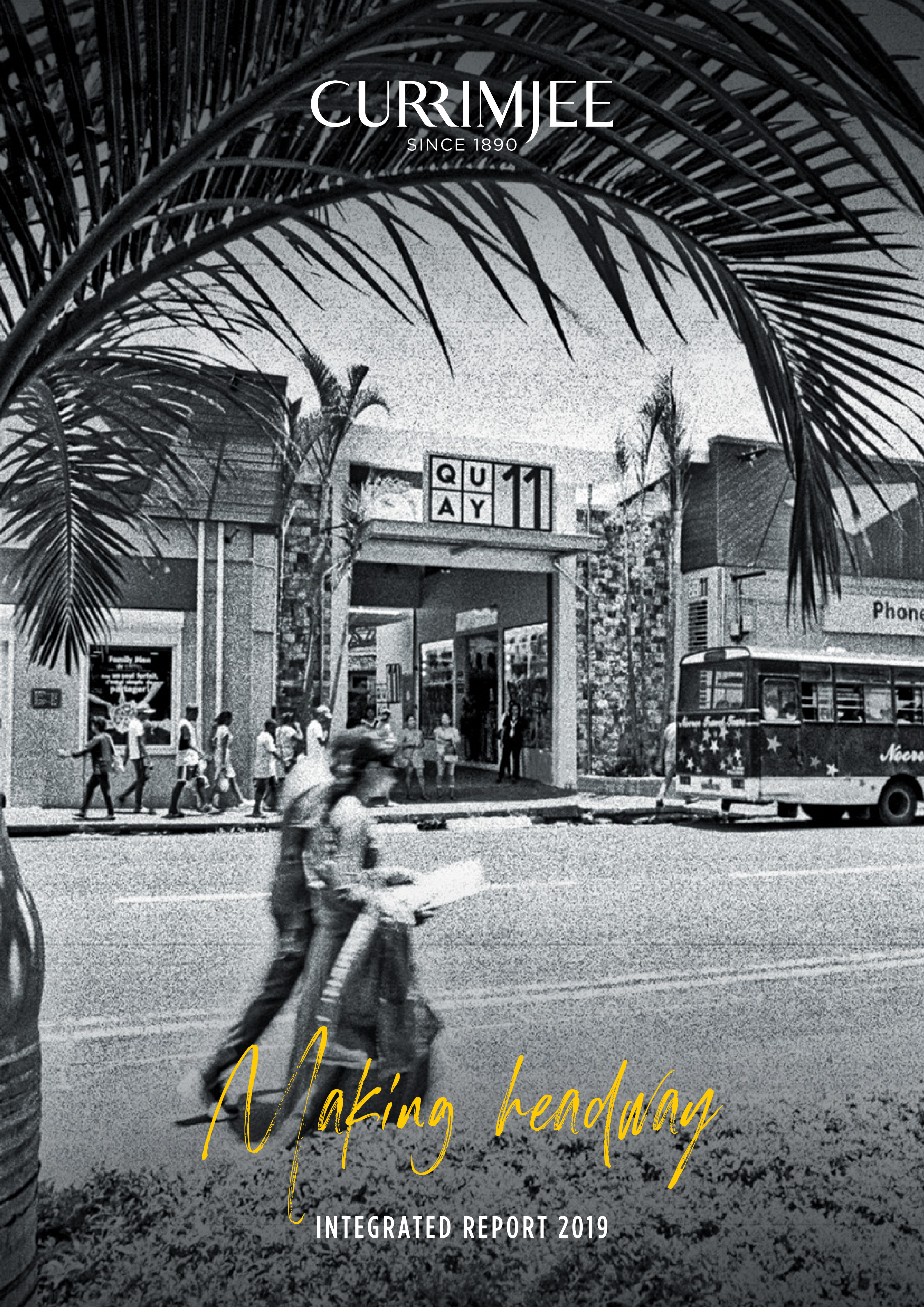
CURRIMJEE
SINCE 1890



# Making headway

## INTEGRATED REPORT 2019

# About this report

**REPORTING PERIOD**

**This report provides a comprehensive and transparent overview of the Group's activities and performance over the financial period 1 January 2019 to 31 December 2019.**

## REPORTING SCOPE AND BOUNDARIES

Currimjee Jeewanjee and Company Limited ("CJ") is pleased to present its second integrated report which aims to provide a holistic account of how it creates value for its stakeholders in the short, medium and long term. It covers material information relating to CJ's strategy and business model, material issues, operating environment, risks and opportunities, governance and operational performance, to enable current and potential investors and other stakeholders to make a more informed assessment of the sustainable value CJ creates.

This report pertains to the financial and non-financial performance of CJ, its associates and subsidiaries (collectively referred to as "CJ Group" or "the Group") and excludes the subsidiaries operated by Currimjee Industries Limited. Our expanding operations resulted in a change in our Group structure to now include a Hospitality segment. Please refer to pages 40 and 114-117 for more details.

This report does not provide detailed information on the performance and business model of our Commerce & Financial Services cluster companies, as they are not considered to be material to CJ. In the case of our Energy cluster, CJ detains a minority stake in both material companies; their performance is therefore briefly touched upon and not explored in greater detail.

## REPORTING FRAMEWORKS

This report was prepared in compliance with the applicable legislative reporting requirements, including the International Financial Reporting Standards (IRFS). In drafting this report, the guiding principles of the IIRC's International Integrated Reporting Framework have been applied. It also aligns with the GRI Standards, the National Code of Corporate Governance 2016, the Committee of Sponsoring Organizations (COSO) framework for Enterprise Risk Management (ERM) and the Companies Act of 2001.

## MATERIAL MATTERS

CJ considers an issue to be material if it is of interest to our stakeholders and if it can substantively impact our business and our ability to create and sustain value over the short, medium and long term. The material themes for this integrated report were determined using input provided by a wide range of stakeholders.

# CONTENT

# GLOSSARY ICONS

## CAPITALS

Financial
Human
Intellectual
Relationship
Manufactured
Social & Natural

## STRATEGIC DIRECTIONS

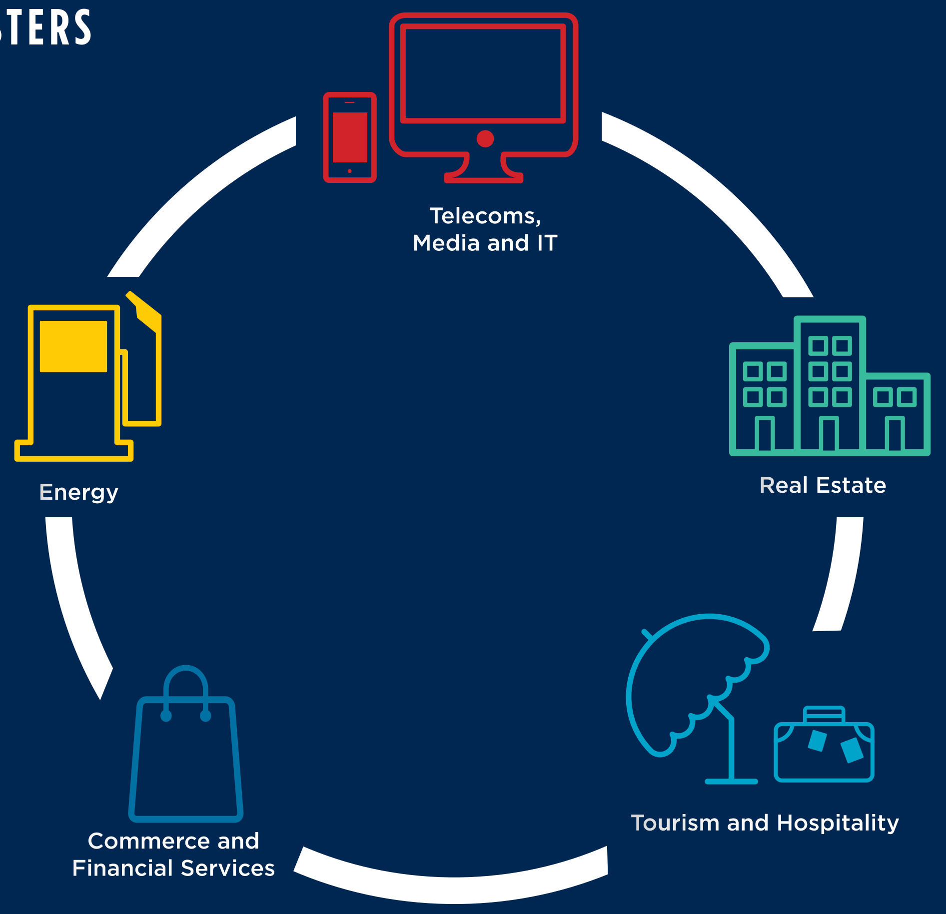
Operational Efficiency
Business Portfolio Management
Financial Risk Management
Sustainability Focus

## CLUSTERS

Telecoms, Media and IT
Real Estate
Tourism and Hospitality
Commerce and Financial Services
Energy

# AT A GLANCE

## OUR CLUSTERS



## OUR PURPOSE

**TOGETHER, building a better tomorrow through a value-driven culture.**

## OUR MISSION

Through our continuous commitment to our people, progress and strong values, we will continue to lead the way. We are a proudly Mauritian organisation with a rich heritage of entrepreneurship and foresight, ever learning from our past to build something better for today and for the generations to come.

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## OUR VALUES

# 5 values at heart

### Foresight

By making an effort to understand the needs of our customers and communities and taking a long-term view, we are able to visualise a better future and make it a reality through conscientious planning.

### Integrity

As a Group, we are known for always doing what we say. Through honesty, fairness and respect, we aim to build strong long-term relationships with all the stakeholders.

### Responsibility

We understand that success is not only reflected in the bottom line but also in how we positively impact the surrounding communities and the environment.

### Passion

We have the passion required to bring our vision to life, to inspire success and build a better tomorrow for our customers, company, people and country.

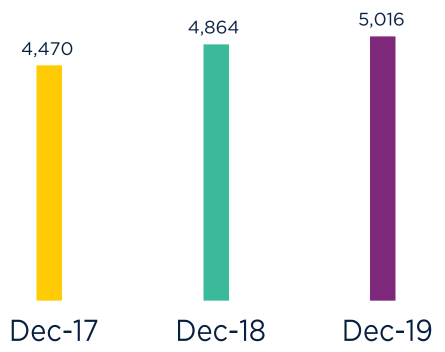
### Openness

We are open and inclusive, always willing to learn from others and demonstrating respect for different cultures, beliefs and ideas.

## OUR HISTORY

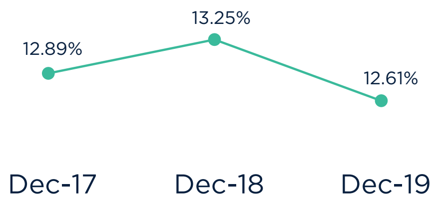
It all started way back in 1884, when a 22-year old, adventurous young man named Currimjee Jeewanjee, set foot on the shores of Port Louis from Gujarat, India. He started a little business in 1890 at Louis Pasteur Street, trading in commodities. Read the complete story on our website: www.currimjee.com/125years/

# PERFORMANCE HIGHLIGHTS



## REVENUE (RS M)

## TOTAL ASSETS (RS M)



## RETURN ON CAPITAL EMPLOYED

## PERFORMANCE HIGHLIGHTS

The Group's consolidated revenue improved by 3.1% year-on-year to reach Rs 5 billion, with both the TMIT and Hospitality clusters contributing to this growth.

The Group's operating profit rose by over 12% compared to last year, partly as a result of fair value gain on investment properties within the Hospitality cluster's companies. The other companies of the Group, except for the Hotel, performed comparably well despite the headwinds that we had anticipated for some time.

CJ recorded a consolidated NPBT of Rs 636 million for the year under review, marginally above that of 2018. The Group's finance cost in 2019 was negatively impacted by the borrowing costs at the level of the Hotel in its first four months of operations. In addition, higher borrowings at the level of Emtel, to cater for higher investment in network capacity and redundancy in international connectivity, have also added to this cost line.

The Group NPAT stood at Rs 438 million in 2019, compared to Rs 420 million in 2018.

The Group's Other comprehensive income was impacted by a couple of large figures, mainly driven by the performance of the Group's quoted investments in India and adjustments to changes in retirement benefits measurements in line with IAS 19. The fair value gain on the investments attained Rs 202 million for 2019, made up of an increase in share price coupled with a favorable exchange difference. On the other hand, changes in actuarial assumptions, including the mortality experience, have negatively impacted the liability for retirement benefits to the tune of Rs 100 million in 2019.

The Group's total comprehensive income ended the year 2019 at Rs 591 million compared to Rs 182 million in 2018, with the amount attributable to owners reaching Rs 337 million in 2019 compared to a loss of Rs 106 million in 2018.

The Group's total assets increased by 29% in 2019 to reach nearly Rs 13 billion. This was achieved mainly as a result of an increase in capex investments at the level of TMIT & Hospitality, an increase in fair value of investments and investment properties, and also changes in accounting standards pertaining to leases. The increase in capex investments has been partly financed by debt, resulting in a slight drop in our return on capital employed, from 13.25% in 2018 to 12.61% in 2019.

In 2019, a number of actions were initiated towards the improvement of Employee Engagement across the Group's companies. This has positively impacted the Group's engagement score by seven percentage points, reaching 68% in 2019.

## OPERATING PROFIT

2019: RS 924M
2018: RS 827M

## NPAT

2019: RS 438M
2018: RS 421M

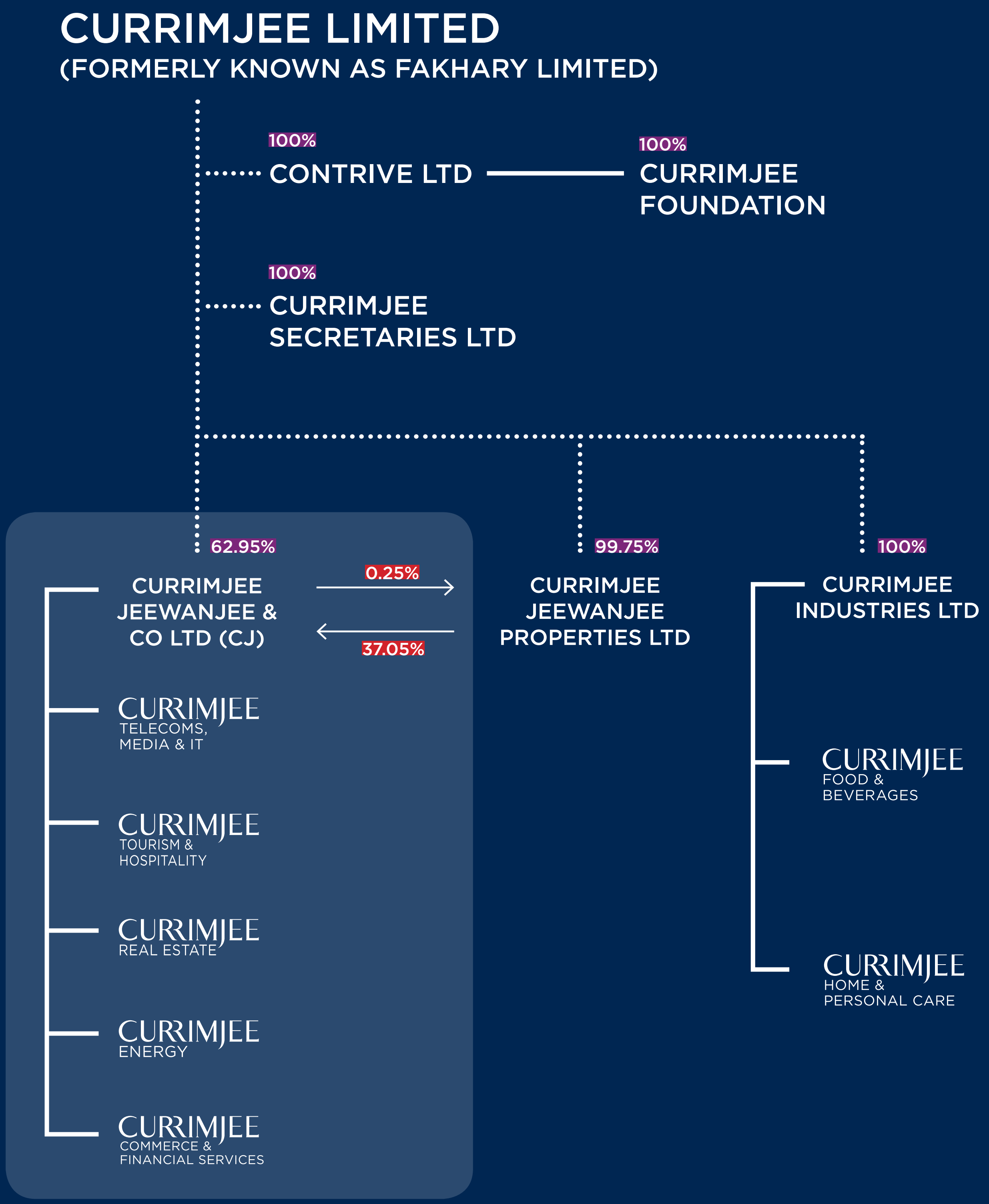
## CAPEX

2019: RS 2,171M
2018: RS 1,341M

## ENGAGEMENT SCORE

2019: 68%
2018: 61%

# OUR GROUP STRUCTURE



## CURRIMJEE SECRETARIES LTD (CSL)

Currimjee Secretaries Limited provides secretarial services to the Currimjee Group of Companies. CSL is a wholly owned subsidiary of Currimjee Limited (formerly known as Fakhary Limited).

## CONTRIVE LTD

Contrive Ltd (formerly known as “Currimjee Limited”) is a subsidiary of Currimjee Limited (formerly known as “Fakhary Limited”) and the holding company of Currimjee Foundation.

## CURRIMJEE FOUNDATION

Incorporated in November 2009, the Currimjee Foundation (CF) is the vehicle through which the CSR projects of the Currimjee Group are managed and monitored. CF ensures a focused and coordinated approach to CSR while leveraging the management resources of the business units and ensuring optimum employee participation and involvement. CF funds initiatives that fall under different intervention areas such as health, education, training, leisure and sports, the environment and socio-economic development.

# CLUSTER Overview

## TELECOMS, MEDIA AND IT

The TMIT cluster lies at the intersection of the latest technologies, premium entertainment and media content, and world-class connectivity and network infrastructure. Driven by innovation and customer service excellence, Emtel, MC Vision and Screenage—key players in telecommunications, digital pay TV and system integration respectively—draw on their core competencies to meet the evolving requirements of the individual, home and enterprise markets. Over time, the cluster's companies have combined their complementary activities and areas of expertise to develop unique cross-industry value propositions and acquire new customer bases. Today, it is in a unique position to capture growth opportunities that emerge from its converged products, services and teams—establishing the TMIT cluster as a one-stop ICT solutions provider.

## REAL ESTATE

The Group's real estate activities encompass the management and development of CJ's portfolio of properties. These properties, owned by CJ's various companies and situated in prime urban locations across the island, are classified as developed properties, partially developed and land assets. The Group is committed to optimising its property investment yields by focusing on creating mixed-used spaces, attracting quality tenants, providing world-class facilities management and creating lasting relationships with customers. The cluster has been a strong advocate for the preservation of the Mauritian heritage, particularly as it owns a number of historical buildings with deep cultural significance. It is therefore dedicated to developing its properties in a way that conserves their authenticity and cultural value, while integrating modern and sustainable design features to ensure their resilience well into the future.

## TOURISM AND HOSPITALITY

The Group ventured into the Tourism sector in 1980, when it was appointed the official GSA for Singapore International Airlines, one of the most prestigious airlines in the world. Shortly after, it invested in Silver Wings Travels Ltd, a one-stop-shop for travel-related services. More recently, the Group broadened its portfolio with the addition of a five-star hotel, Anantara IKO Mauritius Resort, and eight luxury villas scheduled for completion in 2020. Structured under IKO (Mauritius) Resort Ltd, this investment forms part of the first phase in the Group's ambitious integrated resort development plan, which will progressively include a mix of hotels, high-end villas, apartments and a beach club. In line with the Group's values, the project places sustainability and wellness at the heart of its philosophy and offers guests the opportunity to enjoy an unparalleled coastal lifestyle destination.

## COMMERCE AND FINANCIAL SERVICES

As a family-owned business with an inherent entrepreneurial spirit, the Group naturally ventured into sales and trading back in the 1950s. Batimex Ltd, the cluster's Commerce arm, specialises in contracting solutions and quality building materials and finishes, such as tiles, sanitary ware and wall coverings. It represents world-leading brands like Grohe, Villeroy and Boch, amongst others, and recently added to its already diverse portfolio of brands by developing its own brand, Dura, which offers locals a more accessible range of materials.

Island Life Assurance Co Ltd brings over 33 years of experience in the provision of innovative products to individuals and corporates, from life insurance and secured loans, and to pension administration. The cluster continues to consolidate its business model and focus on its core capabilities to remain relevant in a competitive industry.

## ENERGY

Energy is an important driver of growth and prosperity, providing resources that power the rest of the economy. The Group's investment in the Energy sector dates back as far as 1986. This investment was later consolidated into Total (Mauritius) Ltd in 2004. With over 45 service stations across the island, it is one of the largest distribution networks in Mauritius and retails petroleum products (automotive fuels, biofuels, lubricants, Liquid Petroleum Gas and jet fuels, amongst others) to major sectors of the Mauritian economy such as agriculture, hospitality, textile, construction, transport and manufacturing. In addition, CJ owns 33.33% of an LPG storage, filling and distribution company established in Mayotte, now one of the dominant players in the market with a 90% market share.

# BOARD OF DIRECTORS

## BASHIRALI A CURRIMJEE

*G.O.S.K*

*Mauritian Citizen & Resident*

*Chairman*

***Committee Membership:***

Chairman of Nomination and Remuneration Committee, Member of Corporate Governance Committee and Strategy & Finance Committee.

***Qualifications:***

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

***Experience:***

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

***Directorship in listed companies:***

- Chairman of Quality Beverages Limited and Soap & Allied Industries Limited.

## ANIL C CURRIMJEE

*Mauritian Citizen & Resident*

*Managing Director*

***Committee Membership:***

Chairman of Strategy & Finance Committee and Member of Human Resources and Organisational Effectiveness Committee.

***Qualifications:***

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

***Experience:***

- Former President of the Mauritius Chamber of Commerce & Industry.
- Former Director of The Mauritius Commercial Bank Ltd.
- Honorary Consul General of Japan in Mauritius from 2004 to 2016.
- Chairman of Joint Business Council Mauritius-India.
- Director of numerous companies within the Currimjee Group.

***Directorship in listed companies:***

- Chairman of Compagnie Immobilière Limitée
- Quality Beverages Limited
- Sanlam Africa Core Real Estate Investments Limited

## MAZAHIR F E ADAMJEE

*Mauritian Citizen & Resident*

*Non-Executive Director*

***Committee Membership:***

Chairman of Audit & Risk Committee and Member of the Nomination and Remuneration Committee.

***Qualifications:***

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

***Experience:***

- Former Chairman of Mauritius Export Processing Zone Association.
- Former Director of Bramer Banking Corporation Ltd.
- Former Deputy Managing Director of the Company.
- Former Managing Director of Bonair Group of companies.
- Former Managing Director of Quality Beverages Limited, a company listed on the Stock Exchange of Mauritius.
- Held key executive positions within the Currimjee Group.
- Non-Executive Director in numerous companies within the Currimjee Group.

***Directorship in listed companies:***

- None.

## KARIM A BARDAY

*French citizen – Non Resident*

*Independent Director*

***Committee Membership:***

Human Resources and Organisational Effectiveness Committee.

***Qualifications:***

- Owner/President Management Program, Harvard Business School, USA.
- Executive MBA, HEC Paris.
- BSc. in Economics (Finance et Sciences Politiques), Wharton Business School, University of Pennsylvania.

***Experience:***

- Former Auditor at Salomon Brothers, New York, USA.
- Former member of Syndicat des Industries de Madagascar.
- Former Board Member and Vice Chairman, American School of Antananarivo.
- CEO of Basan Group in Madagascar
- Founder and Managing Director of Lecofruit, Madagascar.
- Managing Director of JB, Madagascar.
- Director of SICAM Group Madagascar (subsidiary of CFAO in Madagascar).

***Directorship in listed companies:***

- None

# BOARD OF DIRECTORS

## ASHRAF M CURRIMJEE

*Mauritian Citizen & Resident*

*Non-Executive Director*

***Committee Membership:***

Audit & Risk Committee and Corporate Governance Committee.

***Qualifications:***

B.A. Economics, Williams College, Massachusetts, USA.

***Experience:***

- Managing Director of Soap & Allied Industries Limited, a company listed on the Stock Exchange of Mauritius.
- Director of a number of companies within the Currimjee Group.

***Directorship in listed companies:***

- Mauritius Oil Refineries Limited
- Quality Beverages Limited

## AZIM F CURRIMJEE

*Mauritian Citizen & Resident*

*Non-Executive Director*

***Committee Membership:***

Corporate Governance Committee, Human Resources and Organisational Effectiveness Committee and Strategy & Finance Committee.

***Qualifications:***

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

***Experience:***

- Over 10 years' experience in the textile industry.
- Has held key executive positions in the Food and Beverages Cluster of the Currimjee Group for the last 15 years and is currently the Managing Director of Quality Beverages Limited, a company listed on the Stock Exchange of Mauritius.
- Former Manufacturing Director of Bonair Group of Companies.
- Director of numerous companies within the Currimjee Group.
- Past President of the Mauritius Chamber of Commerce and Industry ('MCCI'). He also held this position during 2007 and 2008.
- Former Vice-President of COMESA Business Council.
- Former Independent Director of SBM Holdings Ltd.
- Former Vice-President of the Economic Development Board of Mauritius.

***Directorship in listed companies:***

- Quality Beverages Limited
- Soap & Allied Industries Limited.

## RIAZ A CURRIMJEE

*Mauritian Citizen – Non-Resident*

*Non-Executive Director*

***Committee Membership:***

Audit & Risk Committee and Strategy & Finance Committee.

***Qualifications:***

- BSc. Finance, Boston College, Wallace E Caroll School of Management, Massachusetts, USA.
- Fellow Member of the Institute of Chartered Accountants in England and Wales.

***Experience:***

- Has worked in the field of audit, consultancy, due diligence assignments and investigations at Arthur Andersen, UK.
- Former Senior Associate at Lazard Brothers, UK in mergers & acquisitions.
- Former partner at Arundel Partners, a hedge fund investment firm.
- Former founder and Managing Director of Surya Capital Limited, UK, a private placement and principal investment firm focused on Indian private equity.
- Currently founder and CEO of Surya Capital Management, a principal investment firm focused on East Africa.

***Directorship in listed companies:***

- None

## CHRISTOPHE DE BACKER

*Knight of the National Order of Merit & Legion of Honor*

*French Citizen, Non-resident*

*Non-Executive Director*

***Committee Membership:***

Strategy & Finance Committee and Nomination and Remuneration Committee.

***Qualifications:***

Degree in Economics and Graduate of Institut Supérieur de Gestion, Paris.

***Experience:***

- Formerly held several key positions within the HSBC Group culminating in his appointment as CEO, HSBC France in 2010.
- Joined Banque Privée Edmond de Rothschild S.A as CEO in 2012 and was subsequently appointed Group CEO, Edmond de Rothschild Group and Edmond de Rothschild (France) until 31 January 2015.
- In 2016, appointed as Director and Member of the Global Executive Committee of HSBC Global Asset Management, and Director of HSBC Global Private Bank.

***Directorship in listed companies:***

- None

# BOARD OF DIRECTORS

**SHAHRUKH D MARFATIA**

*Singapore Citizen - Non-resident*

*Independent Director*

***Committee Membership:***

*Chairman of Human Resources and Organisational Effectiveness Committee and Member of Nomination and Remuneration Committee.*

***Qualifications:***

- Bachelor's Degree in Commerce.
- Diploma in Business Management.
- Masters Degree in Personnel Management, Tata Institute of Social Sciences.

***Experience:***

- Forty years' experience in Human Resources globally and in the Asia Pacific and Middle East regions, providing expertise in Business Strategy / Visioning, Strategic HR, Organisation Development / Effectiveness, Talent Management, Change Management, Performance Management, Leadership Development and Compensation.
- Last two Corporate roles were with Shell (RDS) as the Global HR VP for the Global Commercial businesses and prior to that with Nokia as the VP HR for Asia Pacific and China.
- Director, Asia Pacific & Corporate Advisor of White Crow Research / Colvill Banks.
- Director, Interviewer AI.
- Board Advisor, Energy Strat Asia.

***Directorship in listed companies:***

- None

**M IQBAL OOZEER**

*Mauritian Citizen & Resident*

*Executive Director*

***Committee Membership:***

*Corporate Governance Committee and Strategy & Finance Committee.*

***Qualifications:***

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

***Experience:***

- Audit Assistant at Kemp Chatteris Deloitte from 1982 to 1986.
- Accountant at Elf Antargaz (Maurice) Ltée from 1987 to 1988.
- Has held key executive positions in the Company for more than 25 years.
- Currently Chief Finance Officer of the Company.

***Directorship in listed companies:***

- Compagnie Immobiliere Limitee

**AISHA C TIMOL**

*G.O.S.K*

*Mauritian Citizen & Resident*

*Independent Director*

***Committee Membership:***

*Chairman of Corporate Governance Committee and Member of Audit & Risk Committee and Nomination and Remuneration Committee.*

***Qualifications:***

- B.Sc. (Hons) Economics, University of St. Andrews, Scotland.
- Post Graduate Diploma (with Distinction) in Development Planning Techniques, Institute of Social Studies, The Hague, Netherlands.
- Diplôme d'Etudes Approfondies (D.E.A.) "Economie Mathématique et Econométrie", Université d'Aix-Marseille III, France.

***Experience:***

- Previously worked for the Government of Mauritius in various capacities (Director, Financial Services and Deputy Director of the Budget Bureau and the Economic Affairs Department) at the Ministry of Economic Planning and Development and at the Ministry of Finance.
- Former Senior Lecturer in Economics and Econometrics at the University of Mauritius.
- Former Director on Air Mauritius Limited and the Mauritius Revenue Authority and also Member / Chairman on their Board Committees.
- Former Director of the Financial Services Commission, the Mauritius Offshore Business Activities Authority, the Stock Exchange of Mauritius Ltd and the Insurance Advisory Committee of the Ministry of Finance.
- Former Member of the Council of Business Mauritius, Council of the Mauritius Chamber of Commerce and Industry, the Board of Directors of Global Finance Mauritius and the Court & Senate of the University of Mauritius.
- Chief Executive of the Mauritius Bankers Association from January 2003 to February 2018.
- Currently Chairperson of the Board of Directors of a major domestic financial institution and an independent Director on other cross-border funds.

***Directorship in listed companies:***

- None.

# CORPORATE LEADERSHIP TEAM

# CORPORATE LEADERSHIP TEAM

## 1. RAMANUJ SUDHIR NATHOO

*Group Company Secretary*

***Qualifications:***

- Fellow of the Institute of Chartered Secretaries and Administrators ("ICSA"), UK
- MBA, University of Leicester (UK).

***Experience:***

- Joined the Currimjee Group since year 2000 as Company Secretary.
- Member of the Mauritius Institute of Directors and ICSA Branch Mauritius.
- Previously worked for over 10 years in the Global Business Sector.

## 2. NAZIMA MAMODE ALLY

*Senior Manager – Legal*

***Qualifications:***

- LLB (Honours) Degree, the University of Mauritius.
- Bar Vocational Examination, the Council for Legal Education of Mauritius.
- Called to the Mauritian Bar in year 2000.
- Member of the Mauritius Bar Association.

***Experience:***

- Prior to joining the Company and since the year 2000, Nazima was a tenant at the Chambers of Sir Hamid Moollan, QC, where she practiced as a Barrister for 17 years.
- Former part-time law lecturer at the University of Technology of Mauritius and the DCDM Business School (presently the Charles Telfair Institute).
- Experienced in various fields of law, the core of her practice was in Arbitration, Competition, Construction, Corporate, Intellectual Property, Maritime & Shipping, Media & Entertainment, Mergers and Acquisitions and Telecommunications.
- Nazima joined the Company as Senior Manager – Legal in September 2017.

## 3. M IQBAL OOZEER

*Chief Finance Officer & Director*

Mr Oozeer was appointed Director of the Company in December 2016 and his profile is set out on Page 14

## 4. MARIANNE CARADEC

*Chief Communication and Marketing Officer*

***Qualifications:***

- Graduate from the European Business School, Paris with specialisation in International Affairs.

*Experience:*

- Started her career in HAVAS Group in 1993 where she was successively in charge of the set-up of Canal+ in the Carribean, the media planning of Procter & Gamble and the PR of BMW for Africa and Middle East. Appointed as Manager of Marketing and Communication of Canal+ for overseas territories in 1996.
- Appointed as General Manager, Marketing and Communication of Canal+ Overseas in charge of Africa and Overseas in 2002 and also worked as Consultant for Canal+ Poland.
- Appointed as General Manager, Digital and Communication Manager of CANAL+ International in 2009 and was in charge of the launch of Canal+ in Vietnam.
- Appointed General Manager Communication and Marketing of the Company in 2015 and currently manages corporate external communication & internal communication strategy & implementation.

## 5. ANIL C CURRIMJEE

Please refer to page 10.

## 6. ISMAEL SOODEEN

*Chief Risk Officer*

***Qualifications:***

- Fellow of the Association of Chartered Certified Accountants, UK.

***Experience:***

- Previously worked at Jeffreys Henry International (Chartered Accountants), London, from 1982 to 1985 and at Brooks and Partners (Chartered Accountants) London from 1985 to 1986.
- Worked at De Chazal Du Mée (Chartered Accountants) from 1987 to 1988.
- Joined the Currimjee Group in 1989 as Financial Controller at Emtel Limited.
- General Manager – Finance & Regulatory, Real Estate Cluster of the Group from April 2005 to June 2010.
- Appointed as Chief Risk Officer in July 2010 with responsibility for administering and managing the Company's Enterprise Risk Management Program.

## 7. VANESHA PAREEMAMUN

*Chief Human Resource Officer*

***Qualifications:***

- BSc in Economics and Management, University of Cardiff, UK
- MBA with specialisation in Human Resource Management, University of Mauritius.

***Experience:***

- Joined the Company as Chief Human Resource Officer in April 2017.
- Previously worked for 10 years as an Economist for the Ministry of Economic Development before joining Business Parks of Mauritius Ltd as Manager Administration and HR.
- Worked for three years as Manager HR at Mauritius Housing Company Ltd.
- Joined Cim Finance as Head of HR in 2008 and promoted to the position of Group Head of HR, Cim Group in 2013.
- Member of the Mauritius Institute of Directors.

## 8. IQBAL BHUGUN

*General Manager, Quality and Sustainability*

***Qualifications:***

- Master of Business Administration (MBA) from the University of Wales, UK with Specialisation in Service Excellence.
- PhD in Physical Chemistry from Paris University Denis Diderot, France.
- Post-doctoral Fellowship at the California Institute of Technology, Pasadena, USA.
- Diploma in Quality Assurance from the University of Mauritius.
- Certified Quality Management System (ISO) Internal Auditor with the International Register of Certificated Auditors (IRCA).
- Registered trainer with the Mauritius Qualifications Authority (MQA) and Member of the American Society for Quality (ASQ).

***Experience:***

- Scientist at the California Institute of Technology, Pasadena, USA from 1995 to 1996.
- Quality Assurance Manager at Quality Beverages Ltd. & Vital Water Bottling Co. Ltd from 1997 to 1998.
- Lecturer at the Faculty of Science of the University of Mauritius from 1998 to 2000.
- Joined the Company in 2000 and is currently the General Manager, Quality & Sustainability.

## 9. RISHAAD CURRIMJEE

*Business Development for the MD's Office*

***Qualifications:***

- Bachelor of Arts from Williams College.
- Executive MBA (with distinction) from INSEAD.
- Level I of the Chartered Financial Analyst institute.

***Experience:***

- Joined the Company in 2014 as Business Development for the MD's Office.
- 4 years as council member of the Mauritius Chamber of Commerce and Industry, including being Chairman of its business school.
- Co-founded and was the Managing Director of CIDP India, a biotech research company.
- 10 years working in India in various roles - including heading M&A for Bharti Airtel, one of the largest telecom operators in India and Africa. CFO of an infrastructure company, building shared telecom towers pan-India.
- Began career with ING Asset Management in New York, spending 3 years in High Yield bonds.

## 10. ANJANA BISSESSUR-CONHYE

*Manager, MD's Office*

***Qualifications:***

- BSc (Hons) Economics from the University of Mauritius.
- Fellow of the Association of Chartered Certified Accountants, UK
- MBA (with Merit) from the University of Leicester, UK.

