222,686,005
Other financial assets at amortised costs	**3,087,645**	2,639,119	**3,087,645**	2,639,119
	159,212,648	225,325,124	**159,212,648**	225,325,124

(a) The other financial assets at ammortised cost are interest free, unsecured and are repayable on demand.

(b) Fair values of financial assets at amortised cost

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(c) Impairment and risk exposure

(i) Financial assets at amortised cost did not include any loss allowance at March 31, 2023.

(ii) All of the financial assets at amortised cost are denominated in Mauritian rupee. As a result, there is no exposure to foreign currency risk. There is also no exposure to price risk as the investments will be held to maturity.

10. STATED CAPITAL

	THE GROUP AND THE HOLDING COMPANY			
	2023		2022	
	Number of shares	Ordinary shares Rs.	Number of shares	Ordinary shares Rs.
At 31 March	**673,717,949**	673,717,949	**673,717,949**	673,717,949

The shares are fully paid ordinary shares and each carry one voting right and a right to dividends.

11 RETAINED EARNINGS

	THE GROUP		THE HOLDING COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
At 01 April 2022	**49,537,071**	53,241,539	**49,588,719**	53,292,338
Total comprehensive income for the year	**(21,869,046)**	1,545,532	**(21,868,196)**	1,546,382
Dividend proposed (note 19)	**-**	(5,250,000)	**-**	(5,250,000)
At 31 March 2023	**27,668,025**	49,537,071	**27,720,522**	49,588,719

Note: Dividend of Rs. 5,250,000 was proposed and paid during the financial years 2022 and 2023.

12. Trade and other payables

	THE GROUP		THE HOLDING COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade payables	**52,483,057**	52,237,997	**52,483,057**	52,237,997
Refundable deposit	**7,764,272**	9,321,772	**7,764,272**	9,321,772
Accruals	**4,706,654**	6,036,430	**4,706,654**	6,036,430
VAT payables	**-**	3,693,732	**-**	3,693,732
Other payables	**4,230,511**	3,008,887	**4,230,511**	3,008,887
	69,184,494	74,298,818	**69,184,494**	74,298,818

13. Other income

	THE GROUP		THE HOLDING COMPANY	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Rental income	**5,092,195**	3,704,677	**5,092,195**	3,704,677
	5,092,195	3,704,677	**5,092,195**	3,704,677

14. Finance income

	THE GROUP		THE HOLDING COMPANY	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Interest income	**2,650,244**	704,337	**2,650,244**	704,337
Foreign exchange gain	**3,376,358**	457,087	**3,376,358**	457,087
	6,026,602	1,161,424	**6,026,602**	1,161,424

15A. TAXATION

The Company is liable to income tax at the rate of 15% (2022: 15%) on its profit as adjusted for tax purposes. provision for corporate tax was made amount to Rs. NIL in the accounts. There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity.

	THE GROUP		THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**	**2023 Rs.**	**2022 Rs.**
Current tax charge	**-**	5,774,277	**-**	5,774,277
Solidarity Levy	**-**	8,115,834	**-**	8,115,834
Deferred tax charge	**(3,625,737)**	2,789,679	**(3,625,587)**	2,789,829
Total tax expense for the year	**(3,625,737)**	16,679,790	**(3,625,587)**	16,679,940
Reconciliation of effective taxation				
(Loss)/ profit before taxation	**(25,494,783)**	20,566,799	**(25,493,783)**	18,226,323
Income tax at 15%	**(3,824,217)**	2,733,798	**(3,824,067)**	2,733,948
Non-allowable expenses	**168,480**	33,381	**168,480**	33,381
Tax rate differential	**30,000**	22,500	**30,000**	22,500
	(3,625,737)	2,789,679	**(3,625,587)**	2,789,829

15B. Deferred tax

	THE GROUP		THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**	**2023 Rs.**	**2022 Rs.**
Deferred tax assets	**(5,321,287)**	(6,056,695)	**(5,322,037)**	(6,057,295)
Deferred tax liabilities	**(32,969,301)**	(35,859,630)	**(32,969,451)**	(35,859,780)
	(38,290,588)	(41,916,325)	**(38,291,488)**	(41,917,075)

(a) There is a legallly enforceable right to offset current tax assets against current liabilities and deferred income taxes and liabilities when the deferred income taxes relate to the fiscal authority on the same entity.