***Experience:***

- Manager, MD's Office as from early 2015.
- Joined Currimjee Jeewanjee & Co Limited in 2011 as Manager Corporate Strategy and Projects.
- Manager Corporate Planning and Finance at Currimjee Limited in 2002.
- Anjana joined the Currimjee Group as Research Assistant in 1998 (after having worked for 8 months in a local bank).

## 11. SATTAR CARIM

*Chief Internal Auditor*

***Qualifications:***

- Fellow of the Association of Chartered Certified Accountants.
- Affiliate member of the Institute of Internal Auditors, UK.

***Experience:***

- Joined the Company as Chief Internal Auditor in 1995.
- Holds more than 14 years' prior experience in internal auditing having worked as Internal Audit Manager at Independent Television News (ITN), UK, Senior Levy Auditor at the Independent Broadcasting Authority, UK, Senior Internal Auditor at Thames TV, UK and British Broadcasting Corporation (BBC), UK.
- Worked for three years at Manjoo & Co (Accounting Firm), UK as Auditor.

# BUSINESS LEADERSHIP TEAM

# BUSINESS LEADERSHIP TEAM

## 1. DINESH BURRENCHOBAY

*Managing Director, IKO (Mauritius) Resort Village Ltd*

***Qualifications:***

- Strategic Leadership (Executive Programme) – HEC Business School, France.
- Executive Hospitality Programme – Cornell Hotel School, US.
- BA (Hons) - Business Studies – City of London Polytechnic, UK.

***Experience:***

- Managing Director – Hospitality cluster of CJ since April 2014.
- CEO – Veling Hospitality (Private Jets Terminal/YU Lounge) - Mauritius & St Kitts and Nevis.
- COO – Veling Ltd (Aircraft Leasing).
- Exec VP- Human Resources & Organisational Development – Air Mauritius Ltd.
- Group HR Manager – Sun Resorts Ltd / One&Only Resorts (Indian Ocean).
- Combined experience in the Hotel, Airlines and Service industries.
- Strong in Human Resources & Organisational Development, Strategy and Leadership.
- International Experience : UK, UAE (Dubai), The Bahamas, Maldives, Seychelles, St Kitts & Nevis.
- Currently Director of CJ Hospitality Boards and Silver Wings Ltd.
- Past Chairman of Hotel School of Mauritius.
- Past Elected Member of the AHRIM Council.
- Past Board Member of the Industrial Vocational Training Board (Mauritius).
- RBL Coach for CJ Future Leaders RBL Programme

## 2. SAILESH KOOMAR

*Chief Executive Officer Island Life Assurance Co. Ltd*

***Qualifications:***

- Chartered Insurer
- Fellow of the Chartered Insurance Institute of UK (FCII)
- Master of Business Administration (MBA) from University of Surrey (UK).

***Experience:***

- Joined Island Life Assurance in August 2019 as Chief Executive Officer
- Over 33 years working experience in the insurance industry.
- Previously Chief Operating Officer of the State Insurance Company of Mauritius Limited Group (SICOM Group) heading the Life, Loans, Human Resources, and Business Development business units of the Group.
- Also worked as Life Manager for a composite insurance company

***Membership:***

- Member of the Mauritius Institute of Directors (M.MiOD)

## 3. FRANCK CHALLIER

*General Manager, Batimex Ltd*

***Qualification:***

- DUT Commerce Marketing – University Savoie Mont Blanc, France

***Experience:***

- General Manager of Batimex Ltd since June 2014.
- Project Leader at BIOCOOP France from 2013 to 2014.
- General Manager at MC VISION Canal+Maurice from 2000 to 2011.
- Commercial Director at CANAL+ ANTILLES GUYANE from 1993 to 2000.
- Agency Director, HAVAS OVERSEAS, Avenir Publicité – Martinique, French West Indies - from 1990 to 1993.
- Branch Manager, AFFICHAGE CLG – French Overseas Territories – from 1988 to 1990.
- Head of Advertising, Publiprint Province Nr 1, Grenoble, France, 1987-1988.

## 4. VARSHA RAMCHURN

*General Manager,*
*Silver Wings Travels*

***Qualifications:***

- MBA, University of Surrey, UK.
- MSc, MS University, India.
- BSc, MS University, India.
- Advanced IATA Diploma, IATA, Geneva.
- Diploma in Sales and Marketing, University of Mauritius.

***Experience:***

- A rich experience of 30 years in the field of Travel and Tourism.
- 27 years at the helm of Silver Wings Travels, an IATA accredited travel agency ranking amongst the top 3 in Mauritius.
- President of MAITA – Mauritius Association of IATA Travel Agents.
- Director on the Board of UFTAA – Universal Federation of Travel Agents Associations.

## 5. RAJVARDHAN SINGH BHULLAR

*Chief Executive Officer, Emtel Ltd*

***Qualifications:***

- Bachelor's Degree (Honours) Punjab University, India.
- MBA with specialisation in Marketing.

***Experience:***

- CEO designate in the Company from July – August 2015 and CEO as from 01 September 2015.
- Has 39 years' of working experience, of which 16 years in the Telecom Sector working for Airtel India, Seychelles, Sierra Leone and Rwanda.
- Managing Director, Airtel Rwanda.
- Formerly worked for Coca Cola and other FMCG companies and has a strong commercial background.

## 6. SANJIV KUMAR MIHDIDIN

*Chief Executive Officer – Real Estate Cluster*

***Qualifications:***

- BTech (1st Class Hons) in Civil Engineering, University of Mauritius
- MSc (Distinction) in Environmental Engineering, University of Newcastle Upon Tyne, UK
- MBA with specialisation in Finance, University of Mauritius
- Property Development Programme, Graduate School of Business, University of Cape Town, South Africa
- Financing the Entrepreneurial Business, Executive Programme, London Business School, UK
- Strategy in the Age of Digital Disruption, Executive Programme, Insead

***Experience:***

- CEO – Currimjee Real Estate
- Managing Director – SM Art Property
- CEO – Xterra Capital Advisors
- CEO – Foresite Property, promoter, founder and manager of Ascencia Ltd (Rogers Enterprises)
- Team Leader, Property Development – Sugar Investment Trust
- Senior Project Engineer – Servansingh Jadav & Partners
- Assistant Engineer – Gibb Mauritius
- Former Council Member of the Mauritius Chamber of Commerce and Industry
- Former Founder and Chairman of the Real Estate Association (Mauritius) Ltd
- Director of listed company – Compagnie Immobilière Limitée

# BUSINESS LEADERSHIP TEAM

## 7. GHISLAINE S TCHIBOZO

*Chief Executive Officer, MC Vision Ltd*

***Qualifications:***

- Masters in Finance, Paris. Lincoln International Business School, Paris, France.
- Specialisation in Marketing, University of North Carolina Wilmington, USA.

***Experience:***

- CEO of MC VISION since October 2015.
- Former General Manager of Multi Contact Ltd.
- Former Customer Experience Manager of Canal+ Caraïbes.
- Former Operations Manager EOS Marketing.
- Has 30 years' experience in Project Management, Marketing, Sales, Entrepreneurship, International Development as well as Leadership.

## 8. ROUBEN SOOBRAYEN

*General Manager, Screenage Limited*

***Qualifications:***

- Master in Business Administration with specialisation in Marketing – Charles Sturt University, Australia.
- Degree in "Informatique de Gestion" – Académie de Créteil, France

***Experience:***

- Appointed as General Manager of the Company in October 2016
- Holds 25 years of experience in the ICT industry with international involvement in the Middle East and the regions (Réunion Island, Seychelles)
- Experience in Business Development, C-Level Sales and Project Management
- Chief Operating Officer of the Company as from January 2013
- Joined Screenage Limited as Chief Program Officer in June 2010
- Former Senior Manager Business Development at Currimjee Informatics Ltd
- Joined the Currimjee Group in 2003 as Business System Executive at CJ-IT Division
- Started his career in 1996 as Information System Supervisor at Sun Resorts Ltd/One & Only Resorts

## 9. ANOUSHA MAHADEA SATHAN

*General Manager, Currimjee Informatics Limited*

***Qualifications:***

- B.Sc. (Hons) in Accounting
- B.Sc. (Hons) with distinction in information Technology
- Maîtrise en commerce et affaires internationales
- Certified Accountant from Association of Chartered Certified Accountants (ACCA)
- Certified Project Manager from Project Management Institute

***Experience:***

- Joined the Group in November 2001 and has been holding different key positions and is currently the General Manger of Currimjee informatics Ltd.

## 10. KRISHNADUTH GOOMANY

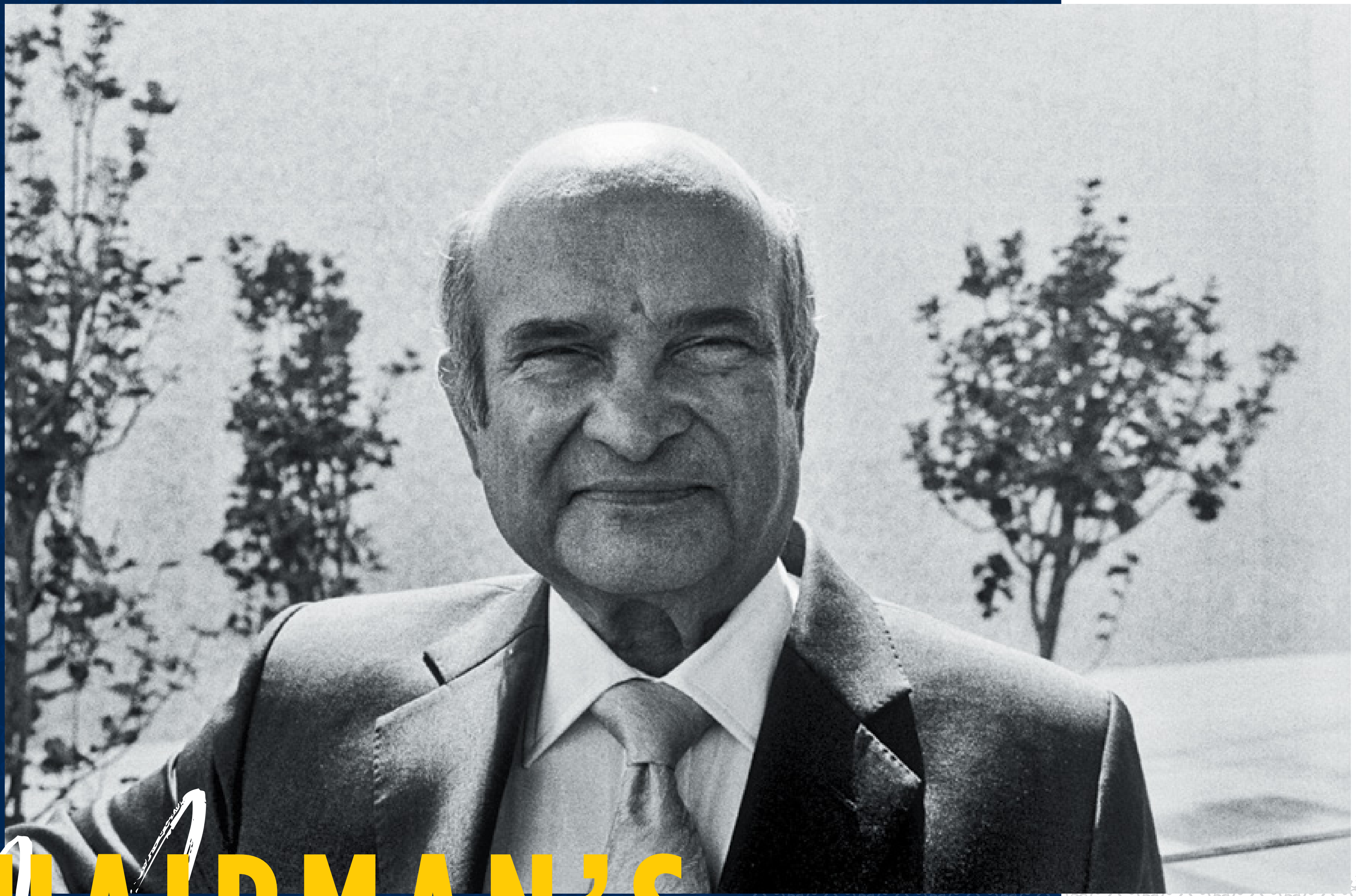
*Deputy Chief Executive Officer Emtel Ltd*

***Qualifications:***

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

***Experience:***

- Consultant in the Company from August 2014 – May 2015, Chief Operating Officer as from 01 June 2015 and Deputy CEO as from April 2018.
- Has 28 years' of (local and international) experience in the telecommunication industry and a good understanding of local market.
- Formerly held Senior Management roles at Mauritius Telecom, Cellplus Mobile Communications Ltd, Anglo African Ltd and Comviva Technologies Ltd.



# CHAIRMAN'S Message

## Dear Shareholders,

## On behalf of the Board of Directors, I am pleased to present Currimjee Jeewanjee's second Integrated Report for the financial year 2019, which provides a comprehensive overview of how our organisation creates sustainable value.

Last year, as we began our journey towards Integrated Reporting, it became clear to us that this report is not an outcome in itself; rather, it is a tool that helps us move forward in our integrated thinking process. The preparation of this report has driven greater collaboration between our stakeholders, clusters and teams, and fostered a Group-wide understanding of the links between our strategy, material issues, risks and business models. Our aim is to embed integrated thinking in our daily operations by breaking down internal silos, thus enabling a more efficient flow of information between departments and business units. This report is simply a milestone in a long journey and we endeavour to continue improving the quality and transparency of information we communicate to our stakeholders.

### An unpredictable and disruptive operating environment

As we prepare this report, we are confronting a major unforeseen global health crisis, one that has been sweeping the world with breathtaking speed since the end of December 2019. The coronavirus outbreak is, above all, a human tragedy. With close to fourteen million people infected in over 175 countries and over 500,000 global deaths*, our hearts go out to the victims and their families. At the same time, the economic toll has been unprecedented. Countries have taken drastic measures to halt the spread of the pandemic, enacting travel bans and putting populations under lockdown. As a result, stock markets have plummeted, entire industries have been disrupted and unemployment has soared.

In this climate, businesses are navigating uncharted territory, and our Group is no exception. The outbreak of Covid-19 has impacted a number of our clusters, partners, employees and communities, whether directly or indirectly. We responded to this challenge swiftly, assembling a trusted crisis management team to make rapid tactical decisions. Our employees' health and safety being at the forefront of our priorities, we promptly developed an internal communication plan focused on keeping them connected and calm. Our Flexible Working Policy, which we approved before the outbreak in 2019 in a drive to promote work/life balance, prepared us to transition smoothly to a remote working model. In a matter of days, we reinvented how we work, with 64% of our workers working from home since the outbreak. Our investments in technology and digital capabilities in all our businesses over the years have proven to be invaluable and have largely facilitated the implementation of agile working practices, with minimal disruption to our operations.

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** It is to be noted that at the time of writing this message, the outbreak is still evolving rapidly by the day and the statistics and perspectives in this message may be outdated.*

# CHAIRMAN'S MESSAGE

### Key achievements in 2019

2019 was a year of strong performance for Currimjee Jeewanjee, during which a consistent focus on our diversification strategy produced positive results across our lines of business. As we near the end of our three-year rolling plan, we remain on target to achieving our long-term goals:

- Building organisational strength and operational excellence;
- Diversifying our business portfolio and investing for future growth;
- Rebalancing the Group's financial structure;
- Making sustainability an integral part of our strategy and operations.

In line with these four strategic pillars, we made great strides in our TMIT, Real Estate and Hospitality clusters, the key activities that generate the bulk of our revenues. We continued diversifying our product and service offerings, placing customer relationships at the heart of our value proposition and investing in digital technologies. As global partnerships between content distributors and telecommunication players peak, increased synergies between Emtel and MC Vision are enabling us to stay ahead of the curve. Moving forward, we aim to continue combining our intra- and cross-cluster capabilities to introduce innovative products and a better customer experience to the home, enterprise and individual segments.

The outbreak of the coronavirus has made one thing abundantly clear: broadband is a necessity upon which Mauritians rely on daily. It is the primary means through which students are engaging in remote learning, employees are accessing their work, shoppers are ordering their supplies and people are maintaining social connections amid social distancing measures. With many Mauritians confined to their homes and the resulting increase of Internet usage, Emtel is facing the responsibility of delivering critical infrastructure and services, all while keeping our frontline employees as safe as possible. In these moments, I am reminded how important the work we do really is. I am proud of our team members who are working around the clock to ensure smooth and reliable connectivity throughout these times, establishing themselves - and Emtel - as critical providers of support in times of crisis.

After an uphill battle of obtaining the permit to construct, our 5-star Anantara IKO Mauritius Resort, managed by Minor Hotel Group, saw the light of day on 1 September 2019 at Le Chaland. Sustainability, wellness and eco-friendliness are integral to its philosophy, meeting the demands of today's travellers. Though the hotel was operational in time for prime tourist season, we are aware that tourism and hospitality are among the hardest hit industries by the coronavirus outbreak. The decline in tourist arrivals experienced last year will further plummet as a result of travel bans and quarantine measures. In response, the Group has already set in motion a plan to mitigate the impact of the crisis, the details of which are laid out in the Managing Director's message on pages 86-91.

### Preparing for a more sustainable Group

As a Group that employs over 927 employees, we have an overriding responsibility to use our resources in service of society. Sustainability is one of our longstanding commitments, and even more so now. Though our focus is on countering the consequences of the Covid-19, we must not lose sight of the persisting ecological and existential threat we are facing. If this pandemic has taught us anything, it's that our ecosystem is vulnerable and that we mustn't tackle one crisis by exacerbating another. We therefore pledge to continue safeguarding the environment and integrating sustainability considerations into our actions as we transition to a lower-carbon future.

> “Though our focus is on countering the consequences of Covid-19, we must not lose sight of the persisting ecological and existential threat we are facing.”

While the Currimjee Foundation has long been involved in advancing our communities and strengthening our social fabric, supporting the response to the coronavirus outbreak is more pressing today. As the population grapples with unemployment and unexpected costs, we have committed to helping Mauritius combat Covid-19 by contributing to the National Covid Fund, and establishing an internal fund to support the Group's employees, their families and also the communities in the regions where our businesses operate. The ramifications of this pandemic may be long-lasting and we are determined to play our part in making sure that nobody is left behind in its aftermath.

### Prudent risk management and strong governance

Good corporate governance and strong ethics are the cornerstones of our organisation. To us, corporate governance goes beyond a set of guidelines or compliance. Rather, it is a framework that underpins our strategy, performance, behaviours, culture and day-to-day actions. We firmly believe in setting the tone from the top; the Board of Directors therefore acts as stewards of the organisation, exercising independent judgment as we fulfill our responsibility of reviewing strategic plans and overseeing the Group's performance. To discharge our duties, we adhere to the standards set forth in our Corporate Governance report (pages 52-67) as well as the New Code of Corporate Governance for Mauritius. Our specialised committees support us by ensuring that the established policies and internal control systems are embedded within operations and making appropriate recommendations to the Board.

During the year, the Board reviewed the Group's three-year rolling plan and approved a new strategic plan for 2020-2022. While our three-year strategy articulates our path to long-term resilience, the increasing pace of change requires us to frequently re-evaluate our priorities so we can manage and mitigate emerging risks, without stifling innovation.

The clear delineation and understanding of roles has enabled us to act quickly in response to the pandemic. The management team is actively monitoring the nature of the threat, assessing its potential impact on our stakeholders, and managing the associated risks. As a Group whose structure is complex and whose activities span multiple industries, our disciplined and prudent approach to risk management has served us well over the years, and will continue to do so in this unpredictable environment.

### A token of appreciation

Since our earliest days, Currimjee has lived by the strong values established by our founders. I am proud that these principles have stood the test of time and continue to guide our organisation today. Now, more than ever, I feel a deep sense of pride in our employees, who rose to the challenge and operated with fortitude under the most extraordinary of circumstances. Your determination and sacrifice are an important reminder of our shared humanity and I am humbled to be leading you all.

I would like to thank our members on the Board for demonstrating exceptional leadership and driving our organisation forward with their diverse range of expertise, perspectives and knowledge.

On behalf of the Board, I would like to extend my appreciation to our CEO, Anil C Currimjee and his Executive team, who sprung into action to navigate this unsettling period. They have successfully guided our organisation towards prosperity, which also gives me confidence in their ability to lead us to recovery.

To our shareholders, partners and customers, thank you for your ongoing trust in us. We are keeping our eyes on the horizon ahead and are fully prepared to emerge stronger so we can maintain our place at the heart of your households.

I do hope this message finds you and your family in good health.

**Bashirali A Currimjee, G.O.S.K.**
**Chairman**

> “To us, corporate governance goes beyond a set of guidelines or compliance. Rather, it is a framework that underpins our strategy, performance, behaviours, culture and day-to-day actions.”

WE ARE GUIDED BY A STRONG SENSE OF MORAL DUTY AND RESPONSIBILITY TOWARDS OUR PEOPLE, SOCIETY AT LARGE AND NATURE, REMAINING MINDFUL AND

## CARING

IN HOW WE ENGAGE WITH EACH ONE OF THEM.

# HOW WE CREATE value

The nature of our business, our diversification across geographies and industries, and the ever-changing pace of the global and local economic landscape requires us to regularly review our strategy. In today's business environment where change is inevitable at every juncture, we believe a strategic plan should constantly evolve. Though our long-term vision remains intact and guides our decisions, the building blocks of our strategy are readjusted, as needed, to match the realities of continually changing circumstances.

In constantly assessing our operating environment, strategy and performance, we remain agile enough to seize emerging opportunities and tackle unforeseen challenges. Ultimately, our goal is to maintain our competitiveness and, above all, build resilience in the face of change.

With this in mind, in 2019, we refreshed our three-year rolling strategy, which is built on four pillars:

## OPERATIONAL EFFICIENCY

*Build organisational strength and achieve operational excellence*

- Build a united team with a common vision, integrated thinking and high engagement levels through robust HR policies and communication
- Improve the efficiency of corporate functions and implement a Group-wide shared services programme
- Accelerate the digitisation of our processes
- Improve the customer experience through the development of a Group-wide customer-centric culture

## BUSINESS PORTFOLIO MANAGEMENT

*Diversify our business portfolio and invest for future growth*

- Address disruption in the telecom and media industries through a convergence strategy, the development of new product segments and services, and by leveraging our existing infrastructure and capabilities
- Build a new income stream through a phased development of our Hospitality segment
- Scale our Real Estate portfolio and improve yield through a more focused asset management strategy

## FINANCIAL RISK MANAGEMENT

*Rebalance the financial structure of CJ Group*

- Restructure and reduce debt through the realisation of identified assets
- Address debt concentration at the Holding level
- Enhance long-term risk-adjusted returns
- Build financial resilience through a robust risk management framework

## SUSTAINABILITY FOCUS

*Pursue growth through a long-term commitment to environmental stewardship*

- Embed sustainability and environmental best practices into our operations, value proposition, product offerings and standards of behaviour
- Reduce our environmental footprint and preserve the planet and its natural resources
- Align our environmental practices with the United Nations Sustainable Development Goals (SDGs)

# CJ GROUP BUSINESS MODEL

## INPUTS - USING OUR SIX CAPITALS TO CREATE VALUE

### Financial capital

- Shareholders' funds
- Debt

### Human capital

- Our team
- Centralised HR function that services all clusters through solid policies and processes aligned with CJ's business objectives
- Our collective know-how and expertise

### Intellectual capital

- The Currimjee brand and reputation
- Our subsidiaries' brands
- A 120+year history of serving Mauritians
- Our investment in systems and processes
- A strong corporate culture built on five core values: Foresight, Integrity, Responsibility, Passion and Openness

### Relationship capital

- Our mutually beneficial relationships with business partners and key stakeholders
- Strategic partnerships with renowned international organisations
- Continuous engagement with regulators and authorities

### Manufactured capital

- Fixed assets – our buildings, IT systems and technical & non-technical equipment

### Social and Natural capital

- Our social engagement with the community at large
- Freehold and leasehold land in prime locations

## OUR IDENTITY AND VALUE-CREATING ACTIVITIES

**WHO WE ARE**

- A family-owned business founded by the Currimjee family, with over 129 years of existence. The business is centered on the highest standards of corporate governance principles and managed by a diverse pool of executives

**OUR PURPOSE**

- Together building a better tomorrow through a value-driven culture

**OUR MISSION**

- Through our continuous commitment to our people, progress and strong values, we will continue to lead the way
- We are a proudly Mauritian organisation with a rich heritage of entrepreneurship and foresight, ever learning from our past to build something better for today and for generations to come

**OUR STRATEGY**

- A three-year rolling strategic plan built on four pillars: Operational Efficiency, Business Portfolio Management, Financial Risk Management and Sustainability.

**WHAT WE DO**

- Five clusters that operate in distinct value-creating industries: Telecom, Media and IT, Real Estate, Tourism and Hospitality, Energy and Commerce & Financial services.
- Various business units that operate independently and collectively to generate value for our stakeholders
- Our clusters are supported by our corporate functions in key areas: Human resources, Communication, Strategic planning, IT Finance & Accounting, Legal & Secretarial, Risk Management & Internal Audit, Corporate Social Responsibility
- Strategic partnerships with reputable companies
- A focus on talent development and employee engagement to attract, develop and retain talent
- A Group-wide corporate culture driven by customer centricity and innovation.

## OUTPUTS - VALUE CREATED

### Financial capital

*Pages 44-45 (reference to our capitals section)*

- Maintainable returns to shareholders
- Goal wof achieving a sustainable level of debt (optimal gearing level)

### Human capital

*Pages 44-45 (reference to our capitals section)*

- Our talented, engaged and agile workforce
- Low level of attrition
- Employer of choice
- Creating opportunities for our people through talent development

### Intellectual capital

*Pages 46-47 (reference to our capitals section)*

- Strong brand identity
- Our robust and sophisticated systems and procedures that enable us to create sustainable value
- An effective governance system across the Group
- Leadership and corporate culture grounded in strong ethics and values

### Relationship capital

*Pages 46-47 (reference to our capitals section)*

- Constructive relationships based on respect and trust with our key stakeholders
- Mutually beneficial relationship with our business partners
- Lasting and trusting relationship with our customers

### Manufactured capital

*Pages 48-49 (reference to our capitals section)*

- Opening of Anantara IKO Mauritius Resort & Villas
- A comfortable and efficient working environment at CJ that promotes collaboration
- Investments in building assets, network and equipment

### Social and Natural capital

*Pages 48-49 (reference to our capitals section)*

- CIL listed on the SEMSI and achieved a 91% performance score
- Reducing our overall impact on the environment and preserving our natural landscape for future generations
- Value creation in the community at large through long-term partnerships with NGOs and the generation of employment in the areas where we operate
- Contribution towards the country's sustainable development through investments in five areas: education, socio-economic support, the environment, health and leisure-sports

# TMIT BUSINESS MODEL

## INPUTS - USING OUR SIX CAPITALS TO CREATE VALUE

### Financial capital

- Equity: Rs 1,269M (2018: Rs 1,227M)
- Net debt: Rs 1,243M (2018: Rs 530M)

### Human capital

- 574 engaged employees (including 41 managers)
- Investment in training: 10,698 hours and Rs 7.5M

### Intellectual capital

- Emtel: ISO27001:2013 (Data Centre), ISO9001:2015
- MCV: ISO 9001: 2015 certified
- Our brands: Emtel, Airbox, Canal +, Play
- Robust governance, systems and processes that foster innovation and growth
- Telecom operating license at Emtel and broadcasting licenses at MCV
- Certified Technical Specialists
- Exclusive Hoist Group Partner for the Indian Ocean
- HPE Aruba Silver Network Specialist Partner

### Relationship capital

- Long-term relationships with our stakeholders (made up of our partners—Airtel, Canal + Zee and Hoist Group—our customers, industry operators, our suppliers, regulators, investors and the community at large) based on trust and transparency
- Subscribers (mobile, Internet and Pay TV): 835,160 (2018: 795,754)
- 2,857 business customers (2018: 2,228)
- 41 showrooms (2018: 40)
- Our distributors: 21 (2018: 23)

### Manufactured capital

- Regularly upgraded and well-maintained infrastructure assets and broadcasting systems
- 2 submarine cables (including METISS)
- 7 satellite transponders (36MHz each)
- Domestic fibre: 349 km
- 1 world-class Tier-3 Data Centre and Disaster Recovery
- Network sites (2G/3G/4G and soon 5G): 419
- PPE: Rs 3,247M (2018: Rs 2,884M)
- Capex additions: Rs 1,086M (2018: Rs 838M)

### Social and Natural capital

- Continuous endeavours to reduce energy consumption and preserve natural resources
- Ongoing partnerships with reputable NGOs to advance our communities
- Electricity used (MW): 2,547 (2018: 2,700)
- Fuel/Diesel (litres): 214,988 (2018: 220,688)
- CSR expenditure: Rs 23M (2018: Rs 19.5M)
- 4 bands of spectrum assets (900MHz, 1800MHz,2100MHz,2600MHz) for EMTEL

## OUR VALUE-CREATING ACTIVITIES

- In line with CJ's strategy, we diversified our range of products, penetrated the B2B market, reinforced our position in the B2C market and introduced new services. Our TMIT business model is evolving along with changing customer habits and technological advances.
- Investment in the upgrade of our technical infrastructure and ongoing efforts to stay ahead of the technological curve to ensure the monetisation of our IT investments.
- Strengthening our connectivity beyond Mauritius and our collaboration with other telecom players in the Indian Ocean.
- Growing our subscriber base by offering value-added products and services, as well as exclusive premium content, with the aim of driving user adoption of our non-traditional products.
- Investment in digital innovation and customer-facing assets and systems to provide a seamless customer experience across all channels.
- Leveraging our investment in our Data Centre to seize opportunities in the B2B segment in the areas of managed services, cloud and security offerings.
- Improving organisational and operational effectiveness through a more flexible structure, greater synergies between business units and shared services in relevant areas across the cluster. This, in turn, leads to the cluster-wide sharing of knowledge and skills.
- Investment in building an engaged and skilled workforce to develop new capabilities and the agility to meet challenges. A unified and multi-skilled team also consolidates our cluster and enables all business units to operate collectively, as a one-stop shop.

## OUTPUTS - VALUE CREATED

### Financial capital

- Dividends paid: Rs 664M (2018: Rs 916M)
- Interest paid: Rs 106M (2018: Rs 58M)

### Human capital

- Employee Engagement Score: 68% (representing an 8 point improvement over 2018)
- Gender balance: 61% M and 39% F
- Average training hours per employee: 18.6hours

### Intellectual capital

- Strong local footprint through established and highly reputable brands
- Our robust and reliable governance systems and procedures that enable us to drive sustainable value
- Waiting time in showroom for distributors: 30 min (2018: 60-90 min) as a result of digitisation of processes
- Worldwide recognition by Hoist Group for Screenage

### Relationship capital

- Increased synergies between business units in the cluster

**Emtel**

- Facebook fans: 216,501 (2018: 216,501)
- Customer Satisfaction Score: 79.0% (2018: 78.9%)
- Mobile Customer Market Share: 41.8% (2018: 40.8%)

**MCV**

- Facebook fans: 226,818 (2018: 217,704)
- Customer Satisfaction Score: 67% (2018: 69.0%)
- Market Share: 47% (2018: NA)

**Screenage**

- Customer Satisfaction Score: 85% (2018:77%)

### Manufactured capital

- Daily average Total Data Consumption on the network (GB): 170,948 (2018: 122,687)
- Undersea cable capacity (Gbps): 26.6 (2018: 9.4)
- 4G data capacity (Gbps): 264 (2018: 208.0)
- Landing stations: 2 (2018: 2)
- CDN Cache Capacity (TB): 480 (2018: 20)

### Social and Natural capital

- CSR contributions to the Currimjee Foundation. More details are given on pages 126-143
- 6% decrease in electricity consumption for 2019
- 3% reduction in fuel consumption for 2019
- Electronic waste collected and recycled (Tonnes): 52.9 (2018: 10.4)
- Paper waste and other waste (cartons, plastic & oil) collected and recycled (Tonnes): 23.4 (2018: 7.9)

# REAL ESTATE BUSINESS MODEL

## INPUTS - USING OUR SIX CAPITALS TO CREATE VALUE

### Financial capital

- Equity: Rs 844M (2018: Rs 864M)
- Net Debt: Rs 137M (2018: Rs 118M)

### Human capital

- Our 40 engaged employees, their skills and know-how

### Intellectual capital

- Our growing brands: Arcades Currimjee, Quay 11 and Phoenix Central
- Our systems and processes, including our investment in Revit
- An engaging office enhanced with living spaces to boost employee productivity and wellbeing

### Relationship capital

- Our relationships with stakeholders, including our tenants, customers, the local authorities and our partners
- Meaningful engagement with our 116 tenants (91 for own properties and 25 for other managed properties)

### Manufactured capital

- Property assets in prime urban locations, developed into mixed-use office and retail spaces
- Property assets value: Rs 1,644M (2018: Rs 1,592M)
- Investments during the year: Rs44M (2018: Rs 43M)

### Social and Natural capital

- Investment in CSR activities: Rs 267K (2018: Rs 223K)
- Investment in environmental projects: Rs 28K (2018: Rs 43K)
- Continued upkeep of our environment-friendly installations across our properties

## OUR VALUE-CREATING ACTIVITIES

- The restructuring of our properties under a common shareholding vehicle to minimise risk and enable us to unlock value by bringing in external funds and expertise.
- Property development: planning, constructing, developing and refurbishing spaces to address the needs of our clients and communities. We continuously review the components of our real estate portfolio in accordance with our business environment and generate sustainable yields on our assets. Our approach also involves developing properties in a phased way to reduce risk and generate attractive yields, in alignment with the Group's strategic objectives.
- Facilities management: we perceive facilities management as more than a support function. Its strategic value lies in the efficient day-to-day management and maintenance of our buildings by a team of highly dedicated employees. A customer-centric approach is key to delivering service excellence, which we monitor through a bespoke software.
- Tenancy management: We select our tenants based on a comprehensive due diligence exercise, which helps us build the right mix of tenants for our properties. We engage with them in a proactive, meaningful and consistent way to identify their areas of concern and enhance their experience. We also focus on growth in renewal rentals to improve our property yield over time.
- The increasing development of mixed-use spaces to position ourselves as an attractive destination for all uses.
- The increasing integration of sustainability into our future developments, particularly through the use of technology. Smart buildings enable substantial energy savings, while minimising the wastage of resources.

## OUTPUTS - VALUE CREATED

### Financial capital

- Dividends paid: Rs 9M (2018: Rs 8M)
- Interest paid: Rs 7M (2018: Rs 6M)

### Human capital

- Employee Engagement Score: 79% (2018: 63%)
- Gender balance: 85% M and 15% F
- Average training hours per employee: 14.1 hours

### Intellectual capital

- Distinctive brand identity for each property
- Our state-of-the-art smart systems and technologies

### Relationship capital

- Positive and constructive relationships with the authorities and all our stakeholders, including the community at large
- Meaningful relationships with our tenants
- Weighted Average Lease Expiry: 2.6 years (2018: 2.5)

### Manufactured capital

- Functional properties to deliver value to our tenants and customers
- Increase in property value: 3.1% (2018: 4.5%)
- Net yield on developed properties: 4.1% (2018: 3.4%)
- Leasable area: 202,578ft
- Occupancy: 84% (2018: 66%) Low occupancy in 2018 mainly due to renovation.

### Social and Natural capital

- CIL listed on the SEMSI and a member of the Green Building Council
- Ongoing investment in renewable energy solutions and smart technologies
- Rainwater retention projects leading to reduced water consumption by 13%
- Procurement - Environmentally responsible suppliers and Green Suppliers are favoured
- CSR initiatives through contributions to the Currimjee Foundation. More details are given on pages 126-143

# HOSPITALITY BUSINESS MODEL

## INPUTS - USING OUR SIX CAPITALS TO CREATE VALUE

### Financial capital

- Equity: Rs 2,969M (2018: Rs 2,200M)
- Debt: Rs 1,149M (2018: Rs 90M)

### Human capital

- 11 engaged employees at the cluster management level, including 4 highly seasoned managers with an average of 20+ years of experience in hospitality, construction and real estate
- 30 employees at Silver Wings
- 153 team members at Anantara IKO Mauritius Resort

### Intellectual capital

- Our brands – IKO Mauritius and Anantara Resort at IKO Mauritius
- Silver Wings

### Relationship capital

- Our privileged relationships with stakeholders, including our customers (currently from Mauritius, the Middle East and Europe), our 157 suppliers and our privileged local & International partners
- Our engaged relationship with the local authorities and the community at large through constant communication and meetings

### Manufactured capital

- A 5-star 164-key hotel, Anantara IKO Mauritius Resort, with world-class facilities
- Our hotel is located on a leasehold land at La Cambuse with a 100-metre setback (Leasehold land Rs 950m and PPE 1,561 M)
- Work in progress for 8 Anantara-branded villas as part of a rental pool (Rs 115M)

### Social and Natural capital

- 30 acres of leasehold land providing access to 800 metres of pristine beachfront
- 65 acres of freehold adjoining the leasehold land with direct access to the beach
- A unique coastal living concept in a location steeped in rich history, culture and natural beauty
- Blue Bay Marine Park, a protected zone with a rich biodiversity
- Natural endemic forest with plans for a coastal forest rejuvenation on leased land
- Collaborative and transparent relationships with the local communities
- Investment in environmental  projects through MOUs signed with REEF Conservation and the Mauritius Wildlife Foundation

## OUR VALUE-CREATING ACTIVITIES

- The cluster owns a 5-star 164-room beachfront resort, Anantara IKO Mauritius Resort & Villas, managed by MINOR Hotels (a global hotel management company based in Thailand). The project is being developed in a phased manner, with 8 luxury villas and a beach club planned in subsequent phases. A combination of local & international experience and a strong brand enables the cluster to offer innovative guest experiences to discerning travelers.
- The cluster also benefits from inbound and outbound travels through its travel agency, Silver Wings.
- At the heart of our approach is the creation of a different mixed-use development combining a hotel and residential space on one property. We offer a clear and differentiated product grounded in wellness, sustainability and a unique coastal living concept. Our emphasis on these key elements positions us as a destination for holistic wellness, enabling us to meet the demands of modern travelers and investors whose mindset and lifestyle are centred on authenticity, culture and eco-friendliness.
- The freehold land adjoining our leasehold land brings complete permeability in the various project components on a unique beachfront site, set in the stunning South East of Mauritius, a region rich in culture and history.
- Sustainability is embedded within our products, services and day-to-day operations. IKO Mauritius also champions the protection, preservation and regeneration of the surrounding ecosystem to ensure a legacy for future generations.

## OUTPUTS - VALUE CREATED

### Financial capital

- Dividends paid: Rs 5M (2018: Rs 5M)
- Interest paid: Rs 36M (2018: Rs 3M)

### Human capital

- Employee Engagement Score: 75%
- Gender balance: 70% M and 30% F
- Training hours: 3,383 hours (inclusive of the resort since 1 September 2019)

### Intellectual capital

- Distinctive brand identity and strategy (IKO Mauritius)
- Unique product proposition centred on Wellness and Sustainability

### Relationship capital

- Positive and constructive relationships with the authorities and all our stakeholders, including the community at large
- Our satisfied and loyal guests and customers

### Manufactured capital

- 5-star hotel within a unique resort development of international standards
- % increase in our investment property value (freehold land value only): 50% (2018: 6%)

### Social and Natural capital

- Ongoing partnership with 2 major local NGOs (REEF Conservation and Mauritius Wildlife Foundation) to further our efforts to protect and preserve Blue Bay Marine Park and the endemic flora and fauna in our natural surroundings
- Educational tools for our hotel guests and team members: a Coastal Lagoon Directory (with REEF) and a Flora & Fauna Directory (with MWF) are placed in each room. The Kids Club also offers games with environmental themes for our younger guests
- Sensitisation of local communities through visits to Ile Aux Aigrettes and learning through 'Bis la Mer'
- Our endeavours in the area of Sustainability will be reinforced with Minor International, our hotel operator, an advocate of biodiversity and natural heritage conservation
- Our in-house resort library has a wide range of books about the culture and history of Mauritius
- Providing employment to 153 employees at the resort, with over 70% from the neighbouring regions
- CSR contributions to the Currimjee Foundation. More details are given on pages 126-143

# OUR Capitals

**Our stakeholders are individuals or entities who have an interest in CJ and can either affect or be affected by our business.**

Due to the diversification of our business across industries, our stakeholders' expectations are unique and ever-evolving. We therefore proactively engage with them in an effective, open and honest way to identify their priorities and expectations, understand emerging risks and opportunities, and adequately define our strategic priorities.

To us, transparent and continuous dialogue is crucial in maintaining our long-term relationships with our stakeholders and therefore, ensuring the sustainability of our business. Details about our Stakeholder Engagement are outlined in the table below.

## CJ'S KEY STAKEHOLDERS

**Government and regulatory bodies and authorities**

**Registered NGOs, our communities and society at large**

**Employees, management team, executive team and Board members**

**We draw upon the six capitals to create sustainable value for our groups of stakeholders and deliver on our purpose of building a better tomorrow.**

**Shareholders, debt providers and investors**

**Business partners and suppliers**

**Clients**

# OUR CAPITALS

| | Stakeholder Group | Stakeholder Expectations | How we engage with them | How we responded to them |
|---|---|---|---|---|
| **Financial Capital**<br>The financial resources available to our organisation for use | • Shareholders, debt providers and investors<br>• Clients | • Meet our financial objectives and deliver on our strategy<br>• Business growth<br>• Create and protect shareholder value in a sustainable and responsible manner<br>• Ensure business resilience through good governance, sound risk management and strong values<br>• Ensure sustainable returns and dividends<br>• Guarantee a maintainable level of debt-service coverage ratio<br>• Manage key risks and and maintain strong management controls<br>• Transparent disclosure of our operational and financial performance and prospects<br>• Compliance with local and international regulations<br>• Embed sustainability considerations in our business practices<br>• Fair business dealings and ethical practices | • Quarterly board committees and meetings on the Group's financial performance<br>• Quarterly presentation to shareholders on group's performance<br>• Annual Shareholders Meeting (AGM)<br>• Frequent one-on-one meetings with our lenders to update them on the Group's performance and progress of our debt reduction plan<br>• Corporate website which we regularly update with the latest developments within the Group<br>• Transparent and comprehensive Annual Integrated Report | • Creation and implementation of a structured 3-year strategic plan for the Group<br>• Strategic review and update of the Group's 3-year strategic plan in response to an evolving operating environment and challenges and to get new growth opportunities<br>• Improving our presentation, monitoring of our plans and performance to focus on key drivers of value<br>• Continued to monitor market trends that may impact our businesses<br>• Enhanced our Integrated Report to offer a more transparent and detailed overview of our performance<br>• Strengthened our risk management framework and practices<br>• Created greater synergies between the Group's business units<br>• Strengthened our governance structure to support our management team<br>• Continued to diversify our portfolio by developing and strengthening our Hospitality segment<br>• Distribution of dividends of Rs 135.6 million (2018: Rs 110.4 million)<br>• Focused on a better management of our financial risk through the implementation of the debt management plan at the holding level<br>• Ongoing commitment to Sustainability and CSR strategy |
| **Human Capital**<br>The value of our people and their collective competencies, knowledge and talent | • CJ's Management team, employees and operatives<br>• Business partners and suppliers. Includes external consultants (Korn Ferry, RBL Group, Aon Hewitt), local and international recruitment agencies, local and international training institutions<br>• Government and regulatory bodies and authorities. Includes the Ministry of Labour, HRDC, the Data Protection Office, the MRA and MQA | • Market-aligned compensations and benefits<br>• A collaborative, engaging and supportive work environment<br>• Open dialogue and communication<br>• Clear responsibilities and expectations through a structured Performance Management Process<br>• Recognition and fair reward for good performance and behaviour<br>• A culture grounded in trust, transparency and mutual respect<br>• Training, upskilling and personal and professional development opportunities<br>• Adherence to established HR policies and procedures, including Code of Conduct<br>• Adherence to Workers' Rights Act and other regulations | • Group Code of Conduct<br>• Quarterly publications of digital video magazine "CJ News"<br>• Ongoing communication via our Group Intranet, "Together Currimjee"<br>• Employee engagement surveys to gauge satisfaction<br>• Frequent meetings held between leadership team members<br>• Regular team-building events<br>• Training for our employees - Average hours training per employee: 14.25 (2018: 15.90) | • Reviewed our Compensation Policy and adjusted compensation packages to be aligned with market rates to retain and attract talent and ensure that our practices reflect best market practices<br>• Increased pay packages for blue-collar workers to ensure they are higher than the market average<br>• Created a more efficient and collaborative workplace by equipping resources with state-of-the-art technologies and systems<br>• Carried out employee engagement survey with Korn Ferry, allowing us to benchmark our results with local and global firms. Employee engagement increased from 61% in 2018 to 68% in 2019<br>• Conducted focus groups with employees on key engagement drivers identified by Korn Ferry and implemented corresponding action plans within all business units<br>• Implementation of Flexible Working Arrangements to boost productivity and engagement<br>• Digitisation of repetitive, mundane processes to enhance employee experience<br>• Partnered with RBL Group to implement a 9-month leadership programme aimed at equipping our leaders with the right competencies<br>• Implementation of business continuity and succession plans to manage the impact of key employees exiting critical positions<br>• Adhered to new Workers' Rights Act |

# OUR CAPITALS

| | Stakeholder Group | Stakeholder Expectations | How we engage with them | How we responded to them |
|---|---|---|---|---|
| **Intellectual Capital**<br>The sum of our knowledge-based intangibles such as our brand image, expertise and culture | • Shareholders<br>• Board of Directors<br>• CJ's employees<br>• Business partners and suppliers<br>• Customers<br>• Government and regulatory bodies and authorities<br>• Our communities and society at large<br>• The media | • Ensure organisational resilience built on effective processes, policies and systems<br>• Lead the organisation with a team of passionate, forward-looking and agile leaders with uncompromising integrity<br>• Maintain the Group's brand image and reputation as a successful family owned business<br>• Adhere to regulatory requirements<br>• Continue leveraging our organisational knowledge across companies and clusters to build a competitive advantage<br>• Transparent disclosure of intangible information<br>• Customer satisfaction | • Group Code of Conduct<br>• Frequent meetings with business partners and suppliers<br>• Reinforcement of our core values through our website and policies<br>• Clear brand guidelines<br>• Frequent communication and sharing of information via our corporate website and Group-wide intranet systems | • Continued reviewing, updating and improving established systems, processes and policies<br>• Fostered culture of openness, transparency and togetherness among business leaders<br>• Gathered business leaders from different business units to ensure cross-collaboration between the Group's companies and alignment with Group strategy<br>• Continued upskilling employees with the skills and knowledge needed to thrive into the future<br>• Continue disseminating Group core values across business units through our policies, behaviours and website<br>• Increased flow and sharing of information between business units via the Group intranet<br>• Protected our business brands and customer relationships through well-defined brand guidelines and social media strategy<br>• Active monitoring of social media channels and integration of client feedback into our customer experiences |
| **Relationship Capital**<br>Key relationships with our internal and external stakeholders, and how we engage with them in a reciprocal way | • Shareholders<br>• CJ's employees<br>• Business partners and suppliers<br>• Government and regulatory bodies, as well as financial institutions<br>• Clients | • Value-for-money products and services<br>• Regular updates on CJ's performance, risks and opportunities<br>• Regular and positive interactions that reflect CJ's core values and purpose<br>• Open dialogue and lines of communication between CJ and its employees<br>• Mutually beneficial relationships based on trust and transparency<br>• Ethical and fair business dealings and practices<br>• Input and participation in the Group's material decisions<br>• Adherence to local and international regulations<br>• Embed sustainability considerations in our business practices | • Periodic meetings with shareholders to share business insights and seek input in material decisions of the Group<br>• Frequent meetings with regulators to ensure compliance<br>• Quarterly publications of digital video magazine "CJ News"<br>• Ongoing communication via our Group Intranet, "Together Currimjee"<br>• Social media platforms<br>• Group corporate website | • Adopted and diffused customer-centric culture across the Group. Products, services and behaviours are centred around the customers' expectations<br>• Continued strengthening long-lasting relationships with business partners<br>• Selected business partners and suppliers whose core values align with the Group's<br>• Conducted focus groups with various stakeholders to identify and address material issues<br>• Revamped our website to enhance visibility to all groups of stakeholders |

# OUR CAPITALS

| | Stakeholder Group | Stakeholder Expectations | How we engage with them | How we responded to them |
|---|---|---|---|---|
| **Manufactured Capital**<br>Physical, material and technological objects available for use in the provision of goods and services | • CJ's employees, executives and Board members<br>• Business partners and suppliers<br>• Includes our building tenants, service providers for the maintenance of our buildings and IT systems and insurance companies<br>• Government and regulatory bodies. Includes municipalities, District Councils, ICTA, IBA and Health and Safety authorities | • A safe, efficient and comfortable work environment<br>• Openness, transparency, respect and teamwork<br>• Well-maintained assets and equipment<br>• Mutually beneficial relationships with property owners based on trust and transparency<br>• Adherence to local regulations<br>• An engaging customer experience using the latest technologies<br>• Functional properties that deliver value to our tenants and customers<br>• Adherence to health and safety regulations<br>• Differentiated and the latest products and services<br>• High-quality service and the constant improvement of products and services<br>• Continued investment and leading the curve on investment in the latest technologies | • Regular meetings with relevant authorities on health and safety practices<br>• Regular site visits to ensure proper maintenance of equipment<br>• Intranet enabling employees to collaborate from various locations<br>• Regular meetings with reputed partners to bring in know-how and the latest technologies<br>• Customer feedback<br>• Internal awareness programmes on health and safety | • Built properties with a safe work environment and well-maintained equipment<br>• Aligning our investment with our business strategy<br>• Ongoing commitment to the safety and health of our resources by complying with legal occupational safety requirements and health<br>• Strengthened maintenance of technical and non-technical equipment by employing dedicated team of professionals<br>• Encouragement of individual responsibility when it comes to safe work practices and procedures<br>• Active monitoring of social media to gather valuable customer feedback<br>• Carried out awareness sessions on health and safety practices<br>• Investment in state-of-the-art IT systems across business units (CDN, improved network and new content)<br>• Capex of Rs 2BN (2018: Rs 1.3BN) for CJ Group |
| **Social & Natural Capital**<br>How we leverage our resources to act in the best interest of the environment and our communities | • Shareholders<br>• CJ's employees, executives and Board of Directors<br>• Government and regulatory bodies and authorities. Includes the MRA, NCSRF<br>• Registered NGOs<br>• Our communities and society at large<br>• Clients | • Operate in a sustainable, responsible manner<br>• Support in the form of funds, programmes or opportunities<br>• Collaborate closely with NGOs to address social and environmental challenges<br>• Ensure employee engagement and participation in initiatives<br>• Fair and ethical business dealings and practices<br>• Participation in broader national initiatives<br>• Embed sustainability considerations in our business practices<br>• Preserve the environment and resources for future generations | • Annual Integrated Report containing information about our CSR policies and practices<br>• Transparent and comprehensive annual Sustainability Report aligned with UN SDGs<br>• Ongoing activities and programmes carried out through Currimjee Foundation<br>• A well-defined CSR plan<br>• Close collaboration with NGOs<br>• Awareness campaigns on education, sports and the environment<br>• Regular meetings with our communities<br>• Frequent events<br>• Group corporate website which we regularly update with the latest social and environmental developments within the Group | • Ongoing commitment to CSR strategy and remittance of 75% of CSR funds to MRA as per the regulation enacted on 1 January 2019<br>• Carried out ongoing CSR initiatives centred on our core areas of intervention via Currimjee Foundation<br>• Integrated sustainability concerns into our products and services<br>• Implemented sustainability practices across all business units: ban of single-use plastic, responsible waste management, reduction in energy consumption, the use of photovoltaic panels, increased digitisation to reduce paper consumption, the planting of trees, rainwater harvesting, etc.<br>• Enhanced community engagement through staff volunteerism<br>• Organised events, forums and outings (e.g beach cleanups, blood donations) to educate the community about environmental and socioeconomic challenges<br>• Strengthened our governance system to ensure the fulfillment of our legal obligations in a responsible, ethical way<br>• Generated more employment through the building of our new hotel, thereby supporting our local communities<br>• See pages 126-143 on Sustainability and CSR for more details of how we interact with our different stakeholders |

WE ARE RELENTLESS IN THE PURSUIT OF OUR GOALS, ADAPTABLE TO UNEXPECTED SITUATIONS AND **RESILIENT** IN THE FACE OF ADVERSITY.

# CORPORATE Governance report

## THE BOARD OF DIRECTORS ('THE BOARD') AFFIRMS THAT THE COMPANY IS A PUBLIC INTEREST ENTITY ("PIE") UNDER THE PROVISIONS OF THE FINANCIAL REPORTING ACT 2004.

The Board is committed to observing the highest standards of corporate governance, promoting transparency and enhancing shareholder value. This report outlines the Company's governance framework under the National Code of Corporate Governance of Mauritius 2016 ("the Code") and the application of its principles by the Company.

The Corporate Governance Report forms part of the Integrated Report which is published on the Currimjee Limited website: www.currimjee.com.

# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 1 - GOVERNANCE STRUCTURE

### The Board

**Statement of Accountabilities**

The Board is responsible for leading and controlling the Company and meeting all legal and regulatory requirements. It is accountable for the performance and affairs of the Company and for value creation in a sustainable manner. The Board is also responsible for ensuring that the Company adheres to high standards of ethical behaviour and acts in the best interest of Shareholders.

The Board operates within a defined governance framework which provides for the effective delegation of some of its powers to established Board Committees and management functions with clear lines of responsibilities, as set out in chart below. A proper reporting mechanism is in place to ensure that matters affecting the affairs of the Company are escalated to the Board by the Chairpersons of the Board Committees. This enables the Board to discharge its duties more effectively.

The Terms of Reference of the Board's Committees provide for a review thereof on an annual basis.

# CORPORATE GOVERNANCE REPORT

### Board Charter and position statements

The Board has adopted a Board Charter (“Charter”) which defines, amongst others, the roles, responsibilities and composition of the Board of Directors of the Company, as well as the responsibilities delegated to the Board’s Committees.

The Position Statements for the Chairman, Managing Director and Company Secretary provide for a clear definition of their roles and responsibilities.

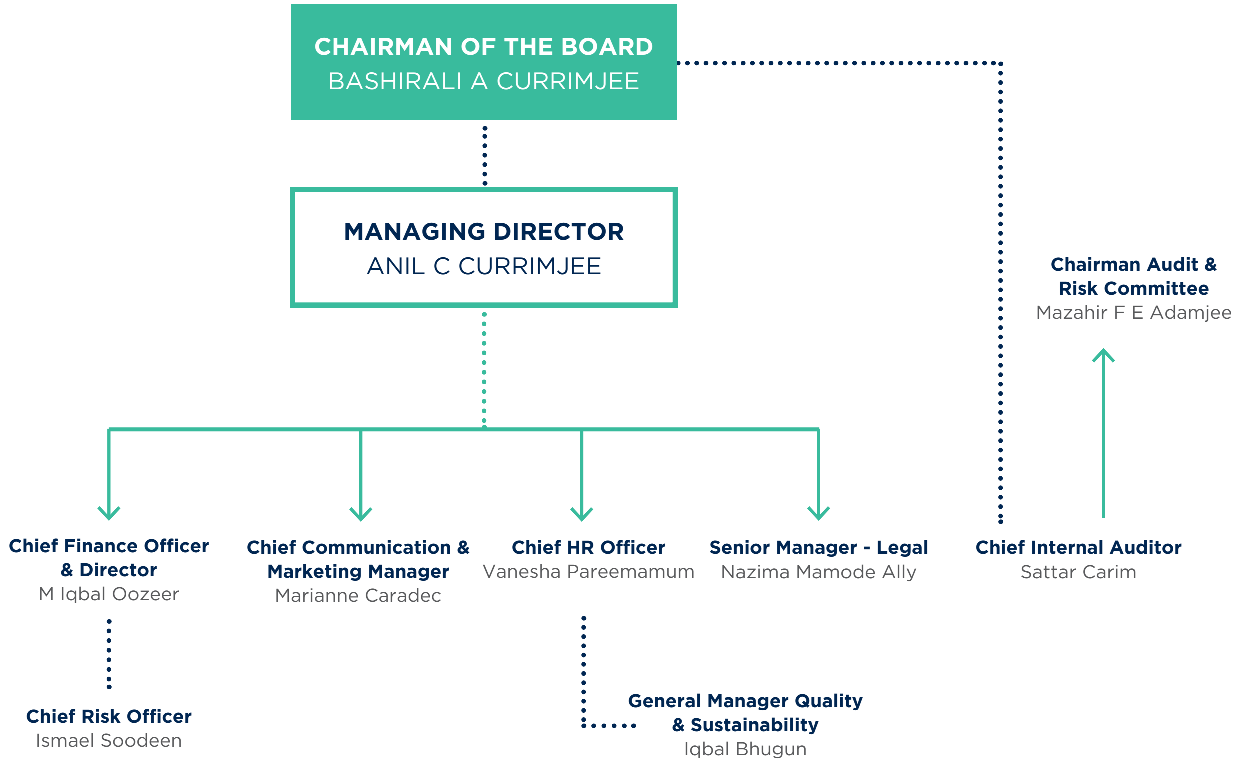
The Charter and Position Statements are published on the Currimjee Limited website http://www.currimjee.com.

### Code of Conduct

The Company has a Code of Conduct which sets out a summary of Currimjee Group’s ethical and professional standards to encourage and consolidate such behaviours and attitudes by the Company’s Directors, Officers and Employees so as to foster a high sense of duty, imbued with honesty and integrity. All individuals concerned are called to read the Code of Conduct with due care and attention and they are expected to fully comply with its provisions.

The Code of Conduct is published on the Currimjee Limited website http://www.currimjee.com.

### Organisational Chart of Senior Management Positions



The Senior Leadership team’s profiles are set out on pages 16-19 of the Integrated Report.

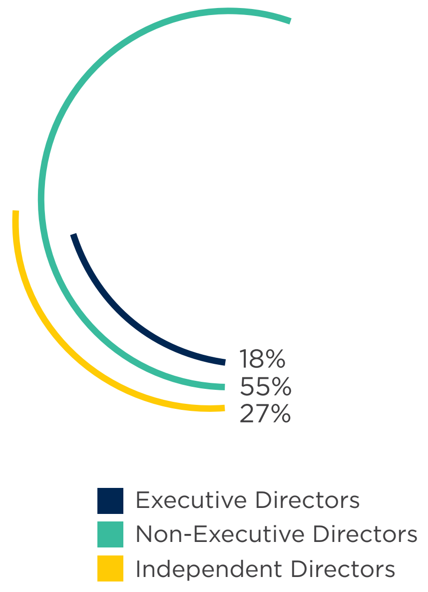
## PRINCIPLE 2 - THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

The Constitution of the Company provides for a Board consisting of no less than five Directors. The Company is directed by a balanced unitary Board made up of two Executive Directors, six Non-Executive Directors, including the Chairman and three Independent Directors, thus ensuring the diversity of skills, competencies, expertise and knowledge.

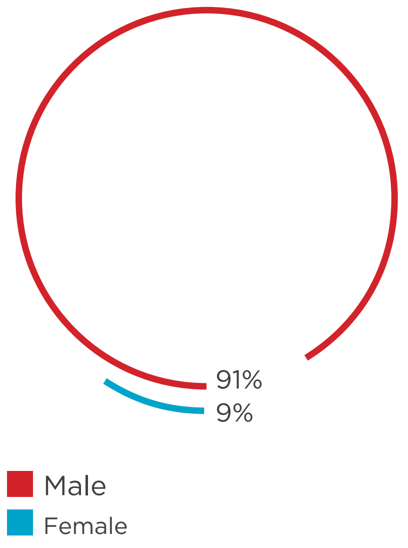
Mr Geerja S Ramdaursingh, formerly a Non-Executive Director, stepped down as Director and Member of the Board’s Committees on 18 November 2019.

The Directors’ profiles are set out on pages 10-15 of the Integrated Report. The Board has decided to only disclose directorships in listed companies. Details of their other directorships are available at the Company’s registry. The process for filling the vacancy caused by the resignation of Mr Ramdaursingh has been initiated.

**BOARD COMPOSITION**



**BOARD DIVERSITY**



The Executive Directors are responsible for running the Company’s business and developing and implementing the Company’s strategy, as approved by the Board. They manage the dynamics between their management responsibilities and their fiduciary duties in the best interests of the Company.

The Non-Executive Directors and Independent Directors come from diverse backgrounds, and the latter are free from any business or other relationships with the Company, which could materially affect their ability to exercise such independence. The Non-Executive and Independent Directors provide objective oversight, independent of the Executive Directors, to constructively challenge Management and contribute to effective decision-making at the Board.

Where necessary in the discharge of their duties, Directors have the right to seek independent professional advice at the expense of the Company. They also have access to the records of the Company.

# CORPORATE GOVERNANCE REPORT

## Board Responsibilities

The Board's key areas of responsibility encompass the following:

| | |
|---|---|
| **Values, Vision and Strategy** | To nurture the core values of the Company, ensure that these values are communicated and spread across the organisation and that they lead into a coherent vision in line with that of the Shareholders. |
| **Monitoring of Performance - Financial Planning and Business Monitoring** | To ensure a proper system of financial and business planning, including periodic plans to achieve strategic objectives which cover organisational and financial processes. |
| **Board Structure and Board Governance** | To be ultimately accountable and responsible for the performance and affairs of the company. This involves a set of relationships between the Board, Management, its Shareholders and other relevant Stakeholders. |
| **Human Resource Planning/ Systems and Management** | To ensure that our Human Resources, their management and development are given the proper thrust and importance.<br>To ensure that the HR systems, policies and issues relating to human potential are discussed at the Board level. |
| **Internal Control and Risk Management** | To establish and maintain a sound system of internal controls and risk management. |
| **Communications/Corporate Stewardship** | To ensure that the necessary systems are in place for the discharge of effective governance and stewardship towards all stakeholders through appropriate governance policies and regular communication. |

## The Board's focus areas for the Financial Year 2019

The Board met four times during the year and the key matters considered and discussed at the Board Meetings are set out below:

### Financial Matters

- Review and approval of the Annual Report for the year ended 31 December 2018;
- Quarterly review of the performance of the Company and the Group against budget, including operational and financial highlights;
- Approval of the annual operating plan for the year 2020;
- Declaration and payment of final dividends for the year ended 31 December 2019;
- Monitoring of medium-term debt management;
- Approval of various banking facilities; and
- Approved Sale of the Company's shares in Emvision Ltd to Emtel Limited.

### Strategy & Risk

- Monitoring and review of the rolling 3-year strategic plan for the Company and the Group;
- Approval of the Strategic Plan for the years 2020 – 2022;
- Review of major projects;
- Review of progress on major transactions; and
- Update of the Enterprise Risk Management Framework.

### Governance

- Re-election of the Chairman of the Board, in accordance with the provisions of the Constitution;
- Receive the reports and the recommendations from the Board's Committees;
- Approval of the Board Charter;
- Approval of the publication of documents on the website, in line with the recommendations of the Code;
- Review of the composition of the Board Committees;
- Setting up a Nomination and Remuneration Committee;
- Approval of the Corporate Governance Report for the financial year 2018;
- Review feedback received from the Board and individual Directors' evaluation exercise;
- Approval of an amended Motor Vehicle Policy;
- Approval of a Flexible Working Arrangements Policy;
- Appointment of a Data Protection Officer and approval of relevant data protection policies / notices.

## Board Committees

The Board has established five standing Board Committees, namely the Audit & Risk Committee, Corporate Governance Committee, Human Resources and Organisational Effectiveness Committee, Nomination and Remuneration Committee and Strategy & Finance Committee, to which it has delegated some of its powers. The Nomination and Remuneration Committee was set up in July 2019.

## Audit and Risk Committee

### *Composition*

| | |
|---|---|
| **Mr Mazahir F E Adamjee** | Chairman |
| **Mr Ashraf M Currimjee** | Member |
| **Mr Riaz A Currimjee** | Member |
| **Mrs Aisha C Timol** | Member |
| **Mr Geerja S Ramdaursingh** | Appointed Member on 10 April 2019 and ceased to be Member on 18 November 2019. |

The Audit and Risk Committee is chaired by Mr Mazahir F E Adamjee, a non-Executive Director. The Board deemed it appropriate to appoint Mr Adamjee as Chairman of the Audit & Risk Committee given his strong financial management knowledge and several years of experience in the Company's activities. Consideration will be given for the appointment of an Independent Director with qualifications and competencies to fulfill the role of Chairman of the Audit & Risk Committee, should another vacancy arise on the Board.

The Managing Director, the Chief Finance Officer, the Chief Risk Officer and the Chief Internal Auditor also attend Audit & Risk Committee Meetings.

### *Mandate*

The Committee's key areas of responsibility are:

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

## Corporate Governance Committee

### *Composition*

| | |
|---|---|
| **Mrs Aisha C Timol** | Appointed Chairman on 26 March 2019 |
| **Mr Bashirali A Currimjee** | Member |
| **Mr Ashraf M Currimjee** | Member |
| **Mr Azim F Currimjee** | Member |
| **Mr M Iqbal Oozeer** | Appointed Member on 10 April 2019. |
| **Mr Mazahir F E Adamjee** | Ceased to be Chairman & Member on 26 March 2019. |
| **Mr Geerja S Ramdaursingh** | Ceased to be Member on 18 November 2019. |

The Managing Director is in attendance at the Corporate Governance Committee Meetings.

### *Mandate*

The Committee's key areas of responsibility are:

- Making recommendations to the Board of Directors on the Corporate Governance provisions to be adopted so that the Board remains effective and complies with prevailing Corporate Governance principles;
- Ensuring that the reporting requirements and disclosures made with regard to Corporate Governance, whether in the Annual Report or on an ongoing basis, are in accordance with the principles of the Code;
- Determining, agreeing and developing the Company's general policy on Corporate Governance in accordance with the Code;

# CORPORATE GOVERNANCE REPORT

- Reviewing the Company's Corporate Governance Policy and any other issues related to Corporate Governance and making requisite recommendations to the Board for consideration and approval;
- Advising the Board of CJ, as well as the Boards of the Subsidiary Companies, on the composition of their Boards and that of their Board Committees, including the balance between Executive, Non-Executive & Independent Directors that shall be appointed, in line with the Code.

## Strategy & Finance Committee

### *Composition*

| | |
|---|---|
| **Mr Anil C Currimjee** | Chairman |
| **Mr Bashirali A Currimjee** | Member |
| **Mr Azim F Currimjee** | Member |
| **Mr Riaz A Currimjee** | Member |
| **Mr Christophe de Backer** | Member |
| **Mr M Iqbal Oozeer** | Member |
| **Mr Mazahir F E Adamjee** | Ceased to be Member on 10 April 2019. |
| **Mr Geerja S Ramdaursingh** | Ceased to be Member on 10 April 2019. |

### *Mandate*

The Committee's key areas of responsibility are:

- Ensuring that an effective strategic planning process is in place;
- Reviewing and proposing strategic objectives and options to the Board, and monitoring effectiveness of strategies;
- Approving and monitoring large investments within limits of authority;
- Reviewing and monitoring the IT policy, investment in IT and strategic assets;
- Making recommendations to the Board on matters pertaining to capital structure, finance strategy, treasury operations, investment strategies and financial risk management;
- Developing and recommending long-term financial objectives for the Company

## Human Resources and Organisational Effectiveness Committee

### *Composition*

| | |
|---|---|
| **Mr Shahrukh D Marfatia** | Chairman |
| **Mr Anil C Currimjee** | Member |
| **Mr Azim F Currimjee** | Member |
| **Mr Karim A Barday** | Member |
| **Mrs Vanesha Pareemamun** | Co-opted Member |

The Company's Chief Human Resource Officer, Mrs Vanesha Pareemamun, has been appointed as a co-opted Member to benefit from her expertise in the HR domain, although she is not a Director.

The General Manager, Quality & Sustainability also attends the Meeting to address the Committee on organisational effectiveness and sustainability matters.

### *Mandate*

The Committee's key areas of responsibility are:

- Ensuring that the human resources, their management and development as well as organisational effectiveness are given the proper thrust and importance by the Board;
- Formulating, reviewing, monitoring relevant Human Resources and Organisational Effectiveness policies, systems and structures, reporting on their implementation and making recommendations to the Board;
- Reviewing and monitoring appointment for key executive positions and approving appointments of all reportees to the Managing Director;
- Reviewing and monitoring compensation policies for key executives and approving compensation decisions relating to all reportees to the Managing Director;
- Reviewing the implementation of talent development programme and succession planning for the position of the Managing Director, his reportees and other key executives, so as to ensure business continuity.

## Nomination & Remuneration Committee – Set up in July 2019

### *Composition*

| | |
|---|---|
| **Mr Bashirali A Currimjee** | Chairman |
| **Mr Mazahir F E Adamjee** | Member |
| **Mr Shahrukh D Marfatia** | Member |
| **Mrs Aisha C Timol** | Member |
| **Mr Christophe de Backer** | Member |

### *Mandate*

The Committee's key areas of responsibility are:

- Making recommendations to the Board on the appointment / replacement / removal of Executive Directors, Non-Executive Directors and Independent Directors.
- Making recommendations to the Board on the appointment, replacement and removal of Directors on the Board of the Company's subsidiaries.
- Making recommendations to the Board on the succession planning for the Managing Director.
- Making recommendations to the Board on Non-Executive and Independent Directors' fees.

## Attendance at Board Meetings and Board Committees

The table below gives an account of the records of attendance at the Company's Board and Committee meetings for the year under review:

| Directors | Board Meeting | Audit & Risk Committee | Corporate Governance Committee | Strategy & Finance Committee | Human Resources & Organisational Effectiveness Committee | Nomination and Remuneration Committee |
|---|---|---|---|---|---|---|
| **Number of meetings held during the year** | 4 | 2 | 4 | 5 | 4 | 1 |
| **Mr Bashirali A Currimjee** | 4 | n/a | 1 | 5 | n/a | 1 |
| **Mr Anil C Currimjee**[1] | 4 | 2 | 4 | 5 | 4 | n/a |
| **Mr Ashraf M Currimjee** | 4 | 1 | 3 | n/a | n/a | n/a |
| **Mr Azim F Currimjee** | 4 | n/a | 3 | 5 | 4 | n/a |
| **Mr Riaz A Currimjee** | 4 | - | n/a | 5 | n/a | n/a |
| **Mr Christophe de Backer** | 3 | n/a | n/a | 3 | n/a | - |
| **Mr Mazahir F E Adamjee**[2] | 2 | 2 | 1 | - | n/a | 1 |
| **Mr Geerja S Ramdaursingh**[3] | 3 | 1 | 2 | 1 | n/a | n/a |
| **Mr Shahrukh D Marfatia** | 4 | n/a | n/a | n/a | 4 | 1 |
| **Mr M Iqbal Oozeer**[4] | 4 | 2 | 2 | 5 | n/a | n/a |
| **Mrs Aisha C Timol** | 4 | 2 | 4 | n/a | n/a | 1 |
| **Mr Karim A Barday** | 3 | n/a | n/a | n/a | 4 | n/a |
| **Co-opted Member** | | | | | | |
| **Mrs Vanesha Pareemamun** | n/a | n/a | n/a | n/a | 4 | n/a |

Notes:

[1] Mr Anil C Currimjee is in attendance at Audit & Risk Committee and Corporate Governance Committee Meetings.

[2] Mr Mazahir F E Adamjee stepped down as Chairman of the Corporate Governance Committee in March 2019 and as Member of the Strategy & Finance Committee in April 2019.

[3] Mr Geerja S Ramdaursingh stepped down as Director in November 2019. He stepped down as Member of the Strategy & Finance Committee in April 2019 and as Member of the other Board Committees in November 2019.

[4] Mr M Iqbal Oozeer is in attendance at Audit & Risk Committee Meetings. He was appointed Member of the Corporate Governance Committee in April 2019.

# CORPORATE GOVERNANCE REPORT

## PRINCIPLE 3 - DIRECTOR APPOINTMENT PROCEDURES

### Appointment and re-election

The Company is party to a Shareholders' Agreement which has provided for the setting up of a Nomination and Remuneration Committee at the level of the ultimate holding company, Currimjee Limited (formerly known as Fakhary Limited), and has agreed upon an overriding principle that the appointment, replacement and removal of Directors on the Board shall be approved by the Board of Currimjee Limited. Such appointments / replacements / removals shall first have been recommended by the Company's Board under the recommendation of the Company's Nomination and Remuneration Committee.

Appointments of new Directors are made in a formal and transparent manner and is the responsibility of the entire Board, taking into consideration the Board's needs in terms of skills, experience, diversity and size as well as the balance between Executive, Non-Executive & Independent Directors that shall be appointed, in line with Code's guidelines.

As provided in the Constitution of the Company, each Director is eligible for re-election every year at the Annual Meeting.

### Induction and orientation

The Board assumes responsibility for the induction and orientation of newly appointed Directors through an established induction programme that includes meetings and business presentation sessions with Key Executives of the Company and its subsidiaries. New Directors also receive a comprehensive induction pack outlining the Company's purpose, mission and values, the Board governance structure and key governance policies, an overview of the previous year's performance, the annual operating plan, the three-year strategy, major projects and Board initiatives.

### Professional Development & Succession Planning

The Company provides regular updates and the necessary resources to the Directors to best develop their knowledge and capabilities. The Board facilitates the professional development of Directors and encourages them to enroll for appropriate training to continuously update their skills and knowledge to better fulfill their role on the Board and its Committees. During the year 2019, a few Directors attended courses delivered by the Mauritius Institute of Directors ('MIOD').