(b) The movement on the deferred income tax account is as follows:

Deferred tax assets

	THE GROUP		THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**	**2023 Rs.**	**2022 Rs.**
At April 1,	**(6,056,695)**	598,909	**(6,057,295)**	598,459
(Charge) for the year	**735,408**	(6,655,604)	**735,258**	(6,655,754)
At March 31,	**(5,321,287)**	(6,056,695)	**(5,322,037)**	(6,057,295)

Deferred tax liabilities

	THE GROUP		THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**	**2023 Rs.**	**2022 Rs.**
At April 1,	**(35,859,630)**	(39,725,554)	**(35,859,780)**	(39,725,705)
(Release) / Charge for the year	**2,890,329**	3,865,924	**2,890,329**	3,865,925
At March 31,	**(32,969,301)**	(35,859,630)	**(32,969,451)**	(35,859,780)

16. Revenue

(a) The following is an analysis of the revenue for the year.

	THE GROUP AND THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**
Rendering of services	**394,766,021**	423,695,655
Sales of goods	**39,672,199**	39,494,927
Total revenue	**434,438,220**	463,190,582

(b) Disagreegation of revenue

	THE GROUP AND THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**
Ancillary services	**92,785,640**	89,349,008
International Long Distance (ILD)	**21,392,245**	32,341,847
Mobile services	**197,263,588**	225,574,361
Voice services	**50,803,801**	56,672,553
Roaming services	**27,749,603**	14,408,186
Internet services	**4,771,144**	5,349,700
Sales of mobile	**39,672,199**	39,494,927
Total revenue	**434,438,220**	463,190,582

(c) The geographic market is located in Mauritius.

	THE GROUP AND THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**
Timing of revenue recognition		
At a point in time	**434,438,220**	463,190,582
Over time	**-**	-
Total revenue	**434,438,220**	463,190,582

17. Earnings per share

The calculation of earnings per share is based on total comprehensive income for the year after taxation attributable to ordinary shareholders and on the number of shares in issue throughout the two years ended 31 March 2023.

18. DIVIDEND

	The Holding Company	
	2023 Rs.	**2022 Rs.**
Amount due at April 1,	**5,250,000**	5,250,000
Dividend paid	**(5,250,000)**	(5,250,000)
Dividend proposed and payable	**-**	5,250,000
Amount due at March 31,	**-**	5,250,000

Dividend proposed was Rs Nil (2022 : Rs 0.0078 per share). The dividend per share have been rounded to 4 decimal places.

19. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging the following items:-

	THE GROUP AND THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**
Staff costs	**24,560,632**	21,143,086
Director's fees	**15,000**	15,000
Depreciation on property, plant and equipment	**74,478,719**	72,254,361
Auditors' remuneration	**105,000**	105,000

20. DEPRECIATION

Depreciation is as follows:

	THE GROUP AND THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**
Property, plant and equipment	**74,478,719**	72,254,361
Right of use asset	**764,493**	979,914
Investment property	**2,747,832**	2,747,832
	77,991,044	75,982,107

Depreciation of Rs 70,330,290 (2022: Rs. 67,706,848) has been charged in cost of sales and depreciation of Rs 4,148,429 (2022: Rs. 4,547,513) has been charged in other operating expenses.

Depreciation of Rs 764,493 (2022: Rs. 979.914) relating to right of use assets has been charged in other operating expenses.

Depreciation of Rs 2,747,832 (2022: Rs. 2,747,832) has been charged in other operating expenses.

21. RELATED PARTY TRANSACTIONS

The Company had the following transactions and balances with related parties.

	THE GROUP AND THE HOLDING COMPANY	
	2023 Rs.	**2022 Rs.**
Non- executive director fees	**15,000**	15,000
Remuneration and other short term benefits to key management personnel	**5,090,132**	5,067,944

- All related party transactions are priced on commercial terms and conditions.

22. COMMITMENTS

(a) Bank guarantee

There is a contingent liability not provided for in the accounts in respect of guarantees given to third parties amounting to Rs 5,480,976.The directors consider that no liabilities will arise as the probability for default in respect of the guarantees is remote.

(b) Capital commitments

There were no capital commitments as at 31 March 2023.

23. Financial instruments

Capital management

The Group's and the Company's primary objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern. As the Group and the Company is part of a larger group, the Group's and the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Group and the Company defines "capital" as including all components of equity.

The Group's and the Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Group and the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company and additional needs for capital.

The Group's and the Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Fair value

The Group's and the Company's financial assets and liabilities include trade and other receivables, cash and cash equivalents and trade and other payables.

Fair values of financial assets and liabilities

As at 31 March 2023, the carrying amounts of the following financial assets and financial liabilities shown on the statement of financial position represent or approximate their fair value.