The Board also recognises and nurtures talent and has approved a Talent Development Programme for Senior Management to ensure that the Group creates opportunities to develop current and future leaders.

The Board assumes the responsibilities for Directors' succession planning. The succession planning for the Chairman is addressed at the level of the Board of the ultimate holding Company, Currimjee Limited. The Company's Nomination & Remuneration Committee shall, as part of its mandate, make recommendations to the Board on the Managing Director's succession planning.

## PRINCIPLE 4 - DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

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

The Board has approved a "Related Party Transaction Policy" to ensure due and timely identification, approval process, disclosure and reporting requirements of transactions between the Company and any of its related Parties. It also ensures transparency in the conduct of Related Party Transaction(s) in the best interest of the Company and its Shareholders. The Audit & Risk Committee has been assigned responsibility to monitor and report related party transactions to the Board. The Board ensures that all related party transactions are carried out at arm's length.

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

### Information, Information Technology and Information Security Governance

### Information

The Chairman, with the assistance of the Management Leadership Team, ensures that Directors receive necessary information for them to perform their duties and that the Board has sufficient time for consultation and decision-making.

Directors also have access to the Company's Management Leadership Team.

### Information Technology and Information Security Governance

Information Technology policies have been created based on ISO standard 27001:2013. An Information Security Policy has been devised to ensure that the Company's core and supporting business operations continue to operate with minimal disruptions and to protect the organisation's information assets. Policies have been implemented to control the usage, access and security of Information Technology tools that are used by the Company and its subsidiary companies. A Business Continuity Policy is in place and a Disaster Recovery site is available for all critical services.

While the Company focused on building the CJ Private Cloud System in 2018, year 2019 has been a year where all group companies benefited from this Cloud system effectively. The Company also consolidated the financial systems of all Business Units under its responsibility, thus allowing for standardisation, optimisation (of cost and resources) and consolidation of operations, backup and security.

The resilience of the Company's Private Cloud was tested for cyber-threats by an international organisation and the results were very encouraging for the Company with no major breach identified. To further strengthen security, the Company embarked on a process of ISO-27001:2017 Certification, which is due to be completed in 2020.

The Company continued on its path to digitalisation. The purchasing process was automated with the use of Kissflow.

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

The Company demonstrated its commitment to the Data Protection Act by setting up a Data Protection Committee under the chairmanship of the Managing Director to ensure its implementation across the Company and its subsidiaries. The Board also approved a number of policies such as General Data Protection Policy, General Privacy Notice and Employment Privacy Notice, Recruitment (Privacy) Notice, Physical Entry Controls and Secure Areas Notice, Retention of Records Procedure, Subject Access Request Procedure and Cookie Policy. Mr Ismael Soodeen was appointed as Data Protection Officer in April 2019.

### Board, Board Committee & Individual Director evaluation

Each year, the Board conducts an evaluation of its own performance through a questionnaire completed by each Director to obtain their feedback on the effectiveness of the Board, its procedures and practices. The questionnaire assesses the behavioural attributes that contribute to Board effectiveness and their corresponding importance to the Company and the Board's current performance on those behaviours. The results are first presented and discussed at the level of the Corporate Governance Committee, which then recommends appropriate action plans to the Board in view of further enhancing Board performance.

A 360-degree individual Director evaluation by peer Directors is being carried out for the year 2019. The report from the exercise will be shared with the Chairman of the Board and the Chairman of the Corporate Governance Committee. Each Director will also be given feedback on his/her own performance.

The evaluation of the Board Committee will also be carried out this year through a self-evaluation by respective Committee Members.

### Remuneration Philosophy

The Nomination and Remuneration Committee of Currimjee Limited determines the terms of employment and initial remuneration package/change in structure of the package for the Managing Director. The remuneration of the Managing Director is reviewed every three years, as per his service contract.

Independent and Non-Executive Directors' fees are approved by the Board, taking into consideration the recommendations of the Nomination & Remuneration Committee. Independent and Non-Executive Directors (excluding retired Group Executive Directors and Executive Directors of the Currimjee Group) are paid committee fees, in addition to their Directors' fees. They are also remunerated for attendance at Board Meetings. Directors residing overseas are reimbursed for travelling expenses, including airfares, hotel accommodation and out-of-pocket expenses incurred by the Directors in the performance of their roles and duties.

The Nomination and Remuneration Committee of Currimjee Limited also makes recommendations to the Board on the pension for Retired Executive Directors.

# CORPORATE GOVERNANCE REPORT

Remuneration and benefits received by Directors during the financial year under review from the Company were as follows:

| Name of Director | Category of Director | Year 2019 Rs'000 | Year 2018 Rs'000 |
|---|---|---|---|
| **Mr Bashirali A Currimjee** | Non-Executive | 30,055 | 25,343 |
| **Mr Anil C Currimjee** | Executive | 13,224 | 13,381 |
| **Mr M Iqbal Oozeer** | Executive | 12,192 | 11,890 |
| **Mr Ashraf M Currimjee** | Non-Executive | 462 | 305 |
| **Mr Azim F Currimjee** | Non-Executive | 462 | 305 |
| **Mr Mazahir F E Adamjee** | Non-Executive | 10,545 | 9,947 |
| **Mr Geerja S Ramdaursingh**[1] | Non-Executive | 1,000 | 1,500 |
| **Mr Riaz A Currimjee** | Non-Executive | 350 | 680 |
| **Mr Christophe de Backer** | Non-Executive | 300 | 853 |
| **Mr Shahrukh D Marfatia** | Independent | 375 | 1,184 |
| **Mr Karim A Barday** | Independent | 300 | 266 |
| **Mrs Aisha C Timol** | Independent | 400 | 242 |

Note

[1] Mr Geerja S Ramdaursingh resigned as Director on 18 November 2019.

Directors did not receive any remuneration and benefits from the Company's subsidiaries for the year under review. Non-Executive Directors did not receive remuneration in the form of share options.

The Board has adopted formal policies regarding Executive Directors' benefits, including Directors' Medical Policy, Directors' Business Travel Policy and Directors' Entertainment Policy.

Remuneration for Management and employees follows the guidelines below:

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

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

Directors' Service Contracts

Messrs. Anil C Currimjee and M Iqbal Oozeer have a service contract with the Company, with no prescribed expiry terms.

### Consultancy Contract

The Chairman has a Consultancy Contract with the Company and the scope of the contract covers advisory services specifically in relation to Emtel Limited, a subsidiary company.

### Directors' & Officers' Liability Insurance

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

### Directors' interests in Shares

The Directors' indirect interests in the stated capital of the Company at 31 December 2019 were as follows:

| Director | Indirect interests in the Company's shares through Currimjee Limited (formerly known as Fakhary Limited) % |
|---|---|
| **Mr Anil C Currimjee** | 4.47 |
| **Mr Ashraf M Currimjee** | 6.65 |
| **Mr Azim F Currimjee** | 7.31 |
| **Mr Riaz A Currimjee** | 5.03 |

## PRINCIPLE 5 - RISK GOVERNANCE AND INTERNAL CONTROL

### Risk Governance

The Board is responsible for maintaining an effective system of risk management and internal control.

The Company's risk management system is set out in more detail on pages 68-83 of the Integrated Report.

### Internal Control

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

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

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

### Whistleblowing policy

The Company adopted a Whistleblowing Policy, which has been communicated to the Directors and all employees. The Company expects its Directors, employees and anyone associated with the Company, who have concerns about any aspect of malpractice encountered within the Company to come forward and voice those concerns within a defined process without fear of reprisals.

The whistleblowing policy ensures that the whistleblower's identity is treated with confidentiality. However, under certain circumstances and depending on the case, the employee may need to come forward as a witness to assist in the investigation.

## PRINCIPLE 6 - REPORTING WITH INTEGRITY

### Health and Safety

The Company is fully committed to undertake its business in a way that minimises the risk of injury or ill health to the employees or damage to the property. It has defined the safety and health of its employees as a priority in all business functions where safety and health comes first. The Company ensures that it complies with the provisions of the Occupational Safety and Health Act 2005 and related legislations.

It has adopted a Health and Safety Policy and developed a Health & Safety Manual, which is communicated to all employees. A Safety and Health Consultant has been appointed to inspect, audit and assess Safety and Health standards, review, recommend, develop measures to control workplace hazards, and advise Management on matters pertaining to Safety and Health. A Safety and Health Committee has been set up and meets every two months to inter-alia discuss and make proposals to the Company on matters regarding the safety, health and welfare of employees, promote cooperation between the employer and the employees in achieving and maintaining safe and healthy working conditions and follow up to ensure that health and safety issues raised are addressed.

### Environment & Sustainability

The Company is strongly committed to environmental and sustainable management in all its activities and projects. It endeavours to provide quality products and excellent services in harmony with environmental respect and preservation. The Company has adopted an Environment and Sustainability Statement through which it aims to further raise the environmental and sustainability consciousness of all its members and support their environmental and ecological engagements.

The Company is committed to:

- Preserving the environment and managing its operations in a sustainable manner for the well-being of future generations.
- Considering environmental and sustainability aspects as an integral part of the business strategy and operating methods.
- Recognising the global challenges due to climate change and diligently honouring the Company's responsibility to reduce the environmental impacts of its business operations.

- Continually monitoring and improving its environmental performance and supporting customers', employees', partners', the community's and other stakeholders' environmental and sustainability initiatives and progress.

The Company follows the Global Reporting Initiative (GRI) framework for Sustainability Reporting and the full Sustainability Report is published on the Currimjee Limited http://www.currimjee.com

### Corporate Social Responsibility

The operating companies of the Currimjee Group channel their CSR contributions (or a part thereof) to the Currimjee Foundation, the vehicle which manages and supervises the Group's CSR projects. The Foundation focuses on long-term actions in the fields of education, health, environment, leisure/sports and socio-economic developments. It allows a structured and professional approach to the deployment of the Group's commitment to social concerns, to which it has been profoundly attached for decades.

Details of the major projects undertaken by the Currimjee Foundation are available for consultation on the Currimjee Limited http://www.currimjee.com

### Donations

During the year ended 31 December 2019, donations amounting to Rs 767,554 (year 2018: Rs 1,118,000) were made by the Company.

| | Year 2019 (Rs' 000) | Year 2018 (Rs' 000) |
|---|---|---|
| Political donations | Nil | Nil |
| Non-political / charitable donations | 768 | 1,118 |
| TOTAL | 768 | 1,118 |

## PRINCIPLE 7 - AUDIT

### Internal Audit

The Company has an internal audit function, headed by the Chief Internal Auditor. The internal audit department is adequately staffed with qualified personnel and certified internal auditors. The internal audit department operates in line with an Internal Audit Charter and adopts a risk-based methodology that enables it to provide assurance on controls that address high-risk areas.

The Chief Internal Auditor reports independently to the Chairman of the Audit & Risk Committee and the Chairman of the Board on all internal audit issues. He is responsible for providing assurance to the Audit & Risk Committee regarding the implementation, operation and effectiveness of the Company's internal control systems. In this respect, reliance is placed on the work undertaken by internal audit in line with an internal audit plan, as approved by the Audit & Risk Committee. The audit plan ensures that all significant areas of the Company's activities are duly covered in turn over a predetermined time frame.

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

Following the completion of internal audit engagements, salient internal audit observations are reported to Management in a closing meeting, followed by the issue of the internal audit reports. The Internal Auditor presents his internal audit reports to the Audit & Risk Committee meetings, to apprise the Committee of significant audit findings as well as Management's proposed action plans. The Chief Internal Auditor also regularly conducts follow-up audits to monitor the progress on the implementation of internal audit recommendations by Management, and reports back to the Audit & Risk Committee thereon, for monitoring purposes. The Chief Internal Auditor works closely with and shares his internal audit findings with the external auditors.

The services of the internal auditor are also solicited to carry out special reviews or investigations at the request of the Chairman, Audit & Risk Committee or Board of Directors.

The Company's internal audit team also provides internal audit services to the Company's subsidiaries.

### External Audit

One of the principal responsibilities of the Audit & Risk Committee is to review and report to the Board on the clarity and accuracy of the Group's financial statements. When conducting their reviews, the Committee considered the following:

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

All significant issues raised by the external auditors during the audit are discussed at the level of the Audit & Risk Committee and the response from Management are followed up regularly at Audit & Risk Committee Meetings, until they are fully addressed.

PricewaterhouseCoopers has been providing external audit services to the Company for more than 9 years.

The Audit & Risk Committee has recommended their re-appointment as external auditors, on the basis of their continued performance, effectiveness and independence. An external audit tender will be launched for the year 2020 audit exercise.

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

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | Year 2019 | Year 2018 | Year 2019 | Year 2018 |
| | Rs 000 | Rs 000 | Rs 000 | Rs 000 |
| Audit | 8,348 | 7,594 | 1,447 | 1,340 |
| Non-Audit | 3,477 | 3,706 | 49 | 2,741 |
| Total | 11,825 | 11,300 | 1,496 | 4,081 |

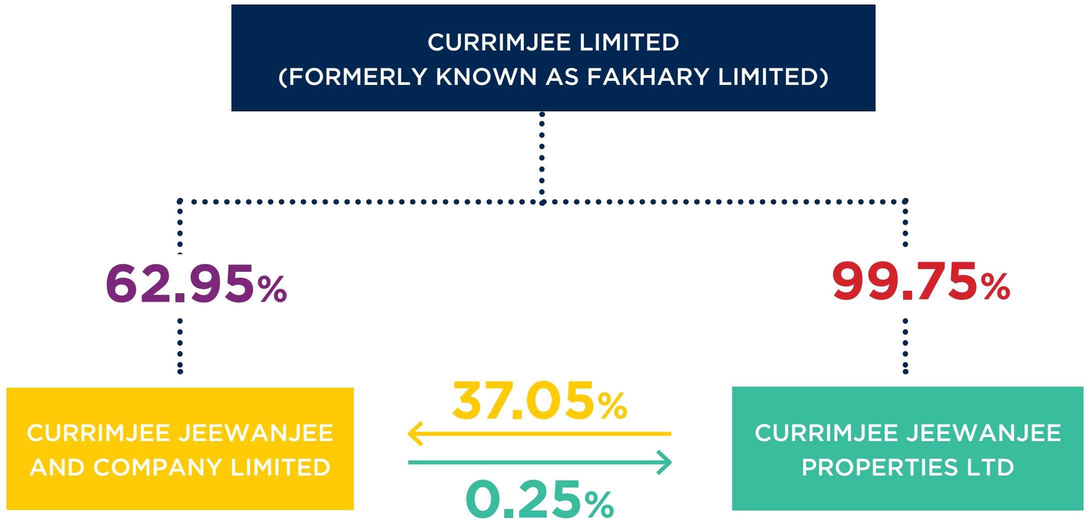
The non-audit fees relate to tax compliance and training expenses.

When the services of the External Audit Firm are solicited for providing non-auditing services, the Board ensures that such non-audit services are provided by a team of officers that is completely independent from the external audit team, to ensure that the Auditor's objectivity and independence are safeguarded.

## PRINCIPLE 8 - RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

### Ownership Structure

The stated capital of the Company is made up of 297,000 Ordinary Shares of Rs 100 each. The shareholding structure of the Company as at 31 December 2019 was as set out below:



# CORPORATE GOVERNANCE REPORT

### Shareholders Communication and Key Events and Publications

The Company's Key Stakeholders are its Employees, Customers, Partners Banks, Regulators / Government, Suppliers, Local Community and Shareholders.

The Board understands that communication to Stakeholders about matters pertaining to the Company is of great importance and ensures that information is delivered in an open, transparent, meaningful and regular manner. The Company is committed to responding to the needs and expectations of its key stakeholders and takes into account their interests in its dealings with them. It engages with its key Stakeholders through existing communications platforms (Annual Report, Shareholders meetings, Website, social media CJ News & Intranet, Communiqués). Regular presentations are also made to the Company's bankers.

### Calendar of key events

The calendar of key events is as follows:

### Shareholders' Agreement

The Company is party to a Shareholders' Agreement amongst the Shareholders of the ultimate holding company, Currimjee Limited and its direct subsidiaries. The contents of the Agreement have not been disclosed due to their confidential nature.

### Dividend Policy

Payment of dividends is subject to the profitability of the Company, its cash flow, reserves and its capital expenditure requirements. The Board of Directors ensures that dividends are authorised and paid out only if the Company shall, upon the distribution being made, satisfy the solvency test.

During the financial year under review, the Company declared and paid total dividends of Rs 135.6 million (2018: Rs 110.4 million).

Approved by the Board of Directors and signed on its behalf on 03 June 2020.

Mr Anil C Currimjee
Managing Director

Mr Bashirali A Currimjee, G.O.S.K
Chairman

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# STATEMENT OF COMPLIANCE

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

**Name of Public Interest Entity ("PIE"): Currimjee Jeewanjee and Company Limited**

**Reporting Period: 01 January 2019 to 31 December 2019**

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

### Principle 2 – The Structure of the Board and its Committees

**Chairman of the Audit & Risk Committee**

The Audit and Risk Committee is chaired by Mr Mazahir F E Adamjee, a non-Executive Director. The Board thought it appropriate to appoint Mr Adamjee as Chairman of the Audit & Risk Committee given his strong financial management knowledge and several year's experience in the Company's activities.

### Principle 8 – Relations with Shareholders and other key Stakeholders.

The Company is party to a Shareholders' Agreement amongst the Shareholders of the ultimate holding company, Currimjee Limited and its direct subsidiaries. The contents of the Agreement have not been disclosed due to their confidential nature.

**SIGNED BY:**

Mr Bashirali A Currimjee, G.O.S.K
Chairman
03 June 2020

Mr Anil C Currimjee
Managing Director

# SECRETARY'S CERTIFICATE

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

We certify that in terms of the compliance report as submitted and approved by the Board, the Company has filed with the Registrar of Companies, for the year ended 31 December 2019, all such returns as are required of the Company under the Companies Act 2001 of Mauritius.

**Currimjee Secretaries Limited**

**Per Ramanuj Nathoo (Mr)**

*Secretary*

03 June 2020

# RISK Management

## OVERVIEW

Effective risk management is fundamental to CJ's success and objective of delivering sustainable long-term value to our stakeholders. We recognise that certain risks are inherent to our core business lines, which explains one of our strategic pillars of diversifying these risks through our scale, a mixed portfolio of products and services, and geographic expansion. A rigorous Risk Management framework is embedded across the Group and its subsidiaries through robust systems of governance, committees, policies and tools.

Risk management assists management in minimising, managing and effectively mitigating the impact of risks, and in maximising potential opportunities that arise from key risks, to realise the desired value. During our Annual Operating Plan exercise, the Group undertakes a comprehensive strategic thinking process across business sectors. This cross-divisional collaborative exercise enables us to link the organisation's risk appetite to our strategy, understand the related opportunities that emerge, and adequately adjust our strategy to reach our goals. The Group's three-year strategic plan was built and developed following this exercise, and taking into account current and emerging external trends.

Only by integrating risk management into our culture and day-to-day behaviour can our framework be effective. It encourages the sharing of information and best practices, fosters openness and transparency in the decision-making process and is conducive to a strong commitment to ethical behaviour and to the Group's core values.

The aim, ultimately, is to develop our risk management capabilities into a sustainable competitive advantage so we can attain our expected potential earnings, consolidate our brand reputation, generate shareholder returns and above all, remain resilient in a dynamic environment.

## COVID-19

The COVID-19 pandemic of 2020 represents an unprecedented period of uncertainty as regards the economic environment, customer preferences and risk for business organisations worldwide. The measures taken to slow down the spread of the pandemic are impacting both the supply and demand for goods and services. All of our businesses have taken a hit, some to a lesser degree than others depending on the industry in which the company is operating, and we are closely monitoring the outbreak developments and implementing plans to mitigate the potential adverse impact on the Group employees and operations. The hardest hit is the hospitality sector as the industry has been brought to a complete halt. The immediate responses by the Group companies were to:

- Activate the business continuity protocols in such situation and ensure appropriate policies and controls are in place for the new work environment
- Assess the resilience of the businesses in the short term by focusing on the employees' health, safety and continuous engagement, and ensuring that our customers are serviced as best as possible and that our immediate liquidity needs are met.
- Review of each company's cost base, all capital expenditure planned and revisit our debt repayment plans so as to further strengthen the liquidity available to the companies.

Having completed the above, our attention was focused on how to optimise revenue of the different businesses. This was complicated given the lack of visibility on the macro economic situation and also no clear indication of how customer behaviours would evolve. This would cover revenue in terms of existing and new products and markets, but also a review of our business model and organisational structure so as to be able to best cope with the new environment, supply chain factors and increased use of technology.

## RISK MANAGEMENT MODEL AND GOVERNANCE

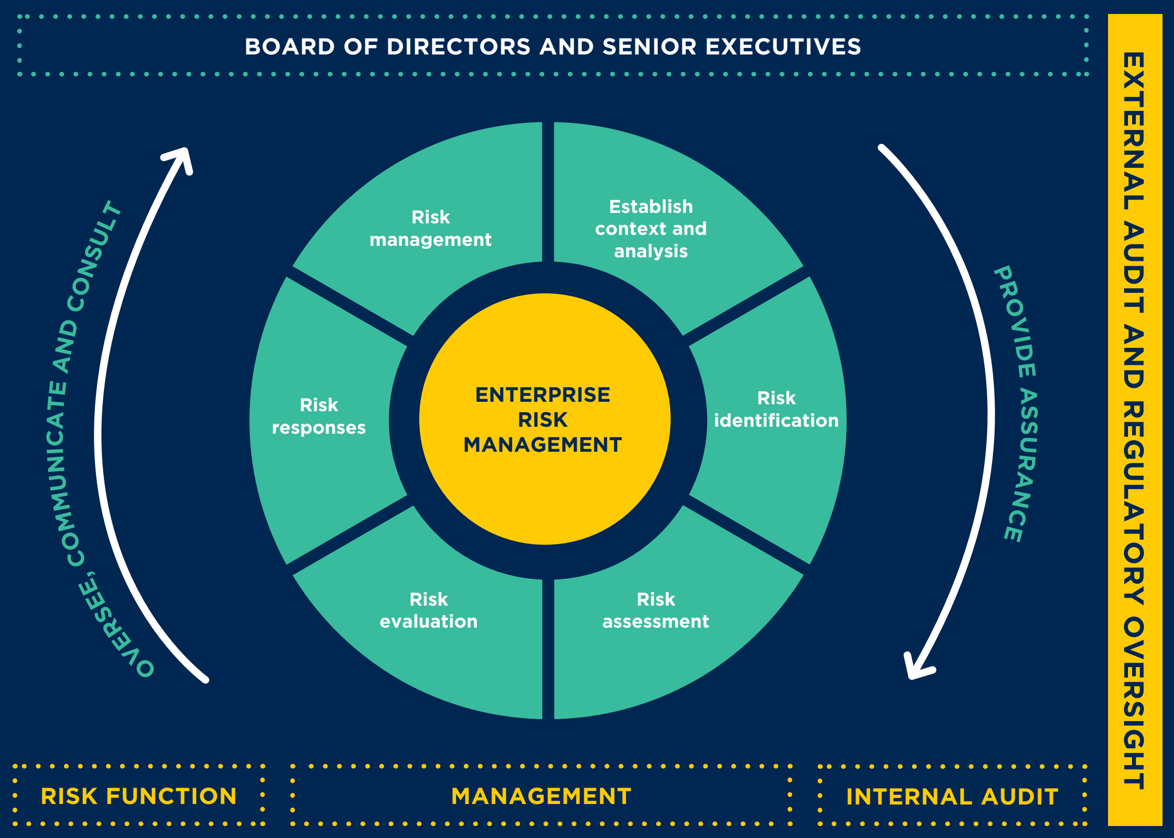
Our model is guided by the predominant corporate governance principles of fairness, accountability, responsibility and transparency. Beyond having various risk and control functions in place, we believe it is critical to adopt a systematic and collaborative approach across the organisation, and to ensure an effective coordination among these functions to ensure there are no gaps in controls or overlapping of tasks. To ensure the effectiveness of CJ Group's Risk Management framework, the Board uses the Three Lines of Defence model, which clearly outlines each group's responsibilities, the boundaries of their duties and how their roles fit into CJ's overall risk management structure.

The Board of Directors is at the top of the Risk Governance structure and is responsible for the overall approach to risk management. This includes determining the nature and extent of exposure to key risks, defining the steps CJ is willing to take to achieve its strategic objectives, and establishing governance structures and processes to manage these key risks.

The Board is assisted by the Group Board Audit and Risk Committee in assessing and evaluating the adequacy of our Risk Management framework.

The Group Risk Management function, at the level of CJ, oversees and assists CJ and its subsidiaries with the identification and assessment of risks and adoption of appropriate mitigation measures.

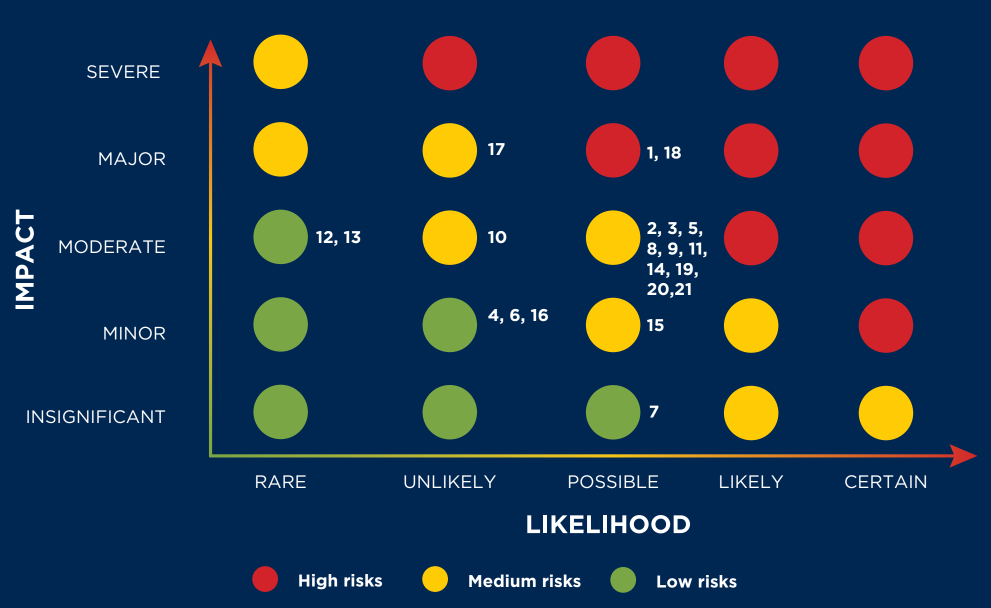
## COMBINED ASSURANCE AND RISK MANAGEMENT MODEL



## MANAGING KEY RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The Group Risk Map (illustrated below) sets out the key risks as identified through the Risk Management process. The Risk Map and table below outline the Group's residual risks after taking into account mitigating risk factors.

RESIDUAL RISK RATING



# RISK MANAGEMENT

## RISK REGISTER

| Risks Relating to our Businesses and Industry | Description & Risk Context | Response To Risks | Strategies Impacted* | Risk rating | Capital(s) impacted |
|---|---|---|---|---|---|
| 1 **Economic recession and market situation** | The consequences and the severity of the impact of a major cyclical economic recession and other unforeseen economic shocks such as a pandemic, terrorism or war situation, resulting in a catastrophic market situation, affecting our ability to achieve set objectives and may threaten survival of businesses. | • Close monitoring of key national economic indicators.<br>• Regular review of strategy at Strategic committee level.<br>• SWOT analysis and re-assessment of the environment.<br>• Internal capacity to amend and adjust the business model.<br>• Ensure our businesses are not excessively geared and focus on debt management is a major risk factor.<br>• Activate the business continuity protocols in case of a pandemic and ensure appropriate policies and controls are in place for the new work environment.<br>• Assess the resilience of the businesses in the short term by focusing on the employees' health, safety and continuous engagement, customer retention measures, cost savings potential, reviewing existing debt repayment plan and identifying any potential opportunities for rebound.<br>• Upon greater visibility of the impact and future effect or consequences of the event, reassess the businesses in the medium to long term by considering more stringent measures such as an in-depth review of the overall organisation and cost structure without affecting the agility of the companies, ensuring a stable supply chain and adapting the business model to the new situation.<br>• Make use of government support and incentives for the given situation. | ⚙<br>✳<br>◎ | High | 🪙<br>👤<br>📡<br>🍃 |
| 2 **Innovation** | It is imperative for us to remain relevant in an ever-evolving landscape by adapting our operating model to changing market dynamics.<br>Innovations create greater opportunities and are critical for the survival, economic growth, and success of any company. We constantly try to gain deeper insights into customer behaviour and preferences to be able to offer relevant products and services.<br>To maintain a sustainable business, we consider the following challenges:<br>• Lack of a targeted strategy on innovation.<br>• Lack of skilled resources. | • Implementation of targeted strategies to ensure continuous innovation and our ability to meet evolving customer expectations.<br>• Innovation being critical to our survival, the Group has fostered a culture of innovation over time, and continues to reinforce it.<br>• Leverage our relationship with our international strategic partners to be able to keep pace with the evolution in technologies and offer innovative products and services.<br>• Investment in technologies, infrastructure and skills to support innovation. | ⚙<br>✳ | Medium | 🪙<br>◍<br>📡 |

⚙ OPERATIONAL EFFICIENCY ✳ BUSINESS PORTFOLIO MANAGEMENT ◎ FINANCIAL RISK MANAGEMENT ♻ SUSTAINABILITY FOCUS

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# RISK MANAGEMENT

| | Risks Relating to our Businesses and Industry | Description & Risk Context | Response To Risks | Strategies Impacted* | Risk rating | Capital(s) impacted |
|---|---|---|---|---|---|---|
| **3** | **Customer satisfaction and customer experience** | In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator.<br>Businesses that succeed in these cut-throat environments are the ones that make customer satisfaction an integral element of their business strategy. Since most of our businesses operate in industries where customer satisfaction is crucial to survival, CJ has integrated customer satisfaction as a key element of its overall strategy.<br>However, some of our businesses may fail to meet customer expectations due to:<br>• Lack of a customer-centric culture.<br>• Lack of skills, competencies and training of our personnel.<br>• Lack of sound systems, policies and processes.<br>• Lack of employee engagement.<br>• Poor quality products and services.<br>• Lack of support from suppliers.<br>• Absence of customer surveys.<br>• Customer Satisfaction Index is not adequately defined<br>• Service Level Agreement (SLA) not formalised with outsourced parties. | • Constantly adjust our product offering to meet evolving customer expectations.<br>• Continuously track and monitor our customer satisfaction levels through regular surveys and a Customer Complaint Management system.<br>• Robust systems, policies and procedures have been established and we have renewed our focus on digitalisation of key processes.<br>• Rigorous training on product and service delivery carried out in order to close the skills gap.<br>• Focus on engagement of our human capital.<br>• Establishment of clear SLAs with key stakeholders for deliverables, ensuring successful and mutually beneficial relationships with all our providers. | ✳ | Medium | ⛁<br>◉<br>👥 |
| **4** | **Reputation** | The Group operates in a number of fields / industries through various companies and brands that are well known nationwide, thus heightening our reputational risk. The protection of our reputation remains one of our top priorities as it reflects how our companies and brands are perceived by various stakeholders such as the media, customers, employees, competitors, regulators and providers of capital.<br>Damage to our image could be the result of:<br>• Non-compliance with applicable laws and regulations.<br>• Non-conducive interaction with our stakeholders as a result of misrepresentation, unethical and fraudulent behaviour.<br>• False promises on the delivery standard of products and services.<br>• Lack of sound internal governance principles and risk management system.<br>• Unfounded negative comments on social media. | • The Group has a strong governance system in place.<br>• The Group Code of Conduct was clearly defined and signed by all employees and Board members.<br>• Constant reaffirmation and diffusion of our core values across the Group.<br>• A whistleblowing policy was deployed across the Group.<br>• An assurance exercise was carried out by both internal and external auditors on compliance matters.<br>• Set up of a dedicated Communication department at the corporate level.<br>• Creation of a relevant public relation cell that intervenes as and when required.<br>• Prompt response to unwarranted representations across all media.<br>• Monitoring of press and media releases on a daily basis.<br>• Adoption of an Environmental and Sustainability framework. | ⚙<br>✳<br>◎ | Low | ⛁<br>🚩<br>👥<br>🍃 |

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# RISK MANAGEMENT

| | Risks Relating to our Businesses and Industry | Description & Risk Context | Response To Risks | Strategies Impacted* | Risk rating | Capital(s) impacted |
|---|---|---|---|---|---|---|
| 5 | **Cyber threats** | • Disruption or halt in IT operations due to cyber threats.<br>• Unavailability of network due to major unforeseen event. | • Continuous monitoring of our IT infrastructure & Cloud environment.<br>• Yearly drills and assessment of disaster recovery facilities.<br>• Secured and controlled access to IT resources.<br>• Regular awareness programmes carried out on information security issues.<br>• External and internal IT audit (including yearly pen tests).<br>• Implementation of a robust cybersecurity framework.<br>• Network redundancy alternatives in place.<br>• A state-of-the-art data centre is present for any disaster recovery requirements.<br>• We are working towards obtaining the ISO 27001 certification on Information Security. | ⚙<br>✳<br>◎ | Medium | 🪙<br>◍ |
| 6 | **Legal and regulatory compliance risks** | On account of its diversified investment portfolio, the Group is subject to various laws and regulations in areas such as insurance, health and safety (including food security), tourism, telecommunication and media.<br>Non-compliance with those laws and regulations may result in license issues, disputes, litigations, severe fines and penalties. | • Strong governance structure in place that provides assurance on legal and regulatory compliance.<br>• The Group has an in-house legal resource, and also works closely with reputable law firms and other professional firms.<br>• Strong corporate culture of respecting and complying with all legal and regulatory requirements. | ✳<br>◎ | Low | 🪙<br>◍<br>👥 |
| | **Human Capital** | | | | | |
| 7 | **Talent management and succession challenges** | Our people are fundamental to driving our business performance.<br>We are facing a talent shortage, coupled with an inability to attract and retain key personnel and to secure backup resources for key positions as a result of:<br>• Being an unattractive employer.<br>• Wrong perception of the Group.<br>• Inexistent or inadequately defined HR policies.<br>• Poor talent management system.<br>• Lack of succession planning.<br>• Low employee engagement levels.<br>• Lack of investment in talent development. | • Implementation of a formal recruitment policy with clear guidelines.<br>• A yearly employee engagement survey is carried out and actions arising therefrom are being closely monitored.<br>• New HR policies have been defined pertaining to, amongst others, flexible working arrangements, diversity and inclusion.<br>• Implementation of a formal Talent Development programme.<br>• Creation and implementation of a formal Performance Management System.<br>• Implementation of an approved succesion planning system.<br>• Salary benchmarking exercise conducted every 3 years to ensure alignment with best market practices.<br>• Implementation of leadership development initiatives through coaching plans and individual development plans.<br>• Continuous investment to improve the work environment and therefore increase employee engagement.<br>• Creation of an HR committee at the Board level, which meets at defined intervals. | ⚙<br>✳<br>◎ | Low | 🪙<br>🚩<br>◍<br>👥 |

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# RISK MANAGEMENT

| Risks Relating to our Businesses and Industry | Description & Risk Context | Response To Risks | Strategies Impacted* | Risk rating | Capital(s) impacted |
|---|---|---|---|---|---|
| **Investment and Financial Risks** | | | | | |
| 8 **Financial stability** | All Group companies operate independently without undue reliance on corporate help for financing. All companies within the Group are expected to be self-financed.<br>Failure to secure financial stability is due to:<br>• Economic recession and unforeseen economic shock.<br>• Poor governance principles and strategies.<br>• Mismatch in the leveraging of debt between the holding company and subsidiaries.<br>• Absence of a dividend pay-out policy.<br>• Erroneous financial reporting and breakdown of internal controls. | • The Board's Strategy and Finance Committee meets quarterly to address financial planning and strategies.<br>• Issues pertaining to financial matters are addressed at different forums such as management meetings, Board meetings, committees and also during the Annual Operating Plan exercise.<br>• All projects are appraised through feasibility studies, which also include the assessment of proposed funding plans.<br>• A dividend payout policy has been devised.<br>• Financial internal controls are in place and assurance exercises are carried out to ensure their compliance and effectiveness.<br>• In the context of the Covid-19 pandemic, the Group including CJ, has assessed its immediate to short term financial resilience by stress testing its debt reduction plan, wherever applicable, starting with a deep review of its cash flow forecast for 2020. Appropriate decisions are being taken to ensure that each company is able to meet its obligations in the short and medium term. | ⚙<br>✳<br>🎯 | Medium | ⛁<br>🧍<br>◉<br>📡 |
| 9 **Portfolio mix** | A balanced portfolio mix is critical for the Group to average its risk exposure.<br>Our inability to maintain an optimal mix of investment is due to:<br>• A poor investment strategy.<br>• Unbalanced weightage of specific business activities.<br>• Risk appetite not conducive to growth and diversification.<br>• Corporate culture not conducive for innovation and business incubators.<br>• Long time to market.<br>• Lack of foresight. | • Diversification of revenue is one of the Group's major strategic directions and is subject to review on a regular basis at the Strategy and Finance Committee of the Board.<br>• Current strategies favour investments in Hospitality and Real Estate, while focusing on new segments within the existing Telecom & Media Business sector. | ✳<br>🎯 | Medium | ⛁ |
| **Industry (Sector) Risks** | | | | | |
| **Telecom & Media** | | | | | |
| 10 **Technology** | Technologies are evolving rapidly, giving rise to new consumption patterns, business models and competitors. CJ needs to ensure that it is sufficiently agile to respond to new customer expectations.<br>CJ could potentially fail to adapt to these rapid changes and evolutions in technology due to:<br>• Our inability to anticipate threats.<br>• Our inadequate and/or limited knowledge of the industry.<br>• The emergence and presence of disruptive players.<br>• Demographic shifts in our target customers and the new generation.<br>• Our inability to attract the right talent.<br>• Our inability to leverage technological strengths to improve internal processes and customer interfaces. | • Leveraging our network of international strategic partners and experts' knowledge of the industry.<br>• Adopting new technologies and building future-ready network capabilities to offer innovative products and services.<br>• Strong and resilient attitude of the management team.<br>• The talent development programme, which is in place, supports our ability to attract and retain high-calibre talents across the Group.<br>• Pursue the Group's digitalisation roadmap to address internal efficiencies and external interfaces. | ⚙<br>✳<br>♻ | Medium | ⛁<br>🧍<br>◉<br>👥<br>📡 |