THE GROUP	Carrying amount 2023 Rs.	Carrying amount 2022 Rs.
Financial assets		
Trade and other receivables	**62,931,949**	49,348,405
Financial assets at amortised cost	**159,212,648**	225,325,124
Other Current assets	**10,088,411**	10,072,422
Cash and cash equivalents	**114,872,856**	96,391,082
	347,105,864	381,137,033
Financial liabilities		
Trade and other payables	**61,420,222**	64,977,046
Lease liabilities	**4,153,299**	5,586,555
	65,573,521	70,563,601

THE HOLDING COMPANY

THE GROUP	Carrying amount 2023 Rs.	Carrying amount 2022 Rs.
Financial assets		
Trade receivables	**62,931,949**	49,348,405
Financial assets at amortised cost	**159,212,648**	225,325,124
Other Current assets	**10,141,811**	10,124,823
Cash and cash equivalents	**114,872,856**	96,391,082
	347,159,264	381,189,434
Financial liabilities		
Trade and other payables	**61,420,222**	64,977,046
Lease liabilities	**4,153,299**	5,586,555
	65,573,521	70,563,601

(a) Market risk

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

(i) Currency risk

The Group and the Company has assets and liabilities denominated in foreign currencies. Consequently, the Group and the Company is exposed to the risk that the exchange rate of the MUR relative to the foreign currencies may change in a manner which has a material effect on the reported values of the Group's and the Company's assets and liabilities which are denominated in foreign currencies. The figures in the table below are all presented in MUR.

THE GROUP	2023		2022	
	Financial assets Rs	Financial liabilities Rs	Financial assets Rs	Financial liabilities Rs
Mauritian Rupee (MUR)	**265,570,997**	**25,421,406**	339,318,772	22,988,316
United States Dollar (USD)	**74,413,298**	**21,374,949**	22,844,277	25,427,620
Euro (EUR)	**7,121,569**	**18,777,166**	18,973,984	22,147,665
	347,105,864	**65,573,521**	381,137,033	70,563,601

Sensitivity analysis

Foreign currency sensitivity analysis

A 1 percent strengthening of MUR against USD at 31 March would have increased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

THE GROUP	Rate – MUR/USD		2023 Rs	2022 Rs
	2023	2022		
Assume increase of 1% in exchange rate				
Before sensitivity analysis	**45.95**	45.10	**53,038,349**	(2,583,343)
Increase of 1%	**46.41**	45.55	**(53,568,732)**	2,609,176
Difference			**(530,383)**	25,833

A 1 percent weakening of MUR against USD at 31 March would have decreased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

THE GROUP	Rate – MUR/USD		2023 Rs	2022 Rs
	2023	2022		
Assume decrease of 1% in exchange rate				
Before sensitivity analysis	**45.95**	45.10	**53,038,349**	(2,583,343)
Decrease of 1%	**45.49**	44.65	**(52,507,966)**	2,557,510
Difference			**530,383**	(25,833)

Foreign currency sensitivity analysis

A 1 percent strengthening of MUR against EUR at 31 March would have decreased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

THE GROUP	Rate – MUR/EUR		2023 Rs	2022 Rs
	2023	2022		
Assume increase of 1% in exchange rate				
Before sensitivity analysis	**50.34**	50.06	**(11,655,597)**	(3,173,681)
Increase of 1%	**50.84**	50.56	**(11,772,153)**	(3,205,418)
Difference			**116,556**	31,737

A 1 percent weakening of MUR against EUR at 31 March would have increased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

THE GROUP	Rate – MUR/EUR		2023 Rs	2022 Rs
	2023	2022		
Assume decrease of 1% in exchange rate				
Before sensitivity analysis	**50.34**	50.06	**(11,655,597)**	(3,173,681)
Decrease of 1%	**49.84**	49.56	**(11,539,041)**	(3,141,944)
Difference			**(116,556)**	(31,737)

THE HOLDING COMPANY	2023		2022	
	Financial assets Rs	Financial liabilities Rs	Financial assets Rs	Financial liabilities Rs
Mauritian Rupee (MUR)	**265,624,397**	**25,421,406**	339,371,173	22,988,316
United States Dollar (USD)	**74,413,298**	**21,374,949**	22,844,277	25,427,620
Euro (EUR)	**7,121,569**	**18,777,166**	18,973,984	22,147,665
	347,159,264	**65,573,521**	381,189,434	70,563,601

Sensitivity analysis

Foreign currency sensitivity analysis

A 1 percent strengthening of MUR against USD at 31 March would have increased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