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# RISK MANAGEMENT

| | Risks Relating to our Businesses and Industry | Description & Risk Context | Response To Risks | Strategies Impacted* | Risk rating | Capital(s) impacted |
|---|---|---|---|---|---|---|
| 11 | **Execution of strategic projects** | Failure to monetise investments and generate more value to the Group by not adequately identifying opportunities through industry verticals (e.g. IOT, e-commerce etc.). | • Dedicated team in place to address the evolving opportunities of digital transformation, which is impacting and disrupting all industries.<br>• Regular monitoring of the implementation of the various strategic projects. | ✳<br>🎯 | Medium | 🪙<br>🫆<br>👥<br>📡<br>🍃 |
| 12 | **Content rights** | The commercial success of the company depends on how consumers respond to various forms of content.<br>The risks associated with securing content rights are:<br>• Content providers are not able to renew their broadcasting rights.<br>• Unavailability of substitute content.<br>• Unfavourable pricing. | • Close monitoring of evolution of content rights internationally.<br>• Implementation of an adequate strategy for the management of rights.<br>• Support from and strong long-term agreements with our content providers.<br>• Seeking potential alternate channels and forms of content as and when required. | ✳<br>🎯 | Low | 🪙<br>🫆<br>👥 |
| 13 | **Trend in content consumption** | Risks associated with the shift in content consumption, from linear transmission to "catch up" and "video on demand". | • Respond to the shift in customer consumption patterns by providing innovative OTT products (On Demand Content - Play & My Canal) and leveraging broadband offerings.<br>• Implementation of a technology strategy aimed at providing content anywhere, anytime and on any device.<br>• Targeted investment in people, as well as building skills and the required infrastructure. | ⚙<br>✳ | Low | 🪙<br>👥 |
| 14 | **Content Piracy** | Technological advances and increased access to high-speed internet connections continue to enable computer, smartphone and tablet users to share content and facilitate piracy.<br>The illegal provision of free or paid content in Mauritius is due to:<br>• Technical and economic opportunities to provide such content/ services.<br>• Lack of monitoring by regulatory authorities. | • Monitor and track illegal content providers.<br>• Actions by telecom operators to ban access to illegal broadcasters in Mauritius.<br>• Seek assistance from and demand the intervention of the regulatory authorities. | ✳<br>🎯 | Medium | 🪙 |

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# RISK MANAGEMENT

| Risks Relating to our Businesses and Industry | Description & Risk Context | Response To Risks | Strategies Impacted* | Risk rating | Capital(s) impacted |
|---|---|---|---|---|---|
| **Real Estate** | | | | | |
| 15 **Attractiveness and competitiveness of our properties** | It is likely that the current structure, age and limiting factors of our existing properties may affect their attractiveness and competitiveness in the market.<br>As a result, we are faced with the following risks:<br>• Shift in customer preferences and behaviours (including migration).<br>• Evolution in competitors' offering.<br>• Poor accessibility to the property.<br>• The buildings are not technology-friendly.<br>• Change in the physical environment.<br>• Inability to comply with environment-friendly initiatives. | • Strategic review of the business and the environment are carried out regularly. Any changes required to adapt to the prevailing market conditions are considered.<br>• Our facilities management unit embraces Green Building initiatives. One of the Group's properties is even listed on the Stock Exchange of Mauritius Sustainability Index (SEMSI).<br>• Being a member of the Green Building Council Mauritius, management is kept abreast of the green and sustainability best practices in real estate development. | ⚙<br>✳<br>🎯<br>♻ | Medium | 🪙<br>🧠<br>👥<br>📡<br>🍃 |
| 16 **Development Strategy and implementation** | Our development strategy should ensure that it meets customer demands and the expected sustainable long-term returns. It is therefore essential that we build the right products that meet both their current and future needs. Their implementation should be timely, cost-effective and of good quality to maximise returns.<br>The risks associated with this objective are:<br>• Poor strategy.<br>• Cost overruns.<br>• Contractor and subcontractor failures.<br>• Market changes and vacant space. | • Development of the Group property assets is being planned in a phased manner, while ensuring attractive yields.<br>• The management team has been reinforced in order to redefine and implement new strategies pertaining to the property assets of the Group.<br>• Investment in property management software to bring in more efficiency in the management of operations. | ⚙<br>✳<br>🎯 | Low | 🪙<br>📡 |
| **Hospitality** | | | | | |
| 17 **External factors affecting the attractiveness of our destination** | The hotel industry is exposed to external factors that may impact our country's reputation as an attractive destination and affect management's ability to meet the company's business objectives.<br>The most significant risks are:<br>• Political instability.<br>• Extreme weather conditions and natural disasters.<br>• Increased attractiveness and competitiveness of other destinations in the region.<br>• Perception of being an expensive destination.<br>• Restrictive policy on air access rights.<br>• Human rights and environmental records.<br>• Threat of terrorism. | The Government has adopted the following measures to enhance the attractiveness of Mauritius and to protect our destination:<br>• Road shows.<br>• Promotions by airlines.<br>• A disaster and crisis management protocol in the event of natural calamities.<br>• Threats of terrorism are taken seriously.<br>• Insurance covers are in place to mitigate the losses associated with some of the aforementioned risks. | ✳<br>🎯<br>♻ | Medium | 🪙<br>🚩<br>👥<br>📡<br>🍃 |

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# RISK MANAGEMENT

| | Risks Relating to our Businesses and Industry | Description & Risk Context | Response To Risks | Strategies Impacted* | Risk rating | Capital(s) impacted |
|---|---|---|---|---|---|---|
| **18** | **Health and Safety risk** | Our aim is to maintain the appropriate health and safety standards for our guests and employees.<br>However, there is a risk that the outbreak of an epidemic occurs and seriously harms our guests and employees leading to a possible halt in operations. | • Standards and procedures are established across the Group on health and safety.<br>• Compliance with health and safety regulations is carried out regularly.<br>• Regular health and safety training.<br>• Business continuity protocol in place in case of crisis. | ✳<br>🎯 | High | 🪙<br>🧍<br>👥<br>📡<br>🍃 |
| **19** | **Market changes and competition** | Constant changes and evolutions in market conditions on the local and international front are affecting the industry. The company remains extremely sensitive to those changes.<br>The most significant risks emerging from these changes are as follows:<br>• New customer expectations and behaviours.<br>• Presence of disruptive new players such as Airbnb.<br>• Traditional competing destinations are becoming more attractive. | • Leveraging our Management Company's expertise to carry out a sustainable marketing strategy and to remain competitive.<br>• Constant focus on training and quality standards to remain aligned with international norms.<br>• The Anantara brand is already well-positioned as a wellness destination, particularly with a comprehensive extensive spa offering. We are currently strengthening our offering in the area of wellness, which is in great demand with modern travellers. | ✳<br>🎯 | Medium | 🪙<br>◎<br>🍃 |
| **20** | **Estates (villas) project risks** | Unfavourable market conditions resulting in lower demand for products. | • The first-phase villas are being marketed as part of the hotel's rental pool.<br>• Development is being planned in a phased manner to reduce exposure to overall market risks.<br>• Product positioning is based on extensive market analysis. | ⚙<br>✳<br>🎯 | Medium | 🪙<br>📡 |
| **21** | **Construction risks** | The development of the freehold property adjoining the hotel, which currently consists of villas and apartments, is being planned in a phased manner.<br>Consequently, we are exposed to the following risks:<br>• Cost overrun during the construction phase.<br>• Non-delivery of a quality end product by our contractors/ subcontractors.<br>• Delay in completion. | • Judicious selection of contractors and sub-contractors. Consultants with good track records have been appointed.<br>• Continuous monitoring of the construction progress with the main contractor.<br>• A procurement committee has been established to oversee tender exercises until final approval. | ✳<br>♻ | Medium | 🪙<br>👥<br>📡 |

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WE USE WHAT WE HAVE LEARNT IN THE PAST AND IN THE PRESENT TO CREATE SOLID **FUTURE-READY STRATEGIES** THAT ADDRESS THE CHALLENGES OF TOMORROW.

**ANIL C CURRIMJEE,**
Managing Director

# MANAGING DIRECTOR'S *Message*

## Dear Shareholders,

## It gives me immense pleasure to present to you an in-depth review of Currimjee Jeewanjee's value creation story, which covers both the financial and non-financial elements of our performance in 2019.

### Our operating context

This was a year of many developments for Mauritius, during which the incumbent government secured another five-year term during the general elections in November 2019. These results suggest there is likely to be a certain continuity in policies over the next five years, which is key in maintaining our economic stability and a sense of social cohesion in the country.

Amid a global context marked by trade wars and major interest rate cuts by the American Federal Reserve, Mauritius achieved a steady 3.6% GDP growth in 2019, largely driven by the ICT sector and investments in infrastructure and construction projects. In contrast, certain indicators remain alarming: tourism remained on a sluggish trend, public debt levels rose to 68.7% of GDP (from 66.2% in 2018) and the budget deficit stood at 3.2% of GDP.

As I write to you today, the outbreak of Covid-19 in early 2020 has altered the world landscape. It has also exposed the fragilities that exist in today's interconnected global value chains. And while lockdown measures and travel restrictions have been fundamental in saving lives, they have also triggered supply and demand shocks, shaking up economies and societies worldwide.

In Mauritius, where the population was placed under national confinement since March 2020, the government's stringent lockdown measures have proven successful. I am deeply thankful to our frontline workers, from the healthcare professionals who worked around the clock to the thousands working in different other sectors, who kept Mauritius going through the lockdown. On the downside, key sectors like tourism, BPO and textile—which were already under immense strain before the virus struck—have come to a standstill; unavoidably, our debt burden and unemployment indicators will soar, trade is projected to plummet and our local SMEs will face a host of challenges they may not be prepared to tackle. The environment will be difficult despite the phased plans put in place by the policymakers to reopen the economy.

### Confronting Covid-19 at Currimjee Jeewanjee

The Group's leadership team demonstrated incredible commitment and perseverance as they led the swift response to Covid-19, without missing a beat.

Two principles guided our actions from the onset: we focused on ensuring the immediate health and safety of our employees, while striving to provide the same level of service to our customers remotely; the second was our ability to stay grounded in our set of values, the same ones that have guided us since 1890. The crisis was our moment of truth. I look back with pride and can affirm that while a lot has changed during this pandemic, our core values have not. Staying true to our purpose has been more important than ever, and they will continue to serve as our North Star going forward.

At the same time, we became aware of our unique position and responsibility to continue providing vital services that our citizens and customers rely on. I am extremely proud of our TMIT cluster's first responder mindset in these extraordinary circumstances. Team members at Emtel were mobilised to address the surge in network traffic as a result of the shift to remote working and people staying at home. Understanding the importance for Mauritians to stay connected to their loved ones, school and work, Emtel did not terminate service to any individual or business unable to pay their bills, whilst our other companies in the cluster ensured that their

# MANAGING DIRECTOR’S MESSAGE

services were made available to our customers and that all customers received the necessary support required. Never before have I been more conscious of our collective sense of purpose and resilience.

**Advancing our strategic priorities**

I am pleased to report that during the year under review, we made great progress in driving our strategic agenda, based on four pillars, which sets the course for CJ’s long-term vision. Some of our key achievements in advancing CJ’s strategy during the year are:

- ***Build organisational strength and achieve operational excellence***

Our organisational success is linked to a strong set of values and purpose. But without our team members’ buy-in, these concepts fall short. The centralised HR and Communication functions have been instrumental in developing a culture in which our all our business units are aligned around a common vision. With a clear understanding of how their individual roles contribute meaningfully to the Group’s broader goals, our team members are inspired to go the extra mile.

Over the years, HR has shifted from a purely administrative role to a strategic one that contributes to business growth through four pillars: Organisational Efficiency, Employee Engagement, Talent Management and Learning & Competence Development.

HR is also responsible for managing, developing and retaining our talent. During the year, we conducted a number of training and development programmes aimed at upskilling our team members, helping them reach their full potential and grasp better career opportunities within the Group. Furthermore, our senior leadership team, together with our younger high-potential leaders, took part in a year-long structured development programme which revealed to be a great opportunity to not only hone their leadership skills, but also for the team to share cross-unit insights and reaffirm their belief in the values that form the bedrock of our organisation. Above all, these programmes are a way to nurture our young talent, equip them with the skills they need to take on leadership roles in the future and strengthen our long-term talent management and succession plans.

These activities were also accompanied by a formal plan driving Engagement. Our efforts were vindicated by the Group’s employee engagement score for 2019, which rose to 68% (compared to 61% in 2018). These results surpass the national average, while seven of our business units individually scored higher than the worldwide average. This is a tremendous accomplishment, one that tells me that we are investing in the right people strategies that will lead to further building the success of CJ over the coming years.

Following Le Nénuphar’s transformation into a more inspiring space, supporting our strategy to build a stronger organisation and in line with our values, we refurbished and modernised our corporate office in Port Louis. Our new work environment fosters a heightened sense of wellbeing and more cross-functional collaboration, and will help drive even more engagement.

Digitalisation is another focus area that positively impacts employee engagement and the customer experience. We continued to invest in technologies that optimise processes and increase overall efficiency at the Corporate level and within our subsidiaries. An e-procurement application was deployed to standardise procurement practices across all subsidiaries, thereby leading to gains in time and productivity. Ultimately, our investment in developing our Human Capital, focus on the Engagement of our team members and Digitisation of processes will enable us to deliver superior customer experiences through a customer-centric strategy that permeates the whole Organisation.

- ***Diversify our business portfolio and invest for future growth***

Driven by our vision to establish CJ as a more focused organisation, we exited our non-core businesses, Cheribinny and Multicontact. Exiting a business is a challenging decision to confront, but a clear sense of priority is driving us to focus our resources in our core businesses and shape our portfolio on more high-value, future-oriented activities where we can build scale and make a difference.

Technological innovation is blurring the boundaries that once separated the telecommunications and media industries. Both telecom and media companies are facing challenges that necessitate reinventing their organisations, their business models and their products and services.

We have addressed this challenge by making a major strategic move with the support of our partners Airtel and Canal + International that fuses the complementary strengths of Emtel and MC Vision, both companies with a strong legacy of innovation. In December 2019, Emtel reached an agreement with CJ to purchase its stake in MC Vision. In February 2020, Emtel successfully completed the transaction, combining MC Vision’s vast portfolio of premium content and customer base with Emtel’s unmatched infrastructure and customer base. After years of progressively converging both companies’ products, services and teams, I am confident the transition to a new structure will be smooth and will enable Emtel and MC Vision to ride the challenges, and more importantly, to embrace the opportunities for new products and services.

CJ Corporate Head Offices in Port Louis

In parallel, we completed two redevelopments in our Real Estate cluster that greatly enhance the yield on these properties. We completed the transformation of Phoenix Central into an office destination, while Quay 11, our retail and food destination in the heart of Port Louis, opened its doors in July 2019. During the year, we appointed a group of consultants to guide us on restructuring the ownership of our properties within the cluster so as to achieve our objectives of greater scale and value in our Real Estate Cluster. Having onboarded a new CEO for the cluster, we now have the leadership in place to drive our objectives in the Real Estate cluster.

Our entry into the Hospitality sector marks a major milestone for CJ on several fronts. Our uphill battle in court, and subsequent victory, is a testament to the strength of our values and sincerity of our intentions. Despite these initial challenges, we successfully opened Anantara IKO Mauritius Resort & Villas in September 2019. The operation of Anantara IKO Mauritius Resort & Villas will support our development plans for the land we own adjoining the resort and will enable us to monetise our land assets.

- ***Rebalance the financial structure of CJ Group***

CJ’s approach to risk management has always been prudent, cautious and responsible. But as a Group that continues to grow quickly, we have incrementally concentrated our debt at the Holding level.

In line with this strategic objective, we have made strides in implementing our debt restructuring plan, which entails reducing and rebalancing our debt at the Holding level and distributing our exposures more evenly across our subsidiaries, all of which have leveraging capacities. In early 2020, CJ completed the transfer of its shares in MC Vision to Emtel, generating a significant amount of cash flow as a result. This has been instrumental in helping us achieve our goal of strengthening our businesses for sustainable growth, while also reducing our debt at the corporate level.

- ***Pursue growth through a long-term commitment to environmental stewardship***

The need to address the growing challenges of climate change, resource scarcity and inequality is urgent. Sustainability, far from being a ‘box-ticking exercise,’ is a business imperative. As a family-owned business, the concept of sustainability and stewardship for future generations comes naturally to us. To this end, we have embedded sustainability into our business model in a way where it permeates our day-to-day operations and behaviours. Our Group-wide Environment and Sustainability (E&S) agenda, which we developed in 2013, provides strategic direction to our clusters and subsidiaries, all of which are committed to integrating these policies and practices into their operations.

During the year, our businesses made great progress on the path towards sustainability. Our key areas of activity, like rigorous waste management policies, paperless offices and the increased use of solar panels and renewable energy, are aligned with the UN’s Sustainable Development Goals. More information can be found on pages 126-143.

CJ has always stood by our communities in good and bad times, and this year was no different. We carried out our CSR activities through the Currimjee Foundation and Group Companies, disbursing close to Rs 10.6M across five areas of intervention (page 131). Our staff are highly involved members of our communities and play a pivotal role in driving our CSR agenda, turning it into a true set of lived values.

**Highlights of our performance in 2019**

The implementation of our long-term strategy has borne fruit, with CJ recording positive growth for 2019. Group turnover grew by 3% to reach Rs 5,016 million. Though this growth is slower than in previous years, it reflects the growing competitive pressures we are facing, the divestments from Cheribinny and Multicontact and the disruption of Emtel and MC Vision’s traditional revenue streams

# MANAGING DIRECTOR'S MESSAGE

as a consequence of changing consumer behaviours.

Net profit grew by 4% to Rs 438 million, again a lower growth compared to the previous year, mainly due to a slow start in our hotel operations, the costs of MC Vision's new content rights and on-demand platform amounting to Rs 108 million and a Rs 43 million loss on divestments. These losses were, however, offset by a notable appreciation of our freehold land in Le Chaland, valued at Rs 240 million. Despite the pressures we are facing, we take comfort in having been able to meet our strategic milestones, which sets a strong foundation for the future and will fuel faster growth in the years to come.

Our TMIT cluster performed well overall, despite a larger than expected drop in roaming and voice revenue at Emtel. However, growth in other segments such as the enterprise market, broadband and data have compensated for the loss in revenue in these traditional lines. True to its spirit of relentless innovation, Emtel has rolled out new products and services, and invested heavily in upgrading its network infrastructure to prepare for growing demand for high data volumes—even more so in the wake of Covid-19. (More information on page 96-97.)

Likewise, MC Vision launched the new Ultra 4K decoder and PLAY, upgraded the MyCanal application and now offers an à-la-carte option to viewers rather than pre-designed bouquets. These innovations, in conjunction with the new on-demand platform, the renewal of its contract with Canal+ and its new structure within Emtel, will position both companies to achieve their content aggregation strategy (please refer to page 98-99.)

Anantara IKO Mauritius Resort & Villas was launched both on time and below budget. However, the operating performance was below expectations. Furthermore, the timing of our opening was inopportune, with Covid-19 breaking out only a few months later. Our hotel is expected to tentatively close its doors until September 2020, but our team is keeping a pulse on the rapidly evolving landscape and proactively preparing for all possible outcomes once travel resumes. As an organisation that always has a long-term view, we are confident in our ability to lead this investment to profitability.

As mentioned above, we made good progress in repositioning our portfolio of properties, with our Real Estate cluster performing well and contributing to CJ's increase in profits. Quay 11 is particularly meaningful to us as it presents an opportunity to revitalise our capital, a goal we have been pursuing for many years. Phoenix Central's repositioning has also led its occupancy rate to climb to 80%, which leaves me with a sense of confidence that the development of these mixed-use spaces will lead to greater scale and higher yields in the cluster.

In the Energy cluster, Total Mauritius experienced a 5% increase in its sales volume in 2019, largely driven by the retail and aviation segments. However, the decline in fuel prices led to a 0.6% drop in revenue over 2018 to reach MUR 8,046 million and net profit after tax for the year 2019 decreased by 15% to MUR 154 million. Ceejay Gas Ltd, for its part, saw a 1.7% increase in revenue to reach MUR 324 million, with a stronger operating performance, while net profit decreased by 25% as a direct result of the adoption of new accounting policies.

**The way forward**

As we look ahead to 2020 and beyond, much is uncertain. Covid-19 is impacting how we live, how we interact with people and how we work. Although Mauritius has been successful in flattening the curve at an early stage and becoming Covid-free as early as May, we now have to face the far-reaching consequences of the virus on our economy and society. Our manufacturing, construction and tourism industries have come to a brutal halt and may not return to pre-Covid-19 levels for at least 18 months. Unemployment, bankruptcies and other socio-economic hardships will be features of our world. I do believe Mauritius will emerge from this, but one thing is clear: no one country or company can solve this challenge alone. It will take a concerted effort to weather the storm and above all, ensure that our recovery is socially inclusive.

Following the outbreak of Covid-19, the Government set up a National Covid-19 Solidarity Fund to provide financial relief to the most vulnerable populations. On top of our contributions to the National Fund, CJ made the decision to scale up its efforts to support our workforce, their families and the regions in which we operate. This took the form of the Currimjee Covid Relief Fund, which supports our communities' needs in the areas of food and health. We have also encouraged our team members to join in the relief efforts. CJ has pledged to match all employee contributions at a one-to-one ratio, contributing Rs 1 for every Rs 1 donated to double the impact of each contribution. I am overwhelmed by the generous philanthropic response and have no doubt we will reach our goal of raising Rs 8 million to help our hardest-hit communities emerge stronger.

**Preparing to rebound**

*When* we rebound may be dependent on how long the downturn persists, but *how* we rebound must be planned now. Our recovery strategies are planned in three phases and will be critical in setting the course for future growth:

1. Our most pressing concern was to manage the immediate implications of the crisis by ensuring the wellbeing and safety of our people and customers. As our country and organisation grapple with social hardship, we have taken and intend to continue taking the necessary steps to protect our employees' livelihoods and support those who are bearing a disproportionate share of the burden. We will continue following best-in-class international and local guidelines, from social distancing and temperature checks, to increased sanitation measures and the digitisation of as many processes as possible.

2. Next, business continuity and the smooth running of our operations is critical. Our teams have reviewed their plans until the end of 2020 to ensure that we have the resources to continue operating optimally and maintain our productive capacity, despite an adverse economic context and factors like physical distancing. Our strategy remains fit for purpose, which is why we will continue to rely on our core strengths and execute our proven four strategic pillars as we prepare for a rebound. Our efforts made in building scale in our three key clusters—TMIT, Real Estate and Hospitality—have yielded positive results. Today, the milestones achieved over the last years will continue to support our businesses and enable us to address both current and future challenges. In particular, our investments in our leadership, teams and engagement will enable us to make headway with greater confidence.

3. We are also looking beyond resilience into what's next and how we reframe the new normal beyond the crisis. Our teams are considering new customer expectations, and in response, are exploring new avenues for growth, adapting our existing products and services, evaluating new products and services, and reviewing our business model. Technology has emerged as a common denominator for most businesses in these times and CJ has a valuable opportunity to capitalise on our clusters' collective strengths, particularly the wealth of experience within the TMIT cluster on leveraging technology for improved business models and customer experiences

> “Together, we will get through this and take CJ to greater heights.”

Reframing the new normal beyond the crisis has taken the form of an approach that spells out “CARING”: we aim to be more “Customer-Centric” through greater “Collaboration”, “Align” ourselves around a common vision and remain “Agile” in navigating change, “Reinvent” our products and services and how we work, while “Reinforcing” our values and purpose, “Inspire” one another to go the extra mile for the customer and take new “Initiatives”, remember our duty towards our “Nation” and support those undergoing hardship, and finally, emerge with a “Growth” mindset as we embrace new opportunities and leverage our collective strengths as a “Group.”

This CARING approach is not only a testament to our history, values and resilience, and a reflection of how our values guide our behaviors, but also charts the path forward as we look to embrace new opportunities. Today, we aren't what we were five years ago. And five years from today, we will have evolved further. This is the essence of Currimjee Jeewanjee, and this is what will keep us going long after Covid-19 has been quelled.

**Appreciation and acknowledgments**

I would like to thank our Board of Directors for their support, guidance and counsel throughout the past year and in these unsettling times. I feel fortunate to be surrounded by such a diverse, supportive and experienced team.

I am extremely grateful to the Group's leadership team for their selfless commitment, availability and leadership over the last year and especially throughout the crisis. They have led and steered the Group to new heights in 2019 and through a very difficult period during the first few months of 2020. Their leadership, dedication and passion will be instrumental in propelling us forward.

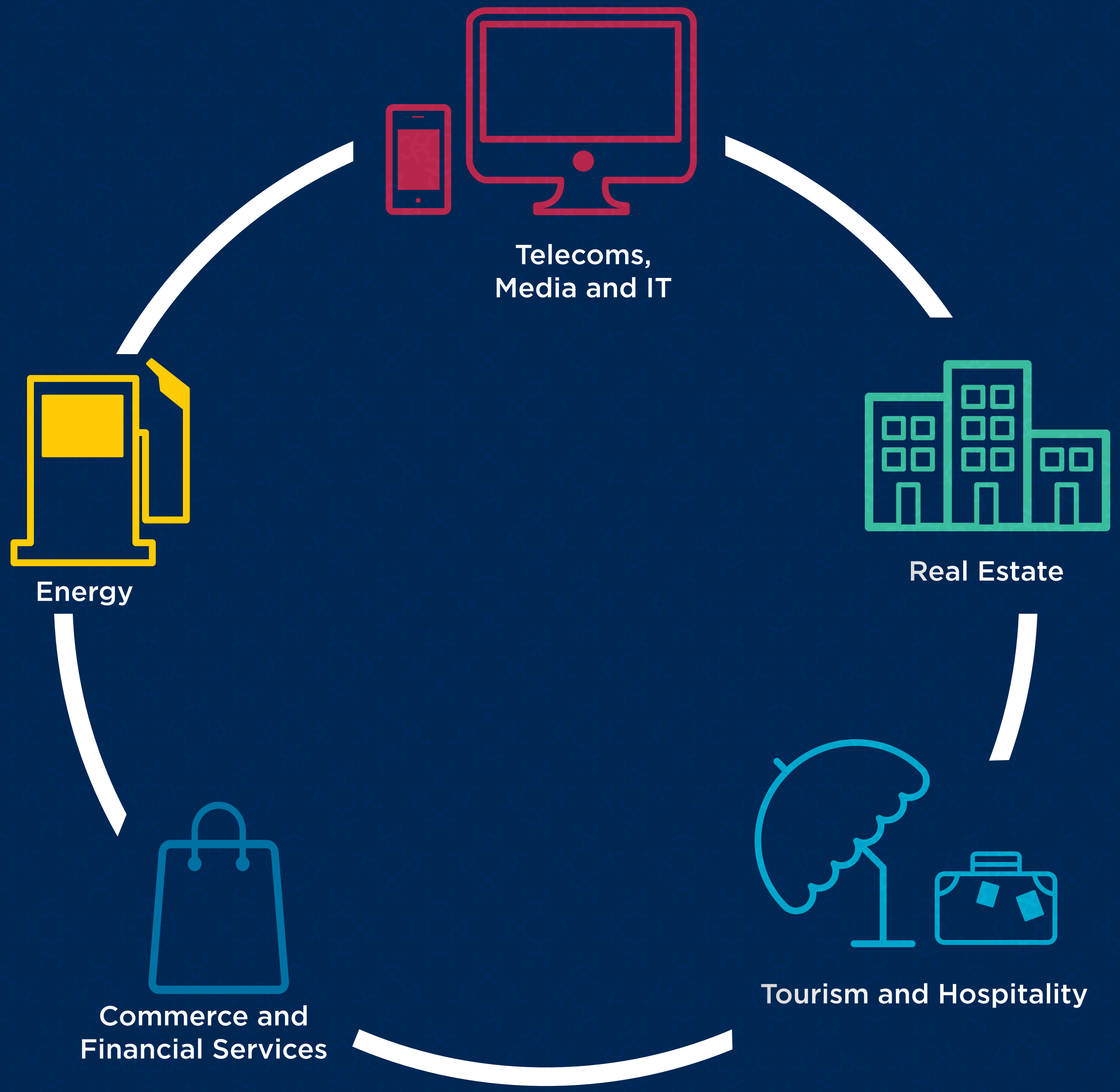
These troubling times have brought out the best in many. I have seen our team members across CJ come together and harness their collective strength to confront this situation. To all of you: I am grateful for and proud of your resolve, hard work and sense of community. 2020 will surely go down in our company's history for the many ways in which you have played your part in supporting citizens in a time of need. Our purpose, “Together, building a better tomorrow through a value-driven culture,” rings truer than ever.

Currimjee Jeewanjee has the right people, business model, capital, strategy and partnerships it needs to realise its ambitions. In the meantime, stay safe and stay healthy. Together, we will get through this and take CJ to greater heights.

**Anil C Currimjee,**
**Managing Director**

# SECTOR OUTLOOK

## Strategies & performance



# TELECOMMUNICATIONS

## Media and It

# TELECOMMUNICATIONS, MEDIA AND IT
# CLUSTER PERFORMANCE, OUTLOOK AND STRATEGIES

In 2019, the cluster's turnover grew by 2% over 2018 to reach Rs 3.08BN. This slower growth is partly explained by the exit from the BPO business in early 2019.

The cluster's operating profit was negatively impacted by the exit of Multi Contact and the higher costs of the renewed contracts with key content providers at the level of MC Vision in 2019. However, Emtel recorded an increase of 14% in its operating profit as a result of higher penetration in the enterprise, data and home broadband markets. In addition to this, both Screenage and Currimjee Informatics improved their operating performance compared to last year. The cluster's operating profit for 2019 reached Rs 995M compared to Rs 1.04BN in 2018.

## EMTEL

### OPERATING ENVIRONMENT IN 2019

- Growth in the mobility market in Mauritius is slowing, with mobile subscriptions increasing only by 0.2% between 2018 and 2019. However, consumers worldwide, Mauritius included, continue to show an insatiable appetite for mobile data, a trend that shows no sign of abating. As mobile, free WiFi and OTT Apps become increasingly pervasive, mobile internet usage has trickled into the everyday lives of smartphone users.
  While our number of data users has been increasing at a very quick pace, the related revenue increase has not been sufficient to offset the decline in revenues from traditional services (Voice, VAS and SMS). The competitive and regulatory environment has become more challenging.
- The advent of 5G is ushering in a world of opportunities and challenges for telecom providers. It is still in its nascent stages, but we are already studying the launch of 5G in the foreseeable future. 5G is poised to disrupt industries and give rise to innovative new products and services thanks to its promise for fast speed and unprecedented level of connectivity, but this also necessitates extremely high levels of capital expenditure.
  This shift requires businesses to undertake large-scale transformations to prepare for a new network paradigm: technology and network upgrades, new business models and cost-effective offerings.

### OUTLOOK AND PRIORITIES IN 2020

- As we prepare for the rollout of 5G, we intend to make further capital investment in future-proofing our network infrastructure and developing the capacity to manage the complexities of managing 2G, 3G, 4G and 5G simultaneously.
- While we are progressively reaping the benefits of our diversification strategy in our three core market segments, we still have potential to grow in the home and mobile data segment. As second entrants in the enterprise market, we made notable headway in 2019 and are aiming for even further growth over the next few years, supported in large part by the submarine cable that will come into service towards the end of 2020. The METISS consortium is expected to boost connectivity in the region, enhance business operations across industries and connect the economies of the Indian Ocean islands. Increased convergence between telecommunication and media companies will necessitate greater collaboration between Emtel and MC Vision, as well as the development of skills to support this convergence. In line with the worldwide trend of telecom and media companies coming together, Emtel has acquired a majority stake in MC Vision. We are certain that this strategic move will bring greater synergies and a better customer experience in a world where content is becoming key and mobile communication is part of everyday life. We aim to focus on upskilling our employees so they can quickly adapt to the changing needs of our business.
- We aim to fully ban single-use plastic in 2020, both in our head office and showrooms.
- All the major industries of the world are currently dealing with the devastating effects of COVID-19. From manufacturing to marketing, early 2020 has started to see shifts in the way businesses and organisations operate in the wake of this unprecedented event. At Emtel, several measures have been taken for our employees, customers and other stakeholders, including our business partners, to mitigate the risk as well as to ensure business continuity.

| Performance in 2019 | How it contributes to the Group strategy |
|---|---|
| Remaining relevant in an ever-evolving market requires relentless innovation. In this spirit, we refreshed our brand in September 2019, adopting a new philosophy, Feel Free, that demonstrates our promise to offer our customers limitless possibilities via an unlimited portfolio of products and services. | ⚙<br>✳ |
| 2019 was a year of increased synergies between the TMIT cluster's various companies. In the home Internet segment, we worked in close collaboration with MC Vision for our product offering, as well as in customer-facing areas of the business. Together, we introduced PLAY, the only of its kind Video on Demand Service in Mauritius with over 20,000 types of content. Additionally, this increased collaboration between Emtel and MCVision has enabled customers to also access Netflix' vast library through the PLAY product. | ✳ |
| Following the introduction of unlimited mobile data in 2018, a trailblazing move in our industry, we now provide unlimited plans across all our channels, further enhanced by custom-designed packs for home users, mobile users and businesses. | ⚙<br>✳ |
| We embarked upon a diversification strategy, continuing to enhance our current offerings and expanding into new market segments. In 2019, we increased our fibre reach to our sites, presenting an opportunity for us to steadily penetrate the enterprise market by extending our fibre to businesses. We introduced new enterprise solutions in the areas of network infrastructure, security and data and cloud services. As a result, our enterprise segment saw a decent growth in terms of customers and revenues. | ✳ |
| We also gained ground in the home market, to whom we provide high-speed WiFi and unlimited Internet.<br>Today, we provide high speed unlimited internet to more than 55,000 homes. | ✳ |
| As we strive to meet the demands of 5G, we recognise the urgent need to meet the prerequisites for its deployment, particularly when it comes to supporting the exponential increase in network demand, data volumes and power efficiencies. We made substantial investments in laying the building blocks to facilitate the transition to 5G by expanding our fibre capacity across all our sites. As announced last year, we also made great strides in building the high-speed METISS broadband cable in collaboration with other regional operators. Once the cable is fully operational in late 2020, it will offer even more submarine cable capacity and redundancy on cable routes out of Mauritius, thereby enhancing Mauritius' connectivity with the world. Members of the consortium are also expected to experience substantial economic and social growth, preparing the region for the data demand in the future. | ✳ |
| We continued to focus on digitalisation and business efficiency to strengthen the foundation upon which our offerings depend. We streamlined our customer-facing processes by emphasising contactless support to be able to offer the high-quality, efficient, reliable and prompt service that our customers have come to expect. Alongside this, we worked on improving the user-friendliness of our mobile app and refreshed our website in November 2019 with the aim of offering a seamless customer experience across all our channels. All these enhancements were in line with our refreshed tagline, 'Feel Free,' so as to allow customers to live the experience. | ⚙ |
| In line with CJ's human resource strategy, developing our talent forms a critical part of organisational effectiveness. Managers underwent "Leading for the future" training, which equips the next generation of leaders with the skills and knowledge they need to thrive in the future. We also engaged in a results-based leadership program for senior management that includes mentorship and a personal development plan, alongside a project work that extended over 9 months. | ⚙ |
| Emtel contributes to the Group-wide sustainability strategy to a great extent. In 2019, we embarked in our project 'Say NO to plastic' across the company and enforced the 3 Rs: Reduce, Reuse, Recycle. Our endeavours apply not only to our employees, but also to our suppliers, whom we encourage to adopt greener practices.<br>While our main office is equipped with recycling depots for plastic bottles, each Emtel showroom has collection points for e-waste—batteries, cables, old phones—resulting in the collection of almost 700 tonnes of electronic items last year. In partnership with Mission Verte, we have extended these collection points beyond our showrooms. More information about our sustainability initiatives and ongoing partnerships with NGOs can be found on our website www.emtel.com. | ♻ |

⚙ OPERATIONAL EFFICIENCY ✳ BUSINESS PORTFOLIO MANAGEMENT 🎯 FINANCIAL RISK MANAGEMENT ♻ SUSTAINABILITY FOCUS

# TELECOMMUNICATIONS, MEDIA AND IT

# CLUSTER PERFORMANCE, OUTLOOK AND STRATEGIES

# MC VISION

## OPERATING ENVIRONMENT IN 2019

- In recent years, traditional Pay TV and linear TV began experiencing the "cord-cutting" phenomenon, with a growing number of consumers favouring non-linear forms of content like video streaming services. With faster and more reliable Internet connections, coupled with the proliferation of smartphones and other streaming devices, consumers can watch TV on any screen. Today, the streaming industry is more competitive than ever and consumers are spoilt for choice: established global streaming giants Amazon Prime and Netflix are facing new heavyweight entrants such as Apple and Disney. This trend has given rise to great challenges and greater opportunities: the challenge with new players launching means that viewers have to pay for yet another subscription in a time where they are already overwhelmed by multiple services; the upside, for CJ in particular, is the rise of tactical partnerships between the content and broadband industries.
- The increased and widespread availability of video streaming has shifted consumer habits to a point where video entertainment is a mainstream consumer activity. As streaming offerings become more convoluted, subscribers are enticed away from legitimate services towards grey services, creating a climate in which piracy has flourished: the quality of pirated content has improved tenfold and consumers have instant access to new movies and TV series—for free. This new form of illicit competition poses a daunting challenge for operators, who are revisiting their business models to stay ahead of legal and illegal competition.
- The local market has experienced a gradual revolution over the years, evolving from terrestrial TV, via satellite and continuing the mutation towards OTT television (television by 'Internet'), at the same time moving from analog to digitalisation. Currently, for a potential of 300,000 households, five companies offer Pay TV. Our national television has also had to follow the trend by moving from analog to digital broadcast. The market is more dynamic than ever and relies heavily on the ability of service providers to adapt to technological requirements in a very short time. At the end of 2019, the penetration rate of pay television in homes stood at 87%. The sector is dominated by MC Vision and my.t, which control nearly 80% of the market. Parabole Maurice and DSTV share less than 3%. The remaining households do not subscribe to pay TV.
- With the democratisation of the Internet, access to content broadcast by OTT is made easier, which provides more opportunities for service providers to innovate in this sector. To date, some 80% of households are connected to the Internet. The market is constantly reinventing itself in order to offer mobile content (ATAWAD: Any time, Any Where, Any Device) to subscribers. Broadband Internet offered by the two main providers, notably, my.t and Emtel, is expanding with offers of up to 100 MB.
- The mobile phone penetration rate is more than 152% in Mauritius. Mobile Internet offers have also diversified, increasing the use of mobile phones and tablets as a medium for video content.
- The emergence of new data products have also led to a convergence between the content and broadband industries, giving rise to new forms of content (linear and non-linear) and to new ways content is being consumed. The consumer business of Emtel and the Pay TV business of MC Vision are therefore working in collaboration. OTT-era media companies must partner with OTT providers to bundle their services with connectivity subscriptions, as 5G is set to roll out and viewing over the internet becomes mainstream. As the market evolves towards unlimited content, not surprisingly, content costs are increasing substantially and directly impacting margins since the industry, in the face of aggressive competition, is unable to increase prices.

| Performance in 2019 | How it contributes to the Group strategy |
|---|---|
| 2019 was a critical year for MC Vision, during which we launched a series of innovative products. As global viewers increasingly use devices to access content, cross-industry collaboration emerges as the solution. It became evident to us that leveraging our relationship with Emtel would combine compelling content with world-class connectivity, allowing us to capture new customers. To this end, we implemented major projects in collaboration with Emtel in 2019:<br>– The new 4K-Ultra HD decoder now enables viewers to access over 20,000 types of content (films, TV series, documentaries, cartoons) on demand, at any given time. The image resolution is unparalleled, making for an immersive viewing experience.<br>– PLAY, which we launched last year, works in complement with the decoder and grants viewers access to over 20,000 types of content, including Netflix's entire library. With over 20,000 subscribers since its launch, PLAY is meeting Mauritians' growing appetite for on-demand content through an enhanced customer interface and unmatched viewing experience.<br>– While the delivery of our on-demand content was previously routed through Paris, we recognised the need for a flexible and scalable CDN solution capable of handling multi-screen bandwidth consumption, without disrupting Internet service for our users. MCV's state-of-the-art CDN is now based locally, enabling us to meet our consumers' demand for video, while delivering superior customer service.<br>– We created shared showrooms between MC Vision and Emtel, in which we showcased a variety of both companies' products and collective capabilities. After the success of our first common showroom last year, we believe that continuing to harness our synergistic capabilities will most benefit our discerning customers. | ✳ |
| In addition to new services, we also worked on delivering more value through our current offerings:<br>– We upgraded our MyCanal application with new features enabling subscribers to access content on their tablet or mobile, at home or on the go. Content can even be downloaded and viewed offline.<br>– While our bouquets were previously pre-designed, often resulting in customers only watching a small percentage of channels, customers are now offered greater flexibility via an a-la-carte approach: channels can be individually selected based on their preferences and needs.<br>– After much perseverance and collaboration with Canal+ International, we are pleased to announce we now offer Bollywood Replay since December 2019, with over 1,500 Indian movies available. Bollywood Replay is an in-house offer for the local market, developed with content brought by MC Vision and made available on PLAY supported by Airbox over Emtel's network. It is currently one of our most watched content. We seek to further expand catalogue in the very near future through the addition of Replay content from other exclusive Indian channels. | ⚙<br>✳ |

⚙ OPERATIONAL EFFICIENCY ✳ BUSINESS PORTFOLIO MANAGEMENT ◎ FINANCIAL RISK MANAGEMENT ♻ SUSTAINABILITY FOCUS

# TELECOMMUNICATIONS, MEDIA AND IT
# CLUSTER PERFORMANCE, OUTLOOK AND STRATEGIES
# MC VISION

| Performance in 2019 | How it contributes to the Group strategy |
|---|---|
| MC Vision contributes to CJ's sustainability strategy by phasing out paper in favour of digital tools as much as possible. Subscribers can now sign their contracts digitally and make payments online. We are also dedicated to discarding our decoders and computers in a responsible way, which we carry out in collaboration with a Reunion-based company specialising in the management and recycling of e-waste. Please refer to pages 126-143 for more information about MC Vision's sustainability actions. | ⚙<br>♻ |
| At the end of 2019, MC Vision had 226,818 Facebook fans. With the evolution of media tools, our communication strategy is bound to evolve from conventional methods to faster responses over digital platforms. | ⚙ |
| In 2019, we renewed our contract with Canal+ to secure our long-term partnership for the years to come. | ⚙ |
| We have secured our sports rights for the next years, including Champions League, English Premier League, LaLiga, Serie A, Ligue 1 and Europa League. | ⚙ |
| We are pursuing our digitalisation journey emphasised in 2019 with the aim of modernising our processes and facilitating access to products and services to our subscribers. In 2019, we moved to electronic contracts, focused our efforts on e-payment modes, and automated our Direct Debit management process, electronic document management and electronic procurement processing, amongst others. | ⚙ |

⚙ **OPERATIONAL EFFICIENCY** ✳ **BUSINESS PORTFOLIO MANAGEMENT** 🎯 **FINANCIAL RISK MANAGEMENT** ♻ **SUSTAINABILITY FOCUS**

## OUTLOOK AND PRIORITIES IN 2020

- The challenges and opportunities brought by 2019 have shaped the priorities of 2020. Following a year focused on new services and innovations, we will concentrate our efforts on enhancing the customer experience while striving to achieve our sales targets. After the launch of new products and services, the next step is to ensure their adoption by a maximum number of consumers. This begins with continuously educating users on the features and value of our products. We aim to achieve this through a more comprehensive communication strategy, which includes a stronger presence on social media channels.
- After successfully bringing Netflix to Mauritian viewers, we are seeking out collaborations with other global partners in pursuit of our content aggregation strategy. We have made Netflix accessible to PLAY subscribers through the 4K-Ultra HD decoder, supported by Airbox, opening access to some 20,000 subscribers, which represents 18% of our overall customer base. In our quest of ever enriching our content, we are further expanding the Bollywood Replay catalogue and integrating Disney+ in our offers as from October 2020, our goal being to eventually offer every streaming service in one single place.
- Employee engagement is at the core of our priorities and in 2020, we will reinforce our employee engagement-driven actions that will support the development of our people and the whole organisation.
- We are working closely with RBL Group consulting services to strengthen our operations, by rethinking and capitalising on the customer and stakeholder perspectives that are more significant to our business. Our increased cross-industry collaboration with Emtel also invariably requires our teams to acquire new skillsets. Through formal mobility training, our employees will be equipped with the right skills and resources to seamlessly transition from one company to the other, helping the TMIT cluster realise its ambition of fostering more synergies between its activities.
- The outlook for 2020 is optimistic. Our success will depend on the following factors:
  - 'The Customer' - improving customer relationship management and customer satisfaction through an improved customer experience.
  - Our ability to communicate and sell new products/services by differentiating ourselves from the competition and using the attractiveness of the new 4K Ultra HD decoder and nonlinear content.
  - Pursuing our digitisation projects that will contribute to an enhanced customer experience.
- Nevertheless, 2020 will bring its share of challenges in terms of cost management, particularly given the increasing content costs. We will rely on product and service development and improvement to allow us to contain the costs and maintain the financial health of the company.
- As the world faces the Covid-19 pandemic, MC Vision has been on the forefront of the crisis and undertook adequate courageous strategic decisions through a focused upstream preparation. For instance, we ensured continuity of our services from the very onset, established a virtual Contact Centre to maintain prompt customer service and made all channels accessible to our subscribers.
  We are fully aware that the aftermath of Covid-19 will have a heavy impact on our business as uncertainty looms over many sectors. This can lead to less disposable income for many, directly impacting the entertainment business. In response, we are working on making our product offering more attractive to adapt to the new normal.

# TELECOMMUNICATIONS, MEDIA AND IT

## CLUSTER PERFORMANCE, OUTLOOK AND STRATEGIES

## SCREENAGE

### OPERATING ENVIRONMENT IN 2019

- Mauritius, by virtue of its nature as an island, has a limited market delineated by its shores. With around 114 hotels present in the country, the hospitality industry is rife with competition. We have already established ourselves as leaders in the Wi-Fi and IPTV segments, detaining almost 58% of those markets. However, the number of hotels is not likely to increase substantially over the short term. In response, we continue to be purposeful in our diversification strategy and focus on innovating to remain at the forefront of our industry.
- We faced one major challenge in September 2019. Thomas Cook, the oldest tour operator in the world, collapsed, creating a ripple effect on the travel and hospitality industries around the globe. Since hotels benefit largely from travel agencies' holiday packages, they faced a double blow: loss of revenue from bookings before Thomas Cook filed for bankruptcy, and cancelations of Thomas Cook travellers between the months of September and December—the peak season for tourism in Mauritius. It was in this context that 2 ICT projects for which we were shortlisted fell apart and were postponed to 2020.

### OUTLOOK AND PRIORITIES IN 2020

- Given that we operate in the hospitality market, one of the hardest-hit segments by the crisis, it is likely that we will feel the impact of the global outbreak of Covid-19. The uncertainties around the virus have wreaked havoc across the world, with certain air carriers suspending routes and governments imposing travel restrictions, resulting in a decrease in tourist arrivals in Mauritius. International visitor arrivals are expected to further decline over the coming months. It is uncertain how long Covid-19's shadow will loom over the hospitality industry and if its effects will be long-lasting.
- Amid this growing uncertainty, with prolonged travel restrictions from our traditional markets, we aim to pursue a three-fold strategy in 2020:
  - Hospitality will remain a key vertical focus where we will continue to enhance our offers, particularly for the guest digital experience through our mobile application.
  - We also remain optimistic about our diversification strategy into the local corporate market, having won over 14 businesses in less than a year.
  - Finally, we aim to continue leveraging our relationship with our technology partners to further develop our operations in the region.

| Performance in 2019 | How it contributes to the Group strategy |
|---|---|
| In our drive to continue expanding the scope of our core activities, in line with our "Protect and Grow" philosophy, we acquired two new clients in the hospitality industry, namely Le Meridien and Solana Beach Resort. This contributed to growing our market acquisition by 7% in 2019, strengthening our foothold in the local market. Our deep understanding of the industry will enable our new clients to offer their guests a modern and unforgettable guest digital experience, powered by innovative technology. | ✳ |
| Having an established presence in 4* and 5* hotels, we turned our focus towards mid-sized hotels in 2019. We made great strides in building an "As-a-service" model for hotels with smaller budgets but who still don't want to fall behind the technological curve. They can now benefit from efficient technology and remote services, without the need to invest huge sums of capital. This business model bridges the digital gap for smaller hotels and helps them reach new audiences. | ✳ |
| We seamlessly and successfully leveraged our expertise in industries beyond hospitality and onboarded 14 non-hospitality clients, including the Central Water Authority (CWA) for whom we delivered a major Firewall project in collaboration with Emtel. Penetrating the corporate market is a natural progression for us, as an increasing number of businesses are becoming cognizant of the competitive edge they can gain through digitalisation. | ✳ |
| In 2019, we were approached by one of our international partners, HPE Aruba, to design a Wi-Fi solution for the Centre Hospitalier de Mayotte. This project is one of the biggest Wi-Fi projects in the Southern Hemisphere, with over 900 Access Points deployed in a single location. | ✳ |
| Though our activities are not inherently polluting, we recognise that we have an impact on the environment. In 2019, we carefully selected a variety of plants that create a natural oxygen recycling pump, improving the indoor air quality in our office and allowing us to offset our carbon footprint. Power consumption has been effectively reduced by opting for natural airflow instead of an air-cooling system. As a result, the number of sick leaves reduced by 15%. At the same time, our employees benefit from a greener, more pleasant work environment. We also reduced our environmental impact by reducing paper and safely disposing of electronic waste. | ♻ |

⚙ OPERATIONAL EFFICIENCY ✳ BUSINESS PORTFOLIO MANAGEMENT ◎ FINANCIAL RISK MANAGEMENT ♻ SUSTAINABILITY FOCUS

# TELECOMMUNICATIONS, MEDIA AND IT
# CLUSTER PERFORMANCE, OUTLOOK AND STRATEGIES
# CURRIMJEE INFORMATICS LTD

## OPERATING ENVIRONMENT IN 2019

- Operating in the ICT industry requires the ability to stay on top of emerging trends, while anticipating future needs. Our experts are tasked with regularly monitoring technological advancements and leveraging data to generate new value streams for our customers.

## OUTLOOK AND PRIORITIES IN 2020

- After securing a foothold in the UK, our next step will be to establish a stronger presence internationally. We have begun the process of setting up a new office in Madagascar, which we aim to pursue in 2020.

| Performance in 2019 | How it contributes to the Group strategy |
|---|---|
| Our main objective in 2019 was to draw on our inherent capabilities to strengthen our regional and international footprints. While we work closely with various companies within the cluster, we also have a loyal customer base. We introduced a technical service desk, which serves as a 24/7 premium support system for medium-sized and blue chip multinationals. We pride ourselves on our ability to attract and retain clients through service excellence and unparalleled capabilities in business analytics and business applications (Business Intelligence, predictive modelling, data warehouse etc.) | ⚙<br>✳ |
| Leveraging our relationship with companies within the Group has enabled us to pool our strengths and resources. More flexibility and internal mobility have been critical to tapping into our employees' skills, engaging and empowering them to grow within the Group, and helping them amass skills in different environments. As the TMIT cluster veers towards establishing itself as a one-stop-shop, the sharing of resources across business units is a step closer to achieving its ambition. | ⚙ |
| We implemented an e-procurement solution, a user-friendly platform that delivers greater speed, efficiency, accuracy and productivity, while helping us realise huge savings. At the same time, the shift away from traditional manual processes towards a digital system enabled us to drastically reduce our use of paper. | ⚙ |

⚙ OPERATIONAL EFFICIENCY ✳ BUSINESS PORTFOLIO MANAGEMENT ◎ FINANCIAL RISK MANAGEMENT ♻ SUSTAINABILITY FOCUS

# REAL estate

# REAL ESTATE

## CLUSTER PERFORMANCE, OUTLOOK AND STRATEGIES

In 2019, the Real Estate cluster's occupancy improved across main properties, resulting in an increase of 31% over last year. This was achieved mainly as a result of a focused strategy on transforming Phoenix Central into an innovative office destination and improving the rental yield across all properties. This contributed to a higher operating profit of Rs 58M compared to Rs 45M in 2018.

### OPERATING ENVIRONMENT IN 2019

- The real estate sector in Mauritius has maintained a positive growth over the last three years, growing at an average of 3.4% annually. Foreign Direct Investment in real estate activities has also increased drastically, growing from Rs 9.1bn in 2018 to reach Rs 13.6bn (for the period Jan to Sep 2019 only). In 2019, the share of PDS, SCS and other schemes captured no less than 77.6% of FDI. This implies a very high concentration of FDI (mainly from France and South Africa) in the real estate sector, which makes Mauritius significantly vulnerable to external shocks. The demand for space in the rental market is growing at a slower pace compared to the supply of such spaces, leading to pressure on rental rates with a reduced rate of spaces uptake.
- The rise of smart cities, which bring with them a plethora of incentives, is continuing to create cut-throat competition. The development of office and commercial spaces has accelerated, and along with it, consumers' spending power. We are faced with the challenge of competing against not only other real estate companies, but also upcoming retailers, which will demand an upgrade of our value proposition.
- The ongoing development of the South of Mauritius presents a great opportunity for CJ, particularly as we detain around 100 acres of land in the region. The construction of a new airport terminal, new road networks and better logistics facilities is fostering an environment in which our Real Estate sector is poised to thrive.
- The highly incentivised smart city projects represent an unfair level playing field for traditional property owners and developers with a portfolio presence in existing towns and cities and who are also not large landowners. An extension of these incentives to traditional property players for schemes such as urban regeneration is required.
- Being concentrated in the city centre has also led us to initiate discussions about the rejuvenation of city centres and other smaller developments. The Metro Express is currently connecting towns and cities in which we operate, which, in theory, should present great opportunities for urban regeneration around this transit system. However, the metro project is being viewed as an isolated project rather than a growth enabler with the potential to drive economic activity. We strongly believe that improved transportation could breathe new life into our cities, regenerate entire neighbourhoods, create employment and drive waves of economic and social development. This calls for an integrated planning system put in place by the relevant authorities and the articulation of a vision in which the Metro is viewed as a key anchor in transforming our towns and communities.
- The introduction of the REIT framework and the Airport City, as mentioned in the last budget speech, provides for new opportunities to modernise the Real Estate Investment Environment and opportunities in the South for the Group. The details of the above need to be clearly defined by the relevant authorities.
- Given that construction materials are imported, material prices are steadily increasing. Builders and contractors are faced with the challenge of containing their costs and reducing their margins in an industry that is already extremely competitive, even more so since the enactment of the Workers' Rights Act.

| Performance in 2019 | How it contributes to the Group strategy |
|---|---|
| • In 2019, we undertook a strategic exercise to review our current portfolio of properties and determine how to extract more value from it. Ultimately, our goal is to improve the customer experience, maximise our shareholders' return on investment and enhance the value of our properties. After successfully transforming Quay11 into a mixed-use destination and Phoenix Central into an office destination, we have embarked on an ambitious strategy to double our growth in the next 5 years. We aim to achieve this by:<br>– Moving undeveloped or underdeveloped properties to the yielding category by focusing on organic growth within our current portfolio. We focused on the development of new projects, the redevelopment of brownfield sites, and we have introduced an asset management framework to generate more value to our yielding properties. Over the year under review, our developed and underdeveloped property yield increased from 3.8% in 2018 to 4.4% in 2019.<br>– In addition to organic growth, we are in a unique position to leverage CIL, a listed company, to raise capital so we can either develop more existing properties within the Group or acquire external ones.<br>– Greater operational efficiency and digitalisation are critical in maximising our growth. We are steadily integrating technology at every link of our supply chain, from the conceptualisation and construction phases to property management:<br>° We began by implementing MRI Real Estate, a property management software so as to manage our properties in a more efficient manner and support our Asset Management Framework. Real-time data helps us determine how each property is performing financially, while decreasing wait times in the areas of maintenance, complaint management and facilities. With greater visibility into our portfolio, at any given time, we can now manage our properties more efficiently and engage with our tenants in a more meaningful way. | ✳<br>◎ |
| • To support our strategy, we need to have the right set of tools and, most importantly, the right team to deliver on our objectives. We have reviewed our business structure in line with this strategy and have reinforced our team on the Marketing front with the recruitment of a new resource. The latter shall, over and above overseeing our marketing and leasing strategies, develop and implement our digital marketing presence. The Asset Management function will also be reinforced internally. Our team is geared up with stronger acumen to address upcoming challenges. | ⚙ |
| • Increased competition from smart cities and other retailers has led us to pursue a diversification strategy:<br>– Beyond high-street retail and offices, we are looking to venture into the industrial space, which demands lower investments while generating higher returns.<br>– Our diversification is also taking on a geographic dimension. With a solid footprint in Curepipe and Port Louis, we are now seeking to expand our activities in the South of Mauritius, where a number of government-led and CJ-led initiatives are contributing to the development and dynamism of the region. | ✳ |

⚙ OPERATIONAL EFFICIENCY ✳ BUSINESS PORTFOLIO MANAGEMENT ◎ FINANCIAL RISK MANAGEMENT ♻ SUSTAINABILITY FOCUS

# REAL ESTATE

## CLUSTER PERFORMANCE, OUTLOOK AND STRATEGIES

| Performance in 2019 | How it contributes to the Group strategy |
|---|---|
| • We are currently engaged in extending our office environment following the new trend of incorporating social places within the work space fabric. To this end, we have catered for a cafe and restaurant at Phoenix Central and are progressively creating additional living spaces to foster a sense of wellbeing and collaboration, and eventually generate premium rentals. | ✳ |
| • The occupancy at Phoenix Central increased to 80% during the course of 2019. | ✳ |
| • During the course of 2019, we have successfully re-developed our property at John Kennedy Street in Port Louis into a human size mixed-use development with retail and a food hall branded Quay 11. Quay 11 was successfully launched in July 2019 at near 100% occupancy. | ✳ |
| • Over and above Quay 11, the Development team also managed the refurbishment of the Currimjee Jeewanjee's Head Office, which opened its doors in January 2020. | ⚙ |

⚙ **OPERATIONAL EFFICIENCY** ✳ **BUSINESS PORTFOLIO MANAGEMENT** ◎ **FINANCIAL RISK MANAGEMENT** ♻ **SUSTAINABILITY FOCUS**

## OUTLOOK AND PRIORITIES IN 2020

- Our focus for next year will be to restructure the entire Real Estate cluster by bringing certain companies from the Holding level down to Compagnie Immobilière Ltée. We have yet to finalise the new structure, but are aiming to carry it out in various phases between 2020 and 2022.
- Faced with the challenge of being concentrated in high-street retail and the commercial space, we aim to prioritise our diversification strategy in 2020 / 2021.
- We aim to reinforce our Asset Management Framework as we progress into the deployment of our strategic plan to generate more value from our existing portfolio and refurbish the same to achieve this objective. A comprehensive review of tenants mix, especially in our retail properties, will be undertaken.
- With the new Marketing Function in place, we intend to increase our proximity to our tenants/customers through digital platforms and the introduction of a CRM process so that our customers can be central to our operations.
- Going forward, we will expand our digital capabilities to our Projects Department with tools such as Revit, a sophisticated software that designs structures in 3D. Through one unified interface, it encourages more collaboration between our multidisciplinary teams, eliminates redundant work and increases efficiency across the project lifecycle.
- Within the highly competitive environment, we will focus on formulating dynamic marketing plans to keep pace with the new consumer trends.
- We aim to gradually transform Phoenix Central into a smart facility, with enhanced sustainability and digital capabilities. Once this is achieved, we intend to replicate this to other properties.
- Development Feasibility studies will be initiated on the greenfield sites within the Cluster's portfolio. We shall investigate development possibilities on our land at Plaisance.
- We shall continue to scan for development opportunities within the urban fabric where we are strategically positioned. This could be in the form of self-development initiatives or partnerships. By nature of its history and property locations, the Real Estate Cluster shall reinforce its position as a major Urban Regeneration Player in the future.
- The Covid-19 pandemic is expected to affect our overall profitability with a significant impact geared more towards our retail properties, where most of the retail tenants experienced complete closure. We are working closely with our tenants in providing safe operating environments and defining relief measures to strengthen our relationships. Finally, we are exploring possibilities to reposition and improve our product offering e.g. through brand reinforcement and renovations to better serve our tenants and customers.

# TOURISM AND *Hospitality*

# TOURISM AND HOSPITALITY

## CLUSTER PERFORMANCE, OUTLOOK AND STRATEGIES

In 2019, the cluster improved its turnover to reach Rs 147M compared to Rs 82M in 2018. This was mainly achieved due to the opening of the Anantara IKO Mauritius Resort & Villas in September 2019 and the good performance of our travel agency, Silver Wings Travels Ltd.

The hotel, however, experienced a slower start than expected and together with the costs associated with the opening, ended with an operating loss of Rs 120M in 2019. However, the positive performance of Silver Wings, coupled with the increase in fair value of our freehold properties at Le Chaland, resulted in a cluster operating profit of Rs 152M in 2019.

### OPERATING ENVIRONMENT IN 2019

- The travel industry has been undergoing profound shifts over the last decade as a result of advances in technology (e.g artificial intelligence, wearable devices, recognition technology, etc), the emergence and consolidation of new and bigger players bringing stiffer competition, and above all, the rise of new-age travellers who expect personalised, ready-made and culturally immersive experiences. Guest attitudes have shifted tremendously over the years, with experiential travel continuing to gain momentum: they are increasingly seeking out authentic cultural experiences that allow them to connect to a place on a deeper level. In addition, sustainable tourism is not just a rising trend. It has become a priority for hotel businesses, who find that social, environmental and ethical standards are becoming major factors in travel decision making. Travellers are more and more ethically and socially conscious, with a heightened awareness of how their travel contributes to local economies and communities. Hotels are tasked with offering transformative cultural experiences, coupled with strong sustainability elements.
- Despite a challenging year in 2019, tourism remains a key pillar of the Mauritian economy, with a direct contribution to GDP estimated at 8.2% and contributing around 8.8% to total employment in 2019. While annual tourist arrivals by air decreased by 1.1%, arrivals by sea experienced an unprecedented 13.9% increase. Cruise tourism is expected to continue increasing, facilitated by the new passenger cruise terminal building in Port Louis with a capacity of 4,000 passengers. A continuous monthly reduction in tourist arrivals has prompted the Government to initiate a re-engineering of the industry in collaboration with all stakeholders, in an effort to increase the visibility of the destination, diversify the client base and consolidate traditional markets.
- Global tourism is characterised by fierce competition, particularly by similar island destinations like Maldives, Seychelles and Sri Lanka. At the same time, Mauritius is still severely disadvantaged by the high cost of travel due to its remoteness from tourist-generating markets.
- The South East of Mauritius, where CJ owns Le Chaland and 69 acres of adjoining freehold land, is planning an impressive evolution. The extension of the Airport Terminal, a new air traffic control tower, a cargo and freeport zone, logistics facilities and new road networks will bring forth exciting long-term opportunities for businesses in the region. These developments are conducive to the growth of our Real Estate and Hospitality project, which we aim to develop into a unique Integrated Coastal Resort Village over the medium and long term.
- An acute shortage of skilled labour continues to cripple the industry, as hospitality is slowly losing its appeal among the younger generation. This poses a challenge for us as we operate in a highly competitive environment where service excellence is the cornerstone of our success.

| Performance in 2019 | How it contributes to the Group strategy |
|---|---|
| Despite the inherent pressures that come with opening a hotel on schedule and in time for peak season, we successfully opened our hotel, Anantara IKO Mauritius Resort & Villas, on 1 September 2019 as planned. Operated by Minor Hotels, our 5* was opened on time, below the estimated budget, and grants guests exclusive direct access to the pristine beach of Le Chaland, on the South East coast of Mauritius. While it is currently proving extremely popular among locals, we are targeting specific markets beyond our traditional European markets, like Reunion Island, South Africa and the Middle East, where the Anantara brand is hugely successful. MINOR Hotels, the management company, is making use of its global network to increase the visibility of Anantara across its main markets. Nevertheless, the initial uptake has been slow in view of decreasing arrivals for our destination, increased competition and a new hotel brand. | ✳<br>🎯 |
| The resort capitalises on its unique location in the authentic South East of Mauritius, close to Mahebourg. Guests are encouraged to explore the surroundings and immerse themselves in the historical richness of the neighbourhood, engage with locals and uncover the unique landscapes and local culture. Discerning travellers will be able to indulge in both onshore and offshore activities, including a focus on the ever growing area of wellness, as well as fulfil their experiential aspirations through the Anantara brand. | ✳<br>♻ |
| Complementing our offering are 8 high-end Anantara villas, built under the PDS scheme. Construction of the villas began in April 2019 and is set for completion by mid October 2020. Once completed, the project will comprise six 4-bedroom villas and two 2-bedroom villas with individual swimming pools, offering a sanctuary with ultimate luxury and privacy. The Villas, which will also be managed by Minor Hotels under the Anantara brand, offer more choice to our guests and broaden our Hospitality segment's current portfolio in a drive towards creating an integrated development in a unique coastal living environment. | ✳<br>🎯 |
| Anantara IKO Mauritius Resort & Villas was created in a way that aligns with both CJ's and our guests' values. For us, being sustainable goes beyond complying with regulations: it is at the core of our strategy, practices and development. Anantara IKO Mauritius Resort & Villas seeks to set new standards of sustainable development, achieved in collaboration with environmental experts: ozone is privileged as an alternative to chlorine in the main swimming pool, guest rooms are equipped with solar technology for water heating, plastic straws are banned across the resort, water is reused for irrigation purposes and recycled materials have been used to build and enhance the hotel. | ♻ |

⚙ OPERATIONAL EFFICIENCY ✳ BUSINESS PORTFOLIO MANAGEMENT 🎯 FINANCIAL RISK MANAGEMENT ♻ SUSTAINABILITY FOCUS

## TOURISM AND HOSPITALITY
## CLUSTER PERFORMANCE, OUTLOOK AND STRATEGIES

| Performance in 2019 | How it contributes to the Group strategy |
|---|---|
| • In parallel, CJ has significantly developed the infrastructure around the hotel, directly contributing to the improvement of the community's quality of life. It has also generated employment in the region through the recruitment of 114 team members from the community. Please refer to pages 126-143 for more information about Anantara IKO's social initiatives. | ✳ |
| • Silverwings Travels had a profitable year in 2019 and recorded a year-on-year growth in revenue of 38%. Of all the segments, inbound tourism experienced the highest growth, with total turnover increasing by over 55%. This growth can be explained by a rigorous marketing strategy in the Indian market, which has been steadily growing in Mauritius. Several MICE groups materialised during this period. We also successfully diversified into several regional markets. | ✳ |
| • While our outbound segment achieved the turnover we had projected, we recorded a decline in our commission margins. The leisure sales segment, for its part, recorded the highest growth. Intense competition between airlines has driven significant promotional airfares, which coupled with our loyal customer base, has led to increased sales. | ✳ |
| • In 2019, Silverwings retained its position of being amongst the Top 3 travel agencies in Mauritius. | ✳ |

⚙ **OPERATIONAL EFFICIENCY** ✳ **BUSINESS PORTFOLIO MANAGEMENT** ◎ **FINANCIAL RISK MANAGEMENT** ♻ **SUSTAINABILITY FOCUS**

### OUTLOOK AND PRIORITIES IN 2020

- The recent outbreak of Covid-19 is presenting a huge threat to Mauritius on several fronts:
  - Mauritius' tourism industry has been navigating troubled waters before Covid-19, with international air arrivals stagnating, hotel groups recording lower occupancy rates and stiff competition from other island nations in the Indian Ocean that offer a similar experience to Mauritius. While Sri Lanka, Maldives and Seychelles recorded double digit growth from its main European markets and an increase in Indian and Chinese tourist arrivals in 2019, Mauritius saw fewer tourists from all its key markets.
    - Arrivals from emerging markets like India and China also declined by 20% and 11% respectively, a trend we expect to worsen in 2020.
  - This global health emergency is creating devastating ripple effects on Hospitality and several other Hospitality-linked industries, including airline companies, cruise ships, MICE markets hotels and other travel trades. As a long haul destination, Mauritius is highly dependent on air connectivity and will be severely impacted by the growing number of travel restrictions following Covid-19. In addition, the cruise ship industry is reeling, with several cruise lines halting their operations for the immediate future.
- With the closure of our international borders to contain the spread of the virus locally, Anantara IKO Mauritius Resort & Villas was closed on 22 March 2020 after only 7 months of operations. It is expected to reopen by 1 September 2020 (subject to the reopening of travel) following new stringent health and hygiene standards. Our immediate priority following closure was the safety of our remaining guests until their departure, as well as the protection of our team members and our assets. This was successfully achieved.
- CJ Hospitality's ability to recover following the issues linked to the virus is fundamental. Following our island's track record in successfully containing the virus, travellers might reconsider safer destinations like Mauritius. We are determined to view this as a catalyst for change by focusing on further improving our product positioning, while enhancing the customer experience. We have proactively refocused the hotel's short-term marketing strategy to match new market realities in conjunction with the phased reopening of the destination for our main source markets.
  Moving forward, we intend to work closely with local authorities and other stakeholders in the industry to promote our destination along the following key areas:
  - Ensure the price competitiveness of the destination
  - Monitor market trends and reduce seasonal fluctuations in arrivals to promote Mauritius as an all-year-round destination
  - Accelerate market diversification and consolidate the European market as far as possible
  - Regulate the informal accommodation sector, especially the rise of Airbnb
  - Product development and improvement with a focus on responsible tourism and wellness
  - Service improvement at all levels of the supply chain distribution network
  - Enhance the visibility of Mauritius as a leading world-class sustainable island destination
  - Increase efforts to upgrade the island's general environment
  - Be at the forefront of technology and innovation (e.g. room management system, online booking, e-marketing, high-speed connectivity, guest services etc)
  - Adopt appropriate measures and hotel protocols to counteract the effect of the outbreak of Covid-19 while safeguarding our guests and team members
- We are focused on completing the construction of our 8 luxury villas by October 2020. Future phases, subject to market conditions post Covid-19, will include the development of additional high-end villas, apartments, serviced land, a beach club and a sports club under the PDS scheme. The sports club will be designed with increased emphasis on health, fitness, nutrition and wellness (i.e balanced living: a combination of physical, mental and social wellbeing to reinvigorate the body and mind). We are in the process of finalising the right mix of projects and value engineering components for future phases of development, prior to making an application for a second PDS certificate.
- Over the next few years, we aim to increase Anantara IKO Mauritius Resort & Villas' capacity while creating economies of scale, and in due course, look at expanding our operations in the region.
- Though it is premature to assess the consequences of Covid-19 at this stage, the Hospitality industry has shown resilience and will hopefully bounce back from this big setback.

# COMMERCE AND *Financial Services*

# COMMERCE AND FINANCIAL SERVICES
## CLUSTER PERFORMANCE, OUTLOOK AND STRATEGIES
## BATIMEX LTD

### OPERATING ENVIRONMENT IN 2019

- Our Commerce segment, which retails building materials and finishes, is intricately tied to the construction sector. With the public sector continuing to carry out major infrastructure projects and the ongoing development of PDS and Smart City projects, construction grew by 8.5% in 2019, creating a conducive environment for our cluster.