THE HOLDING COMPANY	Rate – MUR/USD		2023 Rs	2022 Rs
	2023	2022		
Assume increase of 1% in exchange rate				
Before sensitivity analysis	**45.95**	**45.10**	53,038,349	(2,583,343)
Increase of 1%	**46.41**	**45.55**	53,568,732	(2,609,176)
Difference			(530,383)	25,833

A 1 percent weakening of MUR against USD at 31 March would have decreased profit or loss and other comprehensive inncome by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

THE HOLDING COMPANY	Rate – MUR/USD		2023 Rs	2022 Rs
	2023	2022		
Assume decrease of 1% in exchange rate				
Before sensitivity analysis	**45.95**	**45.10**	53,038,349	(2,583,343)
Decrease of 1%	**45.49**	**44.65**	52,507,966	(2,557,510)
Difference			530,383	(25,833)

Foreign currency sensitivity analysis

A 1 percent strengthening of MUR against EUR at 31 March would have decreased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

THE HOLDING COMPANY	Rate – MUR/EUR		2023 Rs	2022 Rs
	2023	2022		
Assume increase of 1% in exchange rate				
Before sensitivity analysis	**50.34**	50.06	**7,121,569**	18,973,984
Increase of 1%	**50.84**	50.56	**(7,192,785)**	(19,163,724)
Difference			**(71,216)**	(189,740)

A 1 percent weakening of MUR against EUR at 31 March would have increased profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

THE HOLDING COMPANY	Rate – MUR/EUR		2023 Rs	2022 Rs
	2023	2022		
Assume decrease of 1% in exchange rate				
Before sensitivity analysis	**50.34**	50.06	**7,121,569**	18,973,984
Decrease of 1%	**49.84**	49.56	**(7,050,353)**	(18,784,244)
Difference			**71,216**	189,740

(ii) Interest rate risk

Financial instruments subject to interest rate risk consist of bank balances. Interest rates applicable to bank balances fluctuate with movements in the prime lending rate and are comparable with rates currently available on the market. The Group's and the Company's variable interest rate instruments are analysed as follows:

	The Group and the Company	
	2023 Rs.	**2022 Rs.**
Bank balances	**114,872,856**	96,391,082

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the Group's and the Company's exposure to interest rates for interest bearing assets and liabilities at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 50 basis points lower it would have had the equal but opposite effect, on the basis that all other variables remain the same.

(iii) Price risk

The Group and Company is not faced with any price risk.

(b) Credit risk

The Group and Company has no significant concentration of credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Group and Company is unable to meet its payment obligations, associated with its financial liabilities, when they fall due.

Prudent liquidity risk management implies maintaining sufficient cash. In addition, the Company has access to its holding company for its financing needs.

(d) Fair value estimation

The carrying values for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

24. Financial summary

Financial summary	**2023 Rs.**	**2022 Rs.**	**2021 Rs.**	**2020 Rs.**	**2019 Rs.**
Issued and fully paid up share capital	673,717,949	673,717,949	673,717,949	673,717,949	673,717,949
Retained Earnings	27,720,525	49,588,721	53,292,338	49,099,549	37,988,148
Profit before taxation	(25,493,783)	18,226,323	20,567,799	21,563,828	20,764,928
Profit after taxation	(21,868,196)	1,546,382	9,442,790	18,125,073	17,470,890

25. The Holding Company

The directors consider Mahanagar Telephone Nigam Limited (MTNL), incorporated in India, New Delhi, as the holding company of MTML. MTNL owns 100% of the shares.

26. Events after the reporting period

There have been no other material events after the reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 March 2023.

27. Cost of sales

	The Group		The Holding Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Roaming Charges	**2,711,618**	2,546,965	**2,711,618**	2,546,965
ICTA Special account fee/USF Charges	**6,825,586**	9,258,616	**6,825,586**	9,258,616
Carrier charges	**18,126,368**	14,284,748	**18,126,368**	14,284,748
IPLC charges	**38,100,996**	37,313,637	**38,100,996**	37,313,637
Cost of GSM Mobile	**36,610,204**	35,357,382	**36,610,204**	35,357,382
IUC charges	**21,738,540**	27,172,805	**21,738,540**	27,172,805
Rental BTS sites	**35,600,908**	33,074,348	**35,600,908**	33,074,348
Electricity-Equipments	**59,837,862**	56,604,985	**59,837,862**	56,604,985
Repairs and maintenance - Equipment	**16,877,676**	17,435,552	**16,877,676**	17,435,552
Commission and brokerage fees	**21,490,767**	25,208,954	**21,490,767**	25,208,954
Depreciation of plant and equipment	**70,330,290**	67,706,848	**70,330,290**	67,706,848
Collocation Charges	**10,392,274**	11,541,066	**10,392,274**	11,541,066
	338,643,089	337,505,906	**338,643,089**	337,505,906