### OUTLOOK AND PRIORITIES IN 2020

- Batimex's focus for 2020 will be on increasing revenues for projects, retail and wholesale.
- Digitisation will take centre stage in the coming year: we aim to enhance the customer experience through e-invoicing and streamlining the customer delivery process.
- We will also continue investing in our employees so we can create a happier and more engaged team.
- Precautionary health measures such as temperature control, hygiene and distancing will be adopted across all showrooms and offices. We are also investing in online selling platforms as well as working on strengthening our digital presence.

| Performance in 2019 | How it contributes to the Group strategy |
|---|---|
| • In a strategic realignment, Cheribinny Ltd, a subsidiary of Batimex Ltd, was sold to Rogers Capital Finance Ltd in October 2019 together with an agreement for them to provide credit financing to Batimex customers. After years of successfully providing consumer credit financing to Mauritians, a persisting unfavourable regulatory environment compelled the business to gradually cease its operations. | ✳ |
| • As a result Batimex was able to better focus on its core activities and drive organic growth. We opened a fifth Metric showroom in Goodlands, adding to our four showrooms in Port Louis, Flacq, Curepipe and Phoenix. We also undertook an organisational restructuring to better focus our business, resulting in an increase in revenue of over 3% year-on-year. | |

⚙ OPERATIONAL EFFICIENCY ✳ BUSINESS PORTFOLIO MANAGEMENT ◎ FINANCIAL RISK MANAGEMENT ♻ SUSTAINABILITY FOCUS

# COMMERCE AND FINANCIAL SERVICES
# CLUSTER PERFORMANCE, OUTLOOK AND STRATEGIES
# ISLAND LIFE ASSURANCE CO LTD

## OPERATING ENVIRONMENT IN 2019

- The life insurance industry continued to operate in a volatile economic environment, with successive drops in both interest rates and investment returns.
- The digital age is reshaping the insurance industry and businesses that wish to remain relevant must act quickly. Insurance as we know it no longer serves the needs of digitally-savvy consumers, who have more complex needs and are demanding omnichannel and personalised interactions. To meet these needs, insurers must go beyond simply investing in the latest technologies: it requires a fundamental change in both customer-facing and back-office processes, and a shift in mindsets.

## OUTLOOK AND PRIORITIES IN 2020

- Our priority in 2020 will be to upgrade our IT infrastructure and streamline our back-end processes.
- Digitalising repetitive, manual and mundane tasks will be a key element in reducing errors, man-hours and costs and thereby improving efficiency.
- Our end goal is to increase our employee engagement, boost productivity and provide a seamless customer experience across all channels.
- A new sales structure will be set in place with the appointment of Independent Agents. Alongside this, initiatives to promote direct sales will also be implemented.
- We aim to launch new products to cater for a wider range of customer requirements.
- In the wave of Covid-19, several measures have been initiated:
  - **Customer Retention**
    The premium and loans repayment management process is being reviewed to offer more flexibility to customers who have difficulties settling their dues.
  - **Enhanced efficiency through digitalisation**
    We are considering digitising our services through the online sales of new policies, an interactive platform for clients, an online platform for sales representatives and a work-from-home platform.
  - **Product Positioning**
    Our products will be positioned to provide enhanced financial protection with the additional risk posed by Covid-19.
  - **Monitoring of Key Indicators**
    We intend to monitor the Company's key indicators more closely and comprehensively, particularly those related to Investment, Sales, Expenses and Claims.

| Performance in 2019 | How it contributes to the Group strategy |
|---|---|
| • Against this unfavourable backdrop, a number of actions were implemented to strengthen our business: | ⚙<br>✳ |
| • We reviewed our organisational structure and reinforced our leadership team with the appointment of a new CEO in August 2019. | ⚙ |
| • We embarked on a comprehensive expense review exercise and several initiatives were implemented to reduce our cost base and improve the efficiency of our operations. | ⚙ |
| • We also undertook a comprehensive review of our distribution channels, which we are aiming to optimise to enable our customers to access our products more efficiently. | ✳ |
| • We redefined our value proposition by repricing our products and incorporating a combination of benefits that better meet the needs of our clients. The new products were submitted to the Financial Services Commission for regulatory approval in December 2019 and were subsequently approved in March 2020. | ✳ |
| • A review of our investment strategy has been initiated. The Company's property investment portfolio was restructured so as to increase the investment income and strengthen the asset base of the Company in the future. | ✳<br>◎ |
| • We placed great importance on training and upskilling our employees in both technical capabilities and soft skills. We have started designing training programmes, which will then be carried out on a regular basis. As a result of our efforts, our employee engagement score maintained its positive trend and increased from 61% in 2018 to 66% in 2019. | ⚙ |

⚙ OPERATIONAL EFFICIENCY ✳ BUSINESS PORTFOLIO MANAGEMENT ◎ FINANCIAL RISK MANAGEMENT ♻ SUSTAINABILITY FOCUS

## PASSION

IS WHAT INSTILS
MEANING AND
PURPOSE INTO OUR
WORK AND ELEVATES
EACH ONE OF US
BEYOND OUR
BEST SELVES.

# OUR ENVIRONMENT & Sustainability journey

Today's businesses are faced with the challenge of growing their organisation while navigating the most pressing issues of our time—climate change, biodiversity loss and resource scarcity, amongst others. As major players in the country's growth, we are keenly aware of our responsibility to reduce our impact on the environment and play our part in helping Mauritius transition towards a more sustainable future for all. Ultimately, we seek to preserve our natural resources in a way that meets our present needs without compromising the ability of future generations to meet their needs.

CJ's commitment to sustainability and environmental stewardship extends beyond compliance, one-off actions or our bottom line. We strongly believe that business growth and the environment go hand in hand and there need be no trade-off between doing good and doing well. To this end, we embarked on a stakeholder-centric Environment and Sustainability (E&S) journey in 2013, which uses sustainability as a lens to drive our strategy, decision-making and culture.

Our Group-level sustainability strategy and policies are cascaded down to our clusters and business units, who are all dedicated to assessing and mitigating environmental risks across their value chain. To ensure that CJ's goals are carried out effectively throughout the organisation, a Quality and Sustainability (Q&S) Department was set up at the corporate office. Its responsibilities include monitoring the environmental performance of CJ and its subsidiaries, and reporting the findings to the Board of Directors on a quarterly basis. The Q&S team, in turn, is supported by a dedicated E&S Coordinator for each subsidiary, who is tasked with providing Q&S with regular reports on the subsidiary's progress towards the Group's sustainability goals.

## OUR COMMITMENT

GUIDED BY OUR CORE VALUES, WE COMMIT TO PURSUE OUR SUSTAINABILITY OBJECTIVES THROUGH STRONG LEADERSHIP, EFFECTIVE MANAGEMENT AND EMPLOYEE ENGAGEMENT.

*WE ENDEAVOUR TO*

1. Preserve the environment and manage our operations in a sustainable manner for the wellbeing of future generations.
2. Consider the environment and sustainability as integral parts of our business strategy and operating methods.
3. Recognise the critical challenges posed by climate change and diligently honour our responsibility to reduce the environmental impacts of our business operations.
4. Continually monitor and improve our environmental performance, while supporting our customers', employees', partners', the community's and other stakeholders' environmental and sustainability initiatives and progress.

CJ's "Environment & Sustainability Statement" is available at: https://www.currimjee.com/documents/CJ_E&S_Statement.pdf

## ADHERING TO GLOBAL REPORTING STANDARDS

CJ's Sustainability Report, published on a biennial basis, outlines our progress in our economic, environmental and social performance in a transparent manner. Through these reports, we hope to build relationships of trust with our stakeholders and demonstrate how we create long-term value beyond just financials. Our Sustainability Report for 2019 can be found on our website: https://www.currimjee.com/documents/currimjee_sustainability_report_2019.pdf

In a drive to adopt best practices in sustainability reporting, CJ adheres to international frameworks, such as the Global Reporting Initiative Standards (GRI Standards), the most trusted and widely used reporting framework in the world, and the UN's Sustainable Development Goals (SDGs), a universal set of goals and aspirations to end poverty, protect the planet and ensure peace and prosperity for all by 2030. In adhering to these standards, CJ resolves to take transformative steps to help shift the world onto a resilient path.

## OUR E&S FRAMEWORK

CJ's E&S framework was developed by determining the key environmental and sustainability aspects that are considered most relevant to CJ's strategy and operations. In doing so, we identified four key drivers that serve as our blueprint for our E&S agenda:

1. Addressing climate change
2. Preserving Ecosystems & Natural Resources
3. By-products & Waste Management
4. Safe and Engaged Company & Community

# KEY INITIATIVES IN 2019

In 2019, we made great progress towards our sustainability objectives, driven in large part by digitisation initiatives, a focus on the use of renewable energy and the ongoing commitment of our purpose-driven employees. As shown in Figure 1 below, our key initiatives in 2019 were centred on our four key dimensions and contributed to meeting the UN SDGs.

## ADDRESSING CLIMATE CHANGE

- Photovoltaic installations
- Endemic Re-vegetation project at The Citadel
- Mauritian Wildlife Foundation biodiversity preservation projects
- REEF Marine Study & Conservation projects
- Mangrove planting activities

7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND

## PRESERVING ECOSYSTEMS & NATURAL RESOURCES

- Digitalisation of processes
- Paperless Office Projects
- Rainwater harvesting
- Green Procurement
- Coral study & restoration
- UNESCO Sandwatch School program
- Farm to Table Bio Project

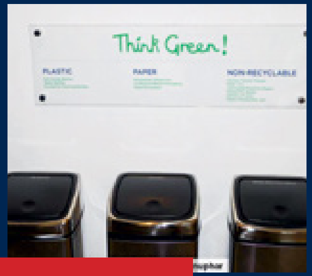
6 CLEAN WATER AND SANITATION
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND

**FIGURE 1**

**Environment and Sustainability Framework**

Photovoltaic system at Arcades Currimjee

Staff planting endemic trees at the Citadel



Paper recycling initiative

National E-waste take back program

## BY-PRODUCTS & WASTE MANAGEMENT

- Waste management policy
- Emtel National E-Wastes Recycling Project
- Community clean up campaigns
- Zero plastic goal and programs

3 GOOD HEALTH AND WELL-BEING
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND

## SAFE AND ENGAGED COMPANY & COMMUNITY

- Employee engagement survey
- Learning & Development programs
- Equal opportunity policy
- Occupational safety & Health trainings
- CSR: Poverty alleviation, Health promotion, support to interfaith relations & peace and Education & Sports sponsorships

1 NO POVERTY
2 ZERO HUNGER
3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

# OUR CSR Strategy

**Since our early beginnings, Corporate Social Responsibility (CSR) has formed a key part of CJ's philosophy. Because the communities we operate in have been fundamental to our growth, we intend to leverage our unique position to engage with our local communities in a meaningful way, improve their quality of life and contribute to the greater common good of society and humankind at large.**

To us, CSR extends beyond 'quick fix' projects or the mandatory CSR contribution to the Mauritius Revenue Authority. Rather than provide temporary relief to individuals, our approach is based on a more sustainable form of intervention which involves long-term commitments to our communities. To this end, we created the Currimjee Foundation in 2009 to help us better manage the Group's CSR projects, which are separated in five distinct areas of impact.

Over time, we identified the areas that were closely aligned with CJ's mission and devised appropriate programmes that will have long-term positive effects on our beneficiaries. Our goal is to drive transformative change through incremental, measurable and lasting progress in each area. Fundamental to our CSR strategy are the long-term relationships we have built with the organisations we support. We seek to establish ourselves as an ever-present resource to them, empowering them with the capabilities and knowledge they need to seize opportunities. As the saying goes, "Give a man a fish, and you feed him for a day. Teach a man to fish, and you feed him for a lifetime."

## OUR AREAS OF INTERVENTION

Through the Currimjee Foundation, CJ and its subsidiaries align their efforts around five key areas of impact, which we believe are some of the most pressing issues of our time:

### EDUCATION

We are firm believers in education being a stepping stone to economic and social inclusion. We seek to empower the youth in vulnerable communities by equipping them with the skills and knowledge they need to not just survive, but thrive.

### SOCIO-ECONOMIC

Our success is intricately tied to that of our country's. We are therefore committed to contributing to Mauritius' socio-economic development through strategic social investment, community empowerment and meaningful partnerships with the Government and NGOs.

### ENVIRONMENT

We are determined to reduce our environmental footprint through the protection of our biodiversity and ecosystems, and the efficient use of resources for future generations to benefit from a livable and healthy planet.

### HEALTHCARE

Good healthcare is the foundation of a resilient community. Our initiatives are designed to address the health needs of underserved populations through activities that include awareness programmes and investments in the prevention and treatment of diseases.

### LEISURE-SPORTS

Sports are a positive way for children to learn crucial life skills like discipline, hard work, sportsmanship, teamwork and respect. Through sports, we seek to nurture these core values into children early on, helping them improve their physical, cognitive and mental abilities.

# KEY INITIATIVES IN 2019

| Area of intervention | Key initiatives in 2019 | Project facilitator/partner | SDGs |
|---|---|---|---|
| **Education** | - **CURRIMJEE FOUNDATION TERTIARY SCHOLARSHIP FOR NEEDY STUDENTS**<br>*Objective: Provide access to formal education to outstanding students from low-income families.*<br>**Outcome:** Offered full scholarships to 7 students for their undergraduate degree at the University of Mauritius. | **CURRIMJEE FOUNDATION** | 1 NO POVERTY<br>4 QUALITY EDUCATION<br>8 DECENT WORK AND ECONOMIC GROWTH<br>10 REDUCED INEQUALITIES |
| | - **CAPACITY BUILDING FOR TERTIARY STUDENTS**<br>*Objective: Equip tertiary students with the experience and skills they need to enter the workforce.*<br>**Outcome:** Organised 2 national forums with a turnout of 200 students in attendance per forum. | **AEISEC MAURITIUS** | |
| | - **SUPPORT TO STUDENTS AFFECTED BY EPILEPSY**<br>*Objective: Support EDYCS in its mission to provide education to children suffering from epilepsy.*<br>**Outcome:** 25 children from the region of Port Louis were given access to formal education in a centre led by experts. | **EDYCS EPILEPSY GROUP** | |
| | - **LEADER IN ME**<br>*Objectives: Provide teachers with new skill sets and tools using the 7 Habits of Highly Effective People, so they can in turn, instill them in their students. Help students acquire new mindsets and skill sets to overcome negative self-limiting beliefs.*<br>**Outcome:** Set up of a fully-equipped multimedia library, resulting in a decrease in absenteeism, an increase in attendance from 20% to 70% and the increased participation of parents in trainings held. | **COVEY FOUNDATION, ACTION FAMILIALE & ZONE 2 EDUCATIONAL DIRECTORATE** | |
| | - **SUPPORT TO DISABLED STUDENTS**<br>*Objective: Develop disabled students' visual, motor and communication skills through IT.*<br>**Outcome:** Set-up of a fully-equipped computer lab at the APRIM premises. | **ASSOCIATION DES PARENTS POUR LA RÉHABILITATION DES INFIRMES MOTEURS (APRIM)** | |
| **Socio-economic** | - **FOOD4SMILE**<br>*Objective: Provide essential groceries to needy families and raise awareness among CJ staff to contribute.*<br>**80 needy families from the regions of Camp Chapelon and Tranquebar benefited from packages**. | **CURRIMJEE FOUNDATION, M-KIDS & CARITAS** | 1 NO POVERTY<br>2 ZERO HUNGER<br>3 GOOD HEALTH AND WELL-BEING<br>10 REDUCED INEQUALITIES |
| | - **FOOD FOR THE NEEDY**<br>*Objective: Provide a monthly hot meal to underprivileged or homeless persons.*<br>**Outcome:** 175 homeless persons from the regions of Mont Roches, Barkly and Beau Bassin and Rose Hill were provided a monthly hot dinner. | **LIONS CLUB OF BEAU BASSIN-ROSE HILL** | |
| | - **SUPPORT TO THE "FIGHTING OF CORRUPTION" PROGRAMME**<br>*Objective: Build a society free of corruption and fraud through programmes designed to that end.*<br>**Outcome:** Publication of a Corruption Perception Index.<br>Launch of a Youth Forum at the Government House.<br>Running of a youth forum in Rodrigues for 20 youngsters.<br>Implementation of anti-corruption policies in the private sector.<br>Organised talks on Ethics, Integrity and Corruption in schools, colleges, universities and clubs.<br>Launch of an Ethics Guide for police officers. | **TRANSPARENCY MAURITIUS** | |

# KEY INITIATIVES IN 2019

| Area of intervention | Key initiatives in 2019 | Project facilitator/partner | SDGs |
|---|---|---|---|
| **Socio-economic** | • **SUPPORT TO "INTERFAITH RELATIONS AND PEACE"**<br>*Objective: Support the Council in launching the Intercultural Education (IE) project in lower secondary schools to promote interfaith knowledge and a unified, harmonious nation.*<br>**Outcome:** Use of the ICE book in all lower secondary schools across Mauritius. | **COUNCIL OF RELIGIONS** | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS |
| | • **SUPPORT TO DISABLED PERSONS**<br>*Objectives: Support the Special Educational Needs School (SENS) of the Century Welfare Association in welcoming children with disabilities from underprivileged families who cannot attend a special school.*<br>*To help the association carry out its mission of providing adequate education, care and life skills to the disabled children.*<br>*Enhance the self-esteem and self-confidence of the beneficiaries.*<br>**Outcome:** Offered fully-renovated and accommodated classrooms for 60 disabled children from the region of Port Louis. | **CENTURY WELFARE ASSOCIATION** | |
| **Environment** | • **PRESERVATION OF THE MAURITIAN FLORA AND FAUNA**<br>*Objective: Support the MWF in the preservation of the fauna and flora of Mauritius and Rodrigues through awareness sessions and educational tours.*<br>**Outcome:** 151 children participated in an educational tour to Ile aux Aigrettes (sponsored by Currimjee Foundation).<br>3 outreach sessions organised on the importance of our endemic species, with a turnout of 100 participants.<br>61 physically disabled students from Trevor Huddleston School in Rodrigues participated in a plant awareness and potting activity at Grande Montagne Natural Reserve.<br>78 staff from CJ Group were involved in potting and weeding activities at Ile aux Aigrettes.<br>25 staff from CJ Corporate Office participated in an eco-tour on Ile de la Passe. | **MAURITIAN WILDLIFE FOUNDATION** | 4 QUALITY EDUCATION<br>3 GOOD HEALTH AND WELL-BEING<br>11 SUSTAINABLE CITIES AND COMMUNITIES<br>13 CLIMATE ACTION |
| | • **MARINE BIODIVERSITY PROGRAMME**<br>*Objectives: Organise community sensitisation sessions with Bis Lamer at La Cambuse public beach, outreach sessions in schools and cleaning programmes with two schools.*<br>*Provide MQA-certified training to Anantara IKO's staff and develop eco-awareness tools for the hotel's kids club.*<br>*Set up an informative beach signage at Blue Bay Marine Park on the Do's and Don'ts behaviours at the beach.*<br>*Develop a lagoon directory.*<br>**Outcome:** 11 staff of Anantara IKO participated in a 2-day MQA-approved training on "An introduction to the Coastal and Marine Habitats of Mauritius".<br>233 students learned about our marine biodiversity via Bis Lamer.<br>162 students went on field trips to learn about our marine biodiversity.<br>3 games, 2 illustrations and 1 signage were developed for Anantara IKO.<br>A fully-customised lagoon directory was developed. | **REEF CONSERVATION** | |

# KEY INITIATIVES IN 2019

| Area of intervention | Key initiatives in 2019 | Project facilitator/partner | SDGs |
|---|---|---|---|
| **Environment** | • **SANDWATCH PROGRAMME**<br>*Objectives: Extend the Sandwatch programme to the south region.*<br>*Increase students' interest in marine science.*<br>*Monitor coastal sand erosion, inform authorities accordingly, and enter findings in the UNESCO database.*<br>**Outcome:** Monitoring of La Preneuse, La Prairie and Blue Bay beaches for sand erosion.<br>66 students actively participated in the 2019 project, which was approved and recognised by UNESCO.<br>Obtained approval of Ministry of Education to extend the programme to other secondary schools. | **ASSOCIATION POUR LE DÉVELOPPEMENT DURABLE** | 14 LIFE BELOW WATER<br>15 LIFE ON LAND |
| | • **THE CITADEL NATIVE REVEGETATION PROJECT**<br>*Objectives: Provide visitors with a pleasant and green environment in contrast to the bustling urban life.*<br>*Study and showcase the feasibility of reforesting an ecologically degraded land in the heart of Port-Louis.*<br>*Recreate a fully-functional and self-sustaining ecosystem and conserve the unique Mauritian biodiversity.*<br>*Reduce the frequency and severity of bushfires.*<br>*Decrease soil erosion and risks of flash floods in the surrounding areas.*<br>*Educate the community on the importance of forests and global environmental challenges.*<br>**Outcome:** 4,575 endemic trees planted on site as at end 2019.<br>794 employees involved on site since 2015.<br>168 employees participated in 2019.<br>172 scouts participated in 2019 in the Citadel revegetation project following an MOU with the Mauritius Scouts Association. | **FRIENDS OF THE ENVIRONMENT**<br>**MAURITIUS SCOUTS ASSOCIATION** | |
| | • **RAINWATER HARVESTING SYSTEM**<br>*Objectives: Supplement groundwater supplies during dry seasons.*<br>*Provide water for domestic purposes such as cleaning of classes and reduce schools' water bill.*<br>**Outcome:** Monthly saving of Rs 2,000 made on water bills. | **CURRIMJEE FOUNDATION & NOTRE DAME DE LA CONFIANCE RCA** | |
| **Health** | • **VINE PRAN CONTE TO LA SANTE**<br>*Objectives: Provide access to free medical check-ups in 15+ specialities to vulnerable persons.*<br>*Organise a health exhibition.*<br>**Outcome:** 60 healthcare specialists were mobilised.<br>Over 300 persons were examined.<br>About 200 persons were diagnosed with health problems and referred to for further treatment. | **PATH** | 3 GOOD HEALTH AND WELL-BEING |

# KEY INITIATIVES IN 2019

| Area of intervention | Key initiatives in 2019 | Project facilitator/partner | SDGs |
|---|---|---|---|
| **Health** | - **BLOOD DONATION**<br>*Objectives: Supply the blood bank during shortage of blood and platelets*<br>*Raise awareness about the importance of blood donation among youngsters via sensitisation talks.*<br>*Bring CJ and its companies' staff to work together for this laudable cause*<br>**Outcome:** 612 pints of blood were collected.<br>4 blood donation events organised at Mc Vision in Wooton, Cité Mangalkhan, Phoenix Central and Emtel.<br>55 employees from Mc Vision, Currimjee Informatics, Screenage, Phoenix Central, CPMD, Emtel and Currimjee Jeewanjee collaborated to organise the different blood donations. | **NATIONAL BLOOD TRANSFUSION SERVICE** | 10 REDUCED INEQUALITIES |
| | - **OVERSEAS MEDICAL TREATMENT SCHEME**<br>*Objectives: Full/partial funding of individuals for overseas treatment not available locally.*<br>**Outcome:** 16 children and 5 adults were provided financial aid for urgent medical treatment abroad. | **CURRIMJEE FOUNDATION** | |
| | - **BEDRIDDEN PATIENTS SCHEME**<br>*Objectives: Provide medicine or diapers to bedridden and needy persons*<br>**Outcome:** 22 disabled persons benefited from the programme. | **CURRIMJEE FOUNDATION & PHARMACIE DE LA PLAINE VERTE** | |
| | - **FIGHTING DRUG PROPAGATION AND OFFERING DRUG ADDICTION TREATMENT AND SUPPORT**<br>*Objectives: Reduce the incidence of drug use in Mauritius through primary prevention campaigns.*<br>*Provide treatment for people addicted to drugs.*<br>**Outcome:** Annually, more than 300 people benefit from the different initiatives of the NGO. | **DR IDRICE GOOMANY CENTRE** | |
| | - **OFFERING SUPPORT TO PATIENTS SUFFERING FROM THALASSEMIA AND OTHER BLOOD GENETIC DISEASES**<br>*Objectives: Raise awareness on thalassemia.*<br>*Organise blood donation events.*<br>*Purchase equipment to provide better treatment methods to patients*<br>**Outcome:** 4 blood donations were carried out across the Group to lend support to patients suffering from thalassemia. | **THALASSEMIA SOCIETY OF MAURITIUS** | |

# KEY INITIATIVES IN 2019

| Area of intervention | Key initiatives in 2019 | Project facilitator/partner | SDGs |
|---|---|---|---|
| **Leisure-sports** | **BOLTON ACADEMY FOOTBALL CLUB**<br>*Objectives: Run a Saturday care school combining football training and educational support for the youth of Roche Bois and its surroundings. Enhance football talent development.*<br>**Outcome:** 60 children aged 8 to 15 years old from Roche Bois and surrounding regions received training and educational support over the whole year. | **MC VISION & BOLTON CITY YOUTH CLUB** | 3 GOOD HEALTH AND WELL-BEING<br>10 REDUCED INEQUALITIES |
| | **PROMOTION OF YOUTH DEVELOPMENT**<br>*Objectives: Reduce the incidence of drug use in Vallée Pitot*<br>*Create a sports culture in Vallée Pitot.*<br>**Outcome:** 300 children benefited from initiation to sports such as football, karate and swimming.<br>The Football Teams, U12, U15 and U17 won the Port Louis football tournaments for the second consecutive year.<br>Vallée Pitot is recognised to be one of the rare places where drug use has significantly diminished thanks to the devotion of the CSZVP. | **CLUB SPORTIF ZENESS VALLÉE PITOT (CSZVP)** | |
| | **MANGALKHAN SPORTS ACADEMY**<br>*Objectives: Support football talent development.*<br>*Keep the youngsters away from the evils of society.*<br>*Initiate social actions in the region of Mangalkhan to improve the quality of life in the region.*<br>**Outcome:** 60 young footballers benefitted from training and equipment.<br>For the third time, the U-17 team participated in the Montrichard International Tournament in Paris. | **MANGALKHAN SPORTS CLUB** | |
| | **PROMOTION OF FUTSAL**<br>*Objectives: Sponsor the winners of the National Futsal Tournament to represent Mauritius at the Neymar Jr Foot Five International competition 2019 held in Brazil.*<br>**Outcome:** A delegation of 5 players and 2 team leaders travelled to Brazil to represent Mauritius. | **CURRIMJEE FOUNDATION & PORT LOUIS JOKERS WIND SPORTS CLUB** | |

# KEY ENVIRONMENTAL INDICATORS

## KEY RESULTS 2019

↑ **0.06%**

**2,124,125 kWh**

ELECTRICITY CONSUMED, EXCL. EMTEL BOUNDARY OFFICE, CELL SITES AND DATA CENTRE

↓ **1.4%**

**14,665,680 kWh**

ENERGY CONSUMED BY EMTEL BOUNDARY OFFICE, CELL SITES AND DATA CENTRE

**0.6%**

OF ELECTRICITY CONSUMED AT OFFICES

**13,485 kWh**

GREEN SOLAR ENERGY GENERATED

↓ **13%**

**313,090 LITRES**

FUEL USED FOR TRANSPORTATION

**34 kW**

PHOTOVOLTAIC SYSTEMS INSTALLED ACROSS CJ

↑ **0.5%**

**23,957 $M^3$**

WATER CONSUMED

↑ **37%**

**701 $M^3$**

RAINWATER HARVESTED AND USED

↓ **13%**

**3,371 REAMS***

OFFICE PAPER USED

*1 ream = 500 sheets

**260 LITRES**

KITCHEN OIL COLLECTED & RECYCLED FROM REAL ESTATE TENANTS

**566 KG**

**E-Waste**

**recycled**

THROUGH THE EMTEL NATIONAL E-WASTE RECYCLING PROGRAMME

**30 TONS**

**E-Waste**

**recycled by company**

THROUGH RESPONSIBLE COLLECTORS & RECYCLERS

**252 KG**

**PET Waste**

**recycled**

THROUGH RESPONSIBLE COLLECTORS & RECYCLERS

**4.4 TONS**

**Office Paper Waste**

**recycled**

THROUGH RESPONSIBLE COLLECTORS & RECYCLERS

**1401**

**Endemic Trees Planted**

LA CITADELLE ENDEMIC REVEGETATION PROGRAMME STARTED IN 2015, REACHING A TOTAL OF 4,575 PLANTS AT END 2019

**504**

**Staff Eco-participation**

WORLD ENVIRONMENT DAY, MANGROVE PLANTING, CITADEL REVEGETATION, CLEAN UP CAMPAIGNS, ECO TOURS INITIATIVES

**395 Students**

**73 Public and**

**11 Staff**

MARINE BIODIVERSITY AWARENESS BY SPONSORED NGO REEF CONSERVATION

**212 Students**

**100 Public and**

**78 Staff**

TERRESTRIAL BIODIVERSITY AWARENESS BY SPONSORED NGO MAURITIAN WILDLIFE FOUNDATION

# EVENTS

## ARTS & CULTURE

### *EXHIBITION MARKING THE CENTENARY OF HERVÉ MASSON & "CONVERSATIONS" BY L'INSTITUT FRANÇAIS DE MAURICE*

CJ was delighted to be one of the partners of the "Hervé Masson" exhibition, an event that celebrated the illustrious life and career of an iconic artist who would have celebrated his 100th birthday.

The exhibition took place at Plaza in Rose Hill, from 26 September to 12 October 2019.

In parallel, the Group also co-sponsored "Conversations", an exhibition by l'Institut Français de Maurice that brought together some of the Indian Ocean's most talented contemporary artists. Held between 29 September and 30 November 2019 in the newly renovated Natural History Museum in Port Louis, attendees were guided on a tour of the historical site and enjoyed a host of activities which included an open-air cinema, amongst others.

### *ATELIER MO'ZAR*

Currimjee Group has long been a supporter of the Arts and Culture. Not only are they fundamental to our humanity, but they also foster creativity, build bridges between cultures and strengthen our social fabric - even more so in challenging times. Cultural events are also an opportunity to promote and support up-and-coming homegrown talent. Currimjee Jeewanjee proudly sponsored l'Atelier MO'ZAR as the team of young musicians set off to fly the flag for Mauritius and showcase the depth of their talent at the Jazz Plaza International Festival in Cuba in January 2019. MO'ZAR came into being in 1996 under the auspices of José Thérèse. Today, the school welcomes no less than 114 musical students.

## NOVELTIES WITHIN THE GROUP

### *30 YEARS OF EMTEL*

Emtel embarked on its technological journey 30 years ago. In June 2019, at its anniversary party in Bagatelle, it unveiled a new brand identity and slogan, Feel Free, which speaks of its 30 years of successfully enabling Mauritians to communicate freely, with no constraints. From the introduction of international roaming, to SMS service and Emcard, to 4G LTE and all its various accomplishments over the past 30 years, Emtel takes pride in its commitment to innovation and its unmistakable contribution to the evolution of the telecommunications landscape in Mauritius.

### *QUAY 11*

A brand new casual food and retail hot spot in the heart of the capital. That's right, we are talking about QUAY 11, located on the vibrant John Kennedy Street. Conceived by Currimjee Real Estate, QUAY 11 opened its doors on 16 July 2019 and brings forth an array of restaurants and boutiques catering to all tastes in an environment that combines modernity and warmth.

Variety, conviviality, quality and cleanliness take centre stage in this new space. QUAY 11, which covers an area of 800 m2, comes with a covered seating area, as well as a pleasant courtyard set away from the hustle and bustle of city life. Designed with sustainability in mind, Currimjee's Real Estate cluster opted for natural lighting and ventilation, making for an enjoyable dining experience.

# EVENTS

## NOVELTIES WITHIN THE GROUP

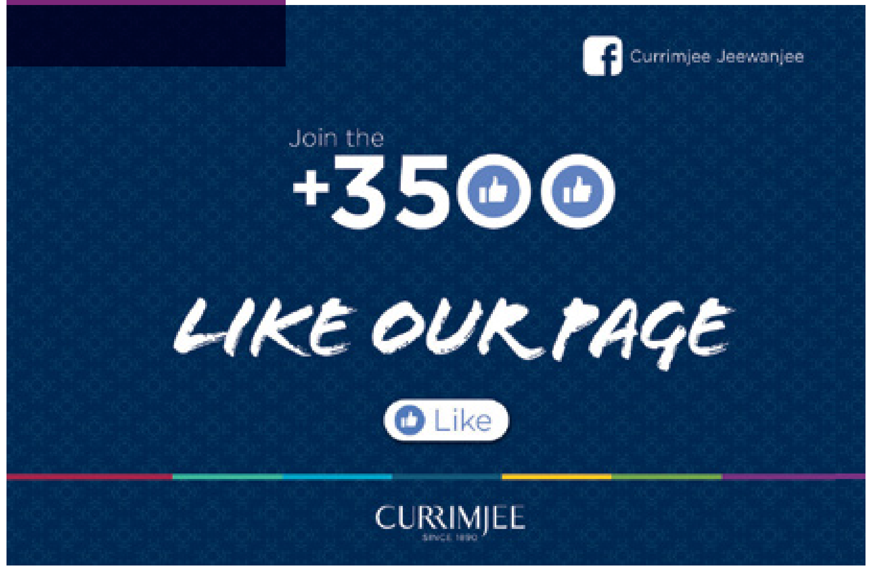
### *UNVEILING OF ANANTARA IKO MAURITIUS RESORT & VILLAS*

Set on le Chaland beach in the stunning South, Anantara IKO Mauritius Resort and Villas is Currimjee Group's new addition to its portfolio of properties. The 164-room hotel, operated by Minor Hotels Group under the renowned Anantara brand, opened its doors on 1 September 2019. The property is poised to complement its current offering with 8 luxurious villas by mid-October 2020. As with all of CJ's recent developments and in line with the Group's strategic pillars, the project was conceived in a way that respects and preserves the environment, integrating the principles of sustainable development in all aspects of its construction. Designed in harmony with the site's natural surroundings, an architecture that favours natural lighting and ventilation, the island's first hotel to be set back 100 metres from the beach, solar power, wastewater treatment, close collaboration with the southeast region's local producers and craftsmen, and soon, an endemic forest with as many as 10,000 trees.

### *INTEGRATED REPORT LAUNCH PARTY*

"Together, building a better tomorrow through a value-driven culture." Such is Currimjee Group's vision. It was in this context that CJ published its very first Integrated Report on 8 July 2019. Its goal is to offer critical information on CJ Group and its businesses' strategy, activities and capitals, as well as demonstrate CJ's ability to create value over the short, medium and long term. To celebrate the Group's first step on the integrated journey, a cocktail party was held at Le Nénuphar, during which the report was unveiled and distributed to all the guests present. In attendance were CJ's Board of Directors, employees and several partners who contributed to the preparation of the report.

### *CJ'S LAUNCH ON SOCIAL MEDIA*



Currimjee Jeewanjee is officially on Facebook. In June 2019, CJ launched its professional Facebook page to enhance its visibility, communicate more effectively about its various brands, products, services and initiatives, and continue to build on its already robust reputation. Now, CJ can further engage directly with customers and remain at the top of their minds.

# EVENTS

## EMPLOYEE, PARTNER AND CUSTOMER APPRECIATION

### *CELEBRATING MC VISION'S 20 YEARS AND LAUNCHING THE 4K DECODER*

MC Vision celebrated a major milestone last year: 20 years of existence and success. Over the course of a few months, the company marked the occasion with events in its showrooms in Bagatelle, Grand Baie and even Rodrigues. Between June and October 2019, MC Vision invited its most loyal customers to the launch of the new decoder 4k Ultra HD with PLAY, which offers an unparalleled viewing experience, as well as the latest version of the MyCanal app with its new functionalities. Of the lot, 600 customers who have been loyal subscribers to Canal+ since as far back as 1999, were presented with goodies and deals as a token of gratitude for their unrelenting loyalty and support.

### *INTERNATIONAL WOMEN'S DAY*

On 8 March, Currimjee Jeewanjee's Communication and Human Resource departments commemorated International Women's Day by organising a day especially dedicated to all the extraordinary women in leadership roles within CJ Group. We celebrated their achievements and invaluable contributions in shaping our business and country's future. The event also aligns with CJ's philosophy of championing gender equality, diversity and inclusion in the workplace.

The Group's women shared a convivial moment around round table discussions and an interactive session with guest speaker Aisha C Timol, who serves as an Independent Director on CJ's Board. She shared her experience and insights on her impressive career progression with 50 of the Group's female managers and assistant managers.

### *TELCO COCKTAIL PARTY MEET AND GREET*

Currimjee Group's Telecommunications, Media and IT cluster, composed of Emtel, MC Vision, CINF and Screenage, is driven by innovation and customer service excellence.

The cluster has established itself as an invaluable player in the industry, particularly as it has evolved into a one-stop-shop for ICT solutions for both individuals and businesses. A cocktail was organised for the cluster's partners and key clients at Le Nénuphar on 26 June, with the aim of introducing the collective services and complementary capabilities of the TMIT cluster's four companies.

### *CLUB CURRIMJEE EXCLUSIVELY FOR CJ EMPLOYEES*

Club Currimjee was created as an exclusive club for CJ's employees with one simple goal: to boost employee morale, engagement and sense of belonging. As the face of our businesses and the primary audience for our products/services, our employees are our best brand ambassadors. The club grants them access to special offers and privileges tailored for them by the Group's various subsidiaries, and in doing so, cultivates a community of engaged brand advocates.