28. Personnel expenses

	The Group		The Holding Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Salaries and allowances	**23,990,875**	20,690,782	**23,990,875**	20,690,782
Other benefits	**569,757**	452,304	**569,757**	452,304
	24,560,632	21,143,086	**24,560,632**	21,143,086

29. Licence fees

	The Group		The Holding Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
PLMN	**8,000,000**	8,668,667	**8,000,000**	8,668,667
ILD	**2,000,000**	2,168,667	**2,000,000**	2,168,667
Microware	**8,707,000**	10,878,500	**8,707,000**	10,878,500
Spectrum	**1,476,664**	5,041,270	**1,476,664**	5,041,270
ISP	**50,000**	50,000	**50,000**	50,000
Dealership	**7,000**	5,000	**7,000**	5,000
GSM 2G Spectrum	**1,000,000**	1,000,000	**1,000,000**	1,000,000
GSM 3G	**3,840,000**	3,840,000	**3,840,000**	3,840,000
GSM 4 G	**19,159,996**	18,659,998	**19,159,996**	18,659,998
GSM 5 G	**20,000,000**	11,666,669	**20,000,000**	11,666,669
	64,240,660	61,978,771	**64,240,660**	61,978,771

30. Other operating expenses

	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Meeting expenses	**416,797**	222,538	**416,797**	222,538
Rental accomodation	**911,408**	816,908	**911,408**	816,908
Water charges	**146,845**	182,369	**146,845**	182,369
Motor vehicle running expenses	**752,818**	551,482	**752,818**	551,482
Repairs and maintenance - office	**1,278,286**	1,442,439	**1,278,286**	1,442,439
Repairs and maintenance - shop	**335,856**	374,313	**335,856**	374,313
Repairs and maintenance	**564,769**	542,600	**564,769**	542,600
Maintenance sites	**1,747,799**	1,740,745	**1,747,799**	1,740,745
Printing	**636,609**	471,230	**636,609**	471,230
Stationery	**267,350**	198,939	**267,350**	198,939
Communication expenses	**639,697**	695,457	**639,697**	695,457
Bank charges	**1,462,481**	1,133,508	**1,462,481**	1,133,508
Horticulture expenses	**69,500**	112,725	**69,500**	112,725
Professional charges	**227,308**	159,300	**227,308**	159,300
General expenses	**414,096**	348,165	**414,096**	348,165
Value Added Sevice- Revenue share	**1,014,549**	1,089,756	**1,014,549**	1,089,756
Office insurance	**857,435**	806,139	**857,435**	806,139
Security charges	**657,787**	584,446	**657,787**	584,446
Licences, rates and taxes	**5,380,776**	4,022,807	**5,379,776**	4,021,807
Provision for bad debts	**200,000**	150,000	**200,000**	150,000
Lease rental	**168,000**	168,000	**168,000**	168,000
Freight charges	**153,432**	75,000	**153,432**	75,000
Provision written back	**(3,095,750)**	(16,004,618)	**(3,095,750)**	(16,004,618)
Directors fee	**15,000**	15,000	**15,000**	15,000
Travelling Expenses	**894,824**	1,268,781	**894,824**	1,268,781
Custom duty and clearance	**187,108**	484,010	**187,108**	484,010
Depreciation on property, plant and equipment	**4,148,429**	4,547,513	**4,148,429**	4,547,513
Depreciation on right of use assets	**764,492**	979,914	**764,492**	979,914
Depreciation on investment property	**2,747,832**	2,747,832	**2,747,832**	2,747,832
	23,965,533	9,927,298	**23,964,533**	9,926,298

31. Marketing expenses

	The Group		The Holding Company	
	2023 Rs.	**2022 Rs.**	**2023 Rs.**	**2022 Rs.**
Electricity for shops	**382,445**	195,337	**382,445**	195,337
Rent of shops	**1,904,142**	1,375,370	**1,904,142**	1,375,370
Call centre charges	**5,640,120**	5,554,430	**5,640,120**	5,554,430
Publicity and advertisement	**10,986,175**	11,095,554	**10,986,175**	11,095,554
Website development and maintenance	**22,600**	17,100	**22,600**	17,100
	18,935,482	18,237,791	**18,935,482**	18,237,791