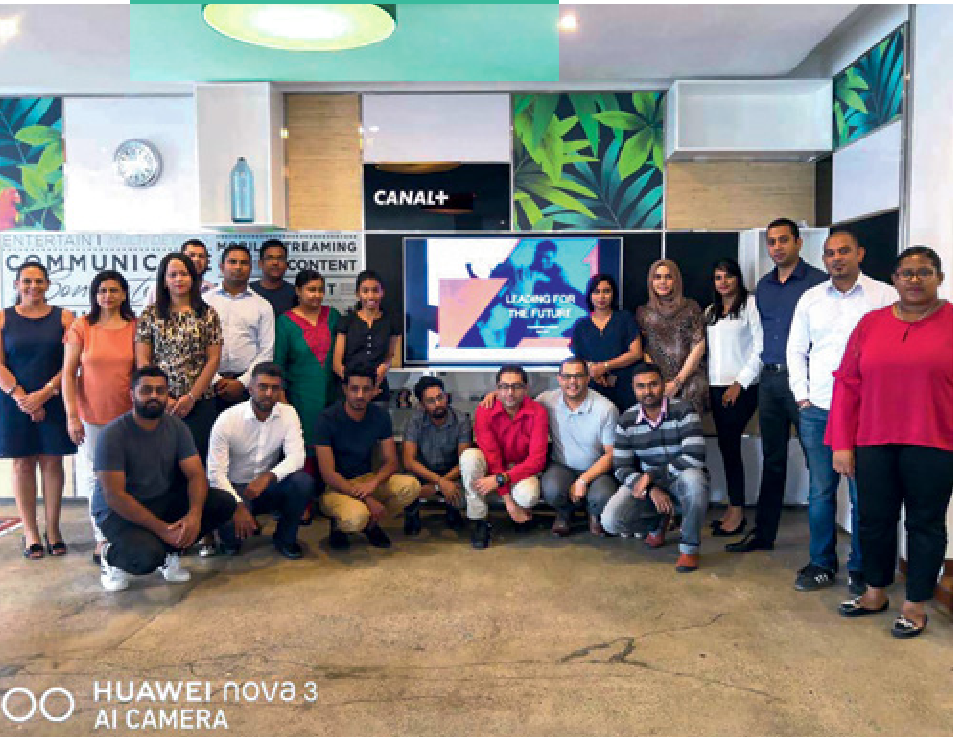
# EVENTS

## EMPLOYEE, PARTNER AND CUSTOMER APPRECIATION

### *TEAM BUILDING AT ANANTARA IKO MAURITIUS RESORT & VILLAS*

Each year, members of CJ's Corporate Office gather for a day of fun, team building and organic bonding. On 5 September 2019, our team members engaged in a series of games and activities at Anantara IKO, all of which were focused on enhancing our team's communication and collaboration skills. In the process, these activities build genuine connections between employees outside of work and create a more comfortable environment in the workplace. They also happened to be one of the very first to discover the new opened hotel, located in the South-East of the island.

### *WORKSHOPS AND PROFESSIONAL DEVELOPMENT*



Our employees are our greatest asset, and investing in them is vital to our growth and success. Amid a rapidly evolving work landscape, CJ is dedicated to training and upskilling our talent to ensure they have the right skills for today and tomorrow. We conducted a six-day workshop entitled "Leading for the Future" at Le Nénuphar in April 2019, which focused on equipping the Group's managers and supervisors with critical leadership skills. In parallel, we partnered with RBL Group, a world-class HR consulting firm, to develop a 9-month transformative programme aimed at nurturing our managers into effective leaders. 40 executives attended the first workshop at Emtel World in July 2019.

### *SPRUCING UP CJ'S HEAD OFFICE*

Set in the heart of Port Louis, CJ's business premises underwent a major uplifting during the year. Infused with a contemporary and warm touch, the reception area was outfitted with a green facade, a colour scheme reflecting CJ's clusters and business activities and an interior design that embodies the Group's core values. With brand new modern offices, a cozy cafeteria and a green rooftop, the new spaces offer a work environment that fosters collaboration, openness and productivity. Through this refurbishment, CJ is reaffirming its desire to focus, above all, on employee happiness, wellbeing and engagement, and to breathe new life into the city centre of Port Louis.

WE STRETCH BEYOND
OUR INBUILT SET
OF EXPERIENCES,
KNOWLEDGE,
CAPABILITIES AND
PRACTICES. IT'S HOW WE
BRING BREAKTHROUGH
**IDEAS TO LIFE**
AND DRIVE SUSTAINABLE
GROWTH.

# DIRECTORS REPORT

The Group's consolidated revenue increased by 3.1% year on year to reach Rs 5BN with both Telecom, Media & IT and Hospitality clusters contributing to achieve this growth.

The operating profit of the Group rose by over 12% compared to last year, largely as a result of fair value gain on investment properties within the Hospitality cluster companies. The other companies of the Group, except for the Hotel, performed comparably well despite the headwinds that we had anticipated since some time.

CJ recorded a consolidated NPBT of Rs 636M for the year under review, marginally above that of 2018. The Group's finance costs were negatively impacted in 2019, by the borrowing costs at the level of the Hotel, in its first 4 months of operation. Also higher borrowings at the level of Emtel, to cater for higher investment plan in 2019, has also added to this cost line.

The Group NPAT stood at Rs 438M in 2019, compared to Rs 420M in 2018.

The Group's Other comprehensive income was impacted by couple of large figures, mainly driven by the performance of its quoted investments in India and also adjustments to changes in retirement benefits measurements in line with IAS 19. The fair value gain on the investments attained Rs 202M for 2019, made up of an increase in share price and a favorable exchange difference. On the other hand, the mortality experience has negatively impacted the liability for retirement benefits to the tune of Rs 100M in 2019.

The Group's total comprehensive Income ended the year at Rs 591M compared to Rs 182M in 2018 with the amount attributable to the owners reaching Rs 337 M in 2019 compared to a loss of Rs 106M in 2018.

The Company's performance in 2019 was impacted by lesser dividend from its main subsidiaries and also a negative adjustment to its liability for retirement benefits, specifically due the mortality experience in relation to some of its members. The NPAT stood at Rs 127M in 2019, down from nearly Rs 400M in 2018.

The Company paid out a dividend of Rs 135M compared to Rs 110M in 2018.

## DIRECTORS

The following directors held office during the year ended 31 December 2019:

Bashirali A Currimjee
Anil C Currimjee
Ashraf M Currimjee
Azim F Currimjee
Mazahir F E Adamjee
Geerja Shankar Ramdaursingh – Resigned as director on 18 November 2019.

Riaz A Currimjee
Christophe de Backer
Shahrukh D Marfatia
M Iqbal Oozeer
Aisha C Timol
Karim A Barday

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

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

# DIRECTORS REPORT

## DONATIONS

During the year ended 31 December 2019, donations amounting to Rs 859,000 and Rs 768,000 (2018 – Rs 1,173,000 and Rs 1,118,000) were made by the Group and the Company respectively.

## AUDITOR

An external audit tender exercise is being conducted for the audit for the year ending 31 December 2020.

## ACKNOWLEDGEMENT

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

Mr Anil C Currimjee
Managing Director
03 June 2020

Mr Bashirali A Currimjee, G.O.S.K
Chairman

# INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Currimjee Jeewanjee and Company Limited**

## Report on the Audit of the Consolidated and Separate Financial Statements

### Our Qualified Opinion on the Consolidated Financial Statements

In our opinion, except for the effects of the matter described in the Basis for qualified opinion section of our report, the consolidated financial statements give a true and fair view of the financial position of Currimjee Jeewanjee and Company Limited and its subsidiaries (together the "Group") as at 31 December 2019 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

### Our Opinion on the Separate Financial Statements

In our opinion, the separate financial statements give a true and fair view of the financial position of Currimjee Jeewanjee and Company Limited (the "Company") standing alone as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.
What we have audited

Currimjee Jeewanjee and Company Limited's consolidated and separate financial statements set out on pages 159 to 251 comprise:

- the consolidated and separate statements of financial position as at 31 December 2019;
- the consolidated and separate income statements for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

### Basis for Qualified Opinion on the Consolidated Financial Statements and Basis for Opinion on the Separate Financial Statements

The financial statements of the Group are prepared using IFRS 9 except for one of its subsidiaries, Island Life Assurance Co. Ltd (ILA) which meets the criteria for eligibility of a temporary exemption from the application of IFRS 9 until 2023. The exemption is only eligible at ILA level and the financial statements of the Group should have been prepared applying IFRS 9 to all entities in the Group. However, the misstatements on the Group financial statements have not been quantified for the year ended 31 December 2019 and corresponding figures. Our audit opinion on the financial statements for the year ended 31 December 2019 and the corresponding figures is modified accordingly.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements and for our opinion on the separate financial statements.

### Independence

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

### Other Information

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

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above 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 on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion, the financial statements of the Group should have been prepared in applying IFRS 9 to all entities in the Group. We have concluded that the other information is materially misstated for the same reason with respect to the amounts on other items in the director's report affected by the failure to apply IFRS 9 to all entities in the Group.
In addition to the responsibilities described above and our work undertaken in the course of the audit, the Financial Reporting Act 2004 requires us to report certain matters as described below.

### Corporate Governance Report

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

### Responsibilities of the 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 Mauritian Companies Act 2001, and 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 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 scepticism 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 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 Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/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 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 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.

# INDEPENDENT AUDITOR’S REPORT

## Report on Other Legal and Regulatory Requirements

### Mauritian Companies Act 2001

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

(a) we have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditor and tax advisor of the Company and auditor, tax advisor, business advisor and dealings in the ordinary course of business of some of its subsidiaries;

(b) we have obtained all the information and explanations we have required; and

(c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

## Other Matter

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

PricewaterhouseCoopers

03 June 2020

Olivier Rey, licensed by FRC

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# CONSOLIDATED AND SEPARATE INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs’000 | Rs’000 | **Rs’000** | Rs’000 |
| Revenue from contracts with customers (Note 4) | 5,015,615 | 4,864,726 | 5,699 | 7,730 |
| Cost of sales | (2,558,877) | (2,381,539) | (4,914) | (7,030) |
| Gross profit | 2,456,738 | 2,483,187 | 785 | 700 |
| Other operating income – net (Note 5) | 350,474 | 111,271 | 583,979 | 794,769 |
| Selling and distribution costs | (488,772) | (452,676) | - | - |
| Net impairment losses on financial and contract assets | (37,627) | (29,579) | - | - |
| Administrative expenses | (1,356,548) | (1,285,331) | (247,066) | (205,298) |
| Operating profit (Note 6) | 924,265 | 826,872 | 337,698 | 590,171 |
| Finance costs (Note 8) | (391,238) | (297,451) | (241,990) | (216,040) |
| Finance income (Note 8) | 56,906 | 43,079 | 31,894 | 25,528 |
| Finance costs – net (Note 8) | (334,332) | (254,372) | (210,096) | (190,512) |
| Share of profit of associates (Note 15) | 46,791 | 55,906 | - | - |
| **Profit before taxation** | 636,724 | 628,406 | 127,602 | 399,659 |
| Income tax expense (Note 9) | (198,602) | (207,772) | - | - |
| **Profit for the year** | 438,122 | 420,634 | 127,602 | 399,659 |
| Profit attributable to : | | | | |
| Owners of the parent | 187,463 | 139,121 | | |
| Non-controlling interest | 250,659 | 281,513 | | |
| | 438,122 | 420,634 | | |

The notes on pages 167 to 251 form an integral part of the financial statements.

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Profit for the year | 438,122 | 420,634 | 127,602 | 399,659 |
| **Other comprehensive income:** | | | | |
| **Items that will not be reclassified to profit or loss** | | | | |
| Revaluation of property, plant and equipment | 21,983 | 8,032 | 22 | 59 |
| Group share on revaluation of property, plant and equipment in associates | 15,936 | 16,271 | - | - |
| Group share of other comprehensive income in associates | (8,816) | 8,132 | - | - |
| Fair value gain/(loss) on financial assets at fair value through other comprehensive income (Note 16) | 202,676 | (335,165) | - | - |
| Remeasurement of post employment benefit obligations (Note 26) | (100,942) | 54,210 | (74,482) | 15,942 |
| | 130,837 | (248,520) | (74,460) | 16,001 |
| **Items that may be subsequently reclassified to profit or loss** | | | | |
| Currency translation difference | 22,305 | 10,310 | - | - |
| | 22,305 | 10,310 | - | - |
| **Other comprehensive income for the year, net of tax** | 153,142 | (238,210) | (74,460) | 16,001 |
| **Total comprehensive income for the year** | 591,264 | 182,424 | 53,142 | 415,660 |
| **Total comprehensive income for the year** | | | | |
| Attributable to: | | | | |
| Owners of the parent | 337,761 | (106,010) | | |
| Non-controlling interest | 253,503 | 288,434 | | |
| | 591,264 | 182,424 | | |

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 9.

The notes on pages 167 to 251 form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2019

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| **ASSETS** | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Non-current assets** | | | | |
| Freehold land and buildings (Note 10) | 2,189,346 | 861,526 | 8,144 | 8,122 |
| Property, plant and equipment (Note 10) | 2,998,581 | 2,847,222 | 57,688 | 62,419 |
| Investment properties (Note 11) | 2,488,351 | 2,169,683 | 241,757 | 218,328 |
| Intangible assets (Note 12) | 402,570 | 463,698 | 6,402 | 6,524 |
| Right of use assets (Note 13) | 995,887 | - | 44,275 | - |
| Investments in subsidiaries (Note 14) | - | - | 4,498,068 | 4,424,168 |
| Investments in associates (Note 15) | 387,440 | 378,534 | 31,872 | 31,872 |
| Financial assets at fair value through OCI (Note 16) | 717,568 | 417,115 | 12,781 | 11,992 |
| Financial assets at fair value through profit or loss (Note 17) | 402,362 | 447,776 | - | - |
| Financial assets held at amortised cost (Note 18) | 657,867 | 580,646 | 337,787 | 337,434 |
| Prepaid operating lease (Note 19) | 165,844 | 171,550 | - | - |
| Deferred income tax asset (Note 20(i)) | - | 8 | - | - |
| | 11,405,816 | 8,337,758 | 5,238,774 | 5,100,859 |
| **Current assets** | | | | |
| Inventories (Note 21) | 187,653 | 122,989 | - | - |
| Financial assets at fair value through OCI (Note 16) | - | 16,137 | - | - |
| Financial assets held at amortised cost (Note 18) | 774,182 | 810,390 | 573,169 | 451,557 |
| Cash and cash equivalents (Note 31) | 601,847 | 749,864 | 8,368 | 10,853 |
| | 1,563,682 | 1,699,380 | 581,537 | 462,410 |
| Assets held for sale (Note 22) | - | 1,544 | - | - |
| | 1,563,682 | 1,700,924 | 581,537 | 462,410 |
| **Total assets** | 12,969,498 | 10,038,682 | 5,820,311 | 5,563,269 |

# STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2019 (CONTINUED)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| **EQUITY AND LIABILITIES** | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Equity attributable to owners of the parent** | | | | |
| Share capital (Note 23) | 29,700 | 29,700 | 29,700 | 29,700 |
| Revaluation reserve | 278,981 | 251,030 | 8,180 | 8,158 |
| Fair value reserve | 73,066 | 194,827 | - | - |
| Foreign currency translation reserve | 127,347 | 114,000 | - | - |
| Other reserves | 13,011 | 13,011 | - | - |
| Retained earnings | 581,077 | 255,092 | 1,218,199 | 1,300,679 |
| | 1,103,182 | 857,660 | 1,256,079 | 1,338,537 |
| **Non-controlling interests** | 517,729 | 515,781 | - | - |
| **Total equity** | 1,620,911 | 1,373,441 | 1,256,079 | 1,338,537 |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Life assurance funds (Note 24) | 885,680 | 888,009 | - | - |
| Borrowings (Note 25) | 4,122,242 | 3,192,492 | 1,813,834 | 2,464,707 |
| Deferred income tax liabilities (Note 20(ii)) | 223,146 | 223,728 | - | - |
| Post -employment benefits (Note 26) | 584,653 | 515,922 | 469,847 | 426,372 |
| Provision for asset retirement obligations (Note 27) | 49,612 | 67,950 | - | - |
| Trade and other payables (Note 28(i)) | 6,825 | 16,116 | - | - |
| Lease liabilities (Note 13) | 890,300 | - | 50,928 | - |
| | 6,762,458 | 4,904,217 | 2,334,609 | 2,891,079 |
| **Current liabilities** | | | | |
| Life assurance funds (Note 24) | 114,183 | 111,842 | - | - |
| Trade and other payables (Note 28(i)) | 1,634,740 | 1,470,629 | 66,396 | 74,684 |
| Current income tax liability (Note 9 (a)) | 91,203 | 103,022 | - | - |
| Post -employment benefits (Note 26) | - | 2,387 | - | - |
| Borrowings (Note 25) | 2,543,041 | 2,027,858 | 2,151,727 | 1,258,969 |
| Lease liabilities (Note 13) | 153,967 | - | 11,500 | - |
| Provisions for other liabilities and charges (Note 28(ii)) | 48,995 | 45,286 | - | - |
| | 4,586,129 | 3,761,024 | 2,229,623 | 1,333,653 |
| **Total liabilities** | 11,348,587 | 8,665,241 | 4,564,232 | 4,224,732 |
| **Total equity and liabilities** | 12,969,498 | 10,038,682 | 5,820,311 | 5,563,269 |

**Authorised for issue by the Board of directors on and signed on its behalf by:**

**Mr Anil C Currimjee**
Managing Director

**Mr Bashirali A Currimjee, G.O.S.K**
Chairman

The notes on pages 167 to 251 form an integral part of the financial statements.

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# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

| | Attributable to owners of the parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Revaluation reserve | Fair value reserve | Foreign currency translation reserve | Other reserves | Retained earnings | Subtotal | Non-controlling interests | Total Equity |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Group** | | | | | | | | | |
| **At 01 January 2018** | 29,700 | 228,720 | 571,309 | 94,992 | 13,011 | 137,040 | 1,074,772 | 541,675 | 1,616,447 |
| **Comprehensive income** | | | | | | | | | |
| Profit for the year | - | - | - | - | - | 139,121 | 139,121 | 281,513 | 420,634 |
| **Other comprehensive income (net of tax)** | | | | | | | | | |
| Revaluation of property (Note 10) | - | 7,264 | - | - | - | - | 7,264 | 2,401 | 9,665 |
| Deferred tax on revaluation (Note 9) | - | (1,225) | - | - | - | - | (1,225) | (408) | (1,633) |
| Group share of other comprehensive income in associates | - | 16,271 | - | 8,796 | - | (664) | 24,403 | - | 24,403 |
| Adjustment on disposal of financial assets held at fair value through OCI | - | - | (44,770) | - | - | 44,770 | - | - | - |
| Remeasurement of post employment benefits (Note 26) | - | - | - | - | - | 47,821 | 47,821 | 9,718 | 57,539 |
| Deferred tax on remeasurement of post employment benefits | - | - | - | - | - | (1,894) | (1,894) | (1,435) | (3,329) |
| Fair value loss on financial assets at fair value through OCI (Note 16) | - | - | (331,712) | - | - | - | (331,712) | (3,453) | (335,165) |
| Currency translation difference recognised directly in reserves | - | - | - | 10,212 | - | - | 10,212 | 98 | 10,310 |
| **Total comprehensive income** | - | 22,310 | (376,482) | 19,008 | - | 229,154 | (106,010) | 288,434 | 182,424 |
| **Transactions with owners** | | | | | | | | | |
| Adjustment on disposal of subsidiary | - | - | - | - | - | 9,237 | 9,237 | - | 9,237 |
| Adjustment on new subsidiary | - | - | - | - | - | (9,939) | (9,939) | - | (9,939) |
| Dividends paid (Note 32) | - | - | - | - | - | (110,400) | (110,400) | (314,328) | (424,728) |
| **At 31 December 2018** | **29,700** | **251,030** | **194,827** | **114,000** | **13,011** | **255,092** | **857,660** | **515,781** | **1,373,441** |
| **Comprehensive income** | | | | | | | | | |
| Profit for the year | **-** | **-** | **-** | **-** | **-** | **187,463** | **187,463** | **250,659** | **438,122** |
| **Other comprehensive income (net of tax)** | | | | | | | | | |
| Revaluation of property (Note 10) | **-** | **19,867** | **-** | **-** | **-** | **-** | **19,867** | **6,615** | **26,482** |
| Deferred tax on revaluation (Note 9) | **-** | **(3,374)** | **-** | **-** | **-** | **-** | **(3,374)** | **(1,125)** | **(4,499)** |
| Group share of other comprehensive income in associates | **-** | **15,936** | **-** | **(8,816)** | **-** | | **7,120** | **-** | **7,120** |
| Adjustment on disposal of financial assets held at fair value through OCI | **-** | - | **(322,377)** | **-** | **-** | **322,377** | **-** | **-** | **-** |
| Remeasurement of post employment benefits (Note 26) | **-** | **-** | **-** | **-** | **-** | **(98,224)** | **(98,224)** | **(5,827)** | **(104,051)** |
| Deferred tax on remeasurement of post employment benefits | **-** | **-** | **-** | **-** | **-** | **2,130** | **2,130** | **979** | **3,109** |
| Transfer of reserves | | **(4,478)** | | | | **4,478** | | | |
| Fair value gain on financial assets at fair value through OCI (Note 16) | **-** | **-** | **200,616** | **-** | **-** | **-** | **200,616** | **2,060** | **202,676** |
| Currency translation difference recognised directly in reserves | **-** | **-** | **-** | **22,163** | **-** | **-** | **22,163** | **142** | **22,305** |
| **Total comprehensive income** | **-** | **27,951** | **(121,761)** | **13,347** | **-** | **418,224** | **337,761** | **253,503** | **591,264** |
| **Transactions with owners** | | | | | | | | | |
| Adjustment on disposal of subsidiary | **-** | **-** | **-** | **-** | **-** | **43,361** | **43,361** | **-** | **43,361** |
| Dividends paid (Note 32) | **-** | **-** | **-** | **-** | **-** | **(135,600)** | **(135,600)** | **(251,555)** | **(387,155)** |
| **At 31 December 2019** | **29,700** | **278,981** | **73,066** | **127,347** | **13,011** | **581,077** | **1,103,182** | **517,729** | **1,620,911** |

The notes on pages 167 to 251 form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

| | Share capital | Revaluation Reserve | Retained earnings | Total Equity |
|---|---|---|---|---|
| **Company** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| **At 01 January 2018** | 29,700 | 8,099 | 995,478 | 1,033,277 |
| **Comprehensive income** | | | | |
| Profit for the year | - | - | 399,659 | 399,659 |
| Revaluation of property (Note 10) | - | 59 | - | 59 |
| Remeasurement of post employment benefits (Note 26) | | | 15,942 | 15,942 |
| **Total comprehensive income** | - | 59 | 415,601 | 415,660 |
| **Transactions with owners** | | | | |
| Dividends paid (Note 32) | - | - | (110,400) | (110,400) |
| **At 31 December 2018** | 29,700 | 8,158 | 1,300,679 | 1,338,537 |
| **Comprehensive income** | | | | |
| Profit for the year | **-** | **-** | **127,602** | **127,602** |
| Revaluation of property (Note 10) | **-** | **22** | **-** | **22** |
| Remeasurement of post employment benefits (Note 26) | **-** | **-** | **(74,482)** | **(74,482)** |
| **Total comprehensive income** | **-** | **22** | **53,120** | **53,142** |
| **Transactions with owners** | | | | |
| Dividends paid (Note 32) | **-** | **-** | **(135,600)** | **(135,600)** |
| **At 31 December 2019** | **29,700** | **8,180** | **1,218,199** | **1,256,079** |

The revaluation reserve represents the revaluation surplus on freehold land and buildings.

The fair value reserve relates to revaluation surplus on financial assets at fair value through OCI.

The other reserves relate to the Group's share of reserves in associates and the acquisition of Silver Wings Travels Ltd, now a wholly owned subsidiary.

The foreign currency translation reserve consists of the exchange difference arising on the consolidation of subsidiaries whose functional currencies are denominated in foreign currencies.

The notes on pages 167 to 251 form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Cash flows from operating activities** | | | | |
| Cash generated from/(used in) operating activities (Note 29) | 1,689,756 | 1,917,957 | (199,275) | (201,805) |
| Interest received | 44,214 | 34,325 | 31,477 | 20,912 |
| Interest paid | (381,863) | (280,187) | (228,715) | (201,146) |
| Tax paid (Note 9) | (212,385) | (231,694) | - | - |
| **Net cash generated from/(used in ) operating activities** | 1,139,722 | 1,440,401 | (396,513) | (382,039) |
| **Cash flows from investing activities** | | | | |
| Proceeds from disposal of property, plant and equipment | 3,290 | 25,699 | 260 | 2,484 |
| Proceeds from disposal of investment property | 16,891 | 8,159 | - | - |
| Proceeds from disposal of financial assets at fair value through OCI | 375,035 | 61,051 | - | - |
| Proceeds from asset held for sale | 1,544 | 2,681 | - | - |
| Proceeds from disposal of financial assets at fair value through profit or loss | 52,277 | 84,356 | - | - |
| Payments for purchase of property, plant and equipment (Note 10) | (2,152,969) | (1,311,878) | (9,717) | (48,239) |
| Payments for purchase of intangible assets (Note 12) | (17,785) | (29,408) | (2,449) | (4,499) |
| Payments for purchase of financial assets at fair value through OCI (Note 16) | (430,216) | (36,370) | (789) | (6,000) |
| Disposal of investment in subsidiaries | - | - | 100 | - |
| Additional investments in subsidiaries | - | - | (74,000) | (410,899) |
| Additional prepayments for operating lease (Note 19) | - | (5,727) | - | - |
| Payments for purchase of investment properties (Note 11) | (58,161) | (59,546) | (27,436) | (10,156) |
| Payments for purchase of financial assets at fair value through profit or loss (Note 17) | (29,887) | (43,881) | - | - |
| Payment for purchase of debt securities (Note 18 (vi)) | (170,847) | (148,817) | - | |
| Proceeds from disposal of debt securities (Note18 (v)) | 105,058 | 16,378 | - | - |
| Loans granted | (31,677) | (62,834) | (380,684) | - |
| Loans repayments received | 41,153 | 29,953 | 266,002 | - |
| Loans made to parent | (350) | (900) | (350) | (900) |
| Deposits placed with financial institutions | (75) | (118) | - | - |
| Dividends received from subsidiaries (Note 5) | - | - | 507,653 | 715,416 |
| Dividends received from associates (Note 15) | 45,005 | 58,243 | - | - |
| Dividends received from other investments (Note 5) | 10,516 | 10,091 | - | - |
| **Net cash (used in)/from investing activities** | (2,241,198) | (1,402,868) | 278,590 | 237,207 |

The notes on pages 167 to 251 form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Cash flows from financing activities** | | | | |
| Bank loans received | 7,656,637 | 7,165,065 | 223,000 | 1,301,000 |
| Bank loans repaid | (6,398,920) | (6,527,940) | (372,387) | (1,127,213) |
| Import loans repaid | (301) | - | - | - |
| Capital element of finance lease payments (Note 30) | (130,651) | (8,819) | (13,825) | (5,224) |
| Proceeds on inception of finance leases (Note 30) | 14,417 | 7,527 | 12,199 | 7,527 |
| Loans raised from subsidiaries (Note 36) | - | - | 363,000 | 40,000 |
| Loans repaid to subsidiaries (Note 36) | - | - | (4,816) | (5,000) |
| Loans raised from directors (Note 36) | 6,068 | 5,720 | 6,067 | 5,720 |
| Loans repaid to directors | (1,150) | (5,350) | (1,150) | (5,350) |
| Loans raised from other related parties | 62,847 | 119,952 | 62,845 | 47,504 |
| Loans repaid to other related parties | (32,844) | (80,618) | (30,819) | (44,288) |
| Dividends paid to group shareholders | (135,600) | (110,400) | (135,600) | (110,400) |
| Dividends paid to non-controlling interests | (251,555) | (314,328) | - | - |
| **Net cash used in financing activities** | 788,948 | 250,809 | 108,514 | 104,276 |
| | | | | |
| **Increase/(decrease) in cash and cash equivalents** | (312,528) | 288,342 | (9,406) | (40,566) |
| Cash and cash equivalents at beginning of year | 609,942 | 321,600 | (72,256) | (31,700) |
| **Cash and cash equivalents at end of year (Note 31)** | 297,414 | 609,942 | (81,662) | (72,256) |

The notes on pages 167 to 251 form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

## 1 SIGNIFICANT ACCOUNTING POLICIES

General information

The principal activity of the Company is investment holding. The principal accounting policies applied in the preparation of these financial statements, are set out below. These policies apply to the Group and Company, and have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

In the separate financial statements, Currimjee Jeewanjee and Company Limited is referred to as the "Company" whereas the consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee applicable to companies reporting under IFRS except for IFRS 9 for one of its subsidiaries, Island Life Assurance Co. Ltd (ILA) which meets the criteria for eligibility of a temporary exemption from the application of IFRS 9 until 2023. The exemption is only eligible at ILA level and the financial statements of the Group should have been prepared applying IFRS 9 to all entities in the Group. The financial statements also comply with the Mauritian Companies Act 2001. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of freehold land and buildings, investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

During the year, the Group and the Company made a profit of **Rs 438,122,000** (2018 –Rs 420,634,000) and **Rs 127,602,000** (2018 - Rs 399,659,000) respectively. At the statement of financial position date, the Group and the Company's current liabilities exceeded their current assets by **Rs 3,022,447,000** (2018 - Rs 2,060,100,000) and **Rs 1,648,086,000** (2018 - Rs 871,243,000) respectively.

The financial statements have been prepared on the going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future and depends on the continued support of the Group's bank.

The COVID-19 pandemic of 2020 represents an unprecedented period of uncertainty and risk for business organizations worldwide. As we experience these ambiguous times, CJ has stressed test its debt reduction plan starting with a deep review of its cash flows forecast for 2020 and has taken some major decisions so as to be able to meet its obligations in the short term.

The following are the key elements of this review:

- The key subsidiaries, operating in the Telecommunications and Media sector remain resilient but we have preferred to be cautious and assumed a reduction in dividend receivable from these subsidiaries to the tune of Rs 90M for 2020.
- The Energy sector on the other hand, is negatively affected by the drop in the price of petrol on the world market. As a result of this, a major write down on stocks on hand, has been booked by the associate, in early 2020 to reflect this. CJ has not assumed any dividend from this investment in 2020.
- The other subsidiaries have also been assumed not to be in a position to pay any dividend to CJ in 2020.
- The Hospitality sector is experiencing a collapse of revenues and the short term perspective remain uncertain. The IKO (Mauritius) Hotel Ltd is directly impacted. CJ has approached the bankers of the hotel, and together with them will support the requirements of funds of this investments until required. For 2020, an amount of Rs 100M is being planned.
- CJ has arranged with the Groups' bankers to reschedule loan repayments of Group companies to later part of the year and has committed to support its subsidiaries to enable them to operate without a cash shortage.
- Following the sale of its investments in EM Vision Ltd, CJ has received Rs 700M as consideration in early 2020 and has applied this mainly towards reduction of its debt. A further amount of Rs 450M is planned to be received in March 2021 and CJ has arranged for a bridging facility of this amount with the banks to enable it to meet its cash requirements during this challenging time.
- Finally, the board of CJ has decided not to declare any dividend for 2020 unless there is a marked improvement in performance. This is testimony of a coherent faith in the future of the Group, beyond this pandemic.

## 1 SIGNIFICANT ACCOUNTING POLICIES

Based on its current projections, CJ will be able to operate within its approved facilities with its bankers. Some of the measures taken above, mainly pertaining to a reduction of dividend receivable by CJ, amounting to a total of Rs 150M, will be reviewed as we progress through the coming months of 2020. CJ has built a good relationship with its bankers over time by respecting its commitments all along and has their support, if required, in this testing time. The large subsidiaries of the Group also have considerable leveraging capacity and will be tapped into if required. Finally, CJ also holds considerable liquid investments that would be considered as a last resort.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

(a) Critical accounting estimates and assumptions

The Group and Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

- Post-employment benefits

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 the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. Critical assumptions are made by the actuary in determining the present value of retirement benefit obligations. These assumptions are set out in Note 26.

- Estimate of recoverable amount of investments in subsidiaries

The recoverable amount of investments in some subsidiaries has been determined based on value in use calculations and fair value less costs to sell. These calculations require the use of estimates, including discounted cash flows based on management's expectations of future revenue growth, operating costs and profit margins for each subsidiary. The bases of these calculations are set out in note 14.

## 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*(a) Critical accounting estimates and assumptions (Continued)*

- Life assurance fund (Note 24) - estimates of future benefit payments under the long-term insurance contracts

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the actuary. Estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. The actuary bases these estimates on standard industry mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the actuary's own experience. The estimated number of deaths determines the value of the benefit payments and the value of the valuation premiums. The main source of uncertainty is that epidemics such as AIDS and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, could result in future mortality being significantly worse than in the past for the age groups in which the Group has significant exposure to mortality risk. For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected mortality improvements. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Group is exposed to longevity risk.

Long-term business technical provisions are computed using statistical or mathematical methods. The computations are made by the Group's actuaries on the basis of recognised actuarial methods, with due regard to the actuarial principles laid down by the law and by actuarial best practices. The methodology takes into account the risks and uncertainties of the particular classes of long-term business written and the results are certified by the actuaries undertaking the valuations.

For long-term insurance contracts with fixed and guaranteed terms, estimates are made in two stages. Estimates of future deaths, voluntary terminations, investment returns and administration expenses are made at the inception of the contract and form the assumptions used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty is added to these assumptions. These assumptions are 'locked in' for the duration of the contract. New estimates are made each subsequent year in order to determine whether the previous liabilities are adequate in the light of these latest estimates. If the liabilities are considered adequate, the assumptions are not altered. If they are not adequate, the assumptions are altered ('unlocked') to reflect the best estimate assumptions.

The reasonableness of the estimation process of future benefit payments is tested by an analysis of sensitivity under several different scenarios. The analysis enables the Group to assess the most significant assumptions and monitor the emerging variations accordingly.

Liabilities in relation to death and disability benefits are amortised by reinsuring the yearly sums at risk above the retention limit against payment of respective reassurance premiums. The sensitivity analysis has been disclosed in Note 3(d).

- Provision for asset retirement obligation

In one of the Group's subsidiaries the directors have estimated the costs of dismantling, removing antennas and restoring the leased sites to their original conditions which have been provided in full in the financial statements. This assumes that the effect of the inflationary increase on the costs will be minimised on discounting such costs to their present values. These assumptions and the sensitivity analysis are set out in Note 27.

- Fair value estimates of property, plant and equipment

The fair value at 31 December 2019 comprises the best estimate of market value by independent valuations performed by external property valuers. The best evidence of fair value is the current price in an active market for similar properties as set out in Note 10.

- Fair value estimates of investment properties

The fair value at 31 December 2019 comprises the best estimate of market value by independent valuations performed by external property valuers. The best evidence of fair value is the current price in an active market for similar properties, please refer to Note 11.

- Income taxes

The Group is subject to income taxes at an average tax rate 17% (2018 – 17%). Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. The Group has a current tax receivable of Rs 93.4 million, please refer to Note 18.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019 (CONTINUED)

## 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*(a) Critical accounting estimates and assumptions (Continued)*

- Fair value of financial instruments

For financial instruments traded in active markets, the determination of fair values of financial assets is based on quoted market prices. This includes listed equity securities and quoted debt instruments on major stock exchanges. The quoted market price used for financial assets held by the Company is the current bid prices.

If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs. The sensitivity analysis is set out on Note 2.

The carrying value of trade receivables and trade payables are assumed to approximate their fair values.

(a) Critical judgements in applying the entity's accounting policies

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

Changes in accounting policy and disclosures

*(a) New and amended standards adopted by the Group and the Company*

The Group and Company have applied the following standards and amendments for the first time for their annual reporting period commencing 01 January 2019:

IFRS 16 Leases

The Group  has adopted "IFRS 16 - Leases" using the modified retrospective approach. Under this approach, the lessee does not restate comparative information. Consequently, the date of initial application is the first day of the annual reporting period in which the lessee first applies the requirements of the new leases standard.

On adoption of IFRS 16, the Group has recognised its lease liability in relation to the lease which had previously been classified as 'operating lease' under the principles of "IAS 17 – Leases". This liability was measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 01 January 2019. The lessee's incremental borrowing rate applied to the lease liability range is 5.5% - 7.75%.

Measurement of right-of-use asset

The right-of-use asset was measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position  as at 31 December 2019. The depreciation rate on ROU assets is computed on straight line basis over the duration of the lease. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. In instances where lease agreement contain lease and non-lease components, they are generally accounted for separately. For certain instances where it is impractical to separate the lease from the non-lease component, the Group has accounted for them as a single lease component.

IFRIC 23, 'Uncertainty over income tax treatments'

This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

The adoption of this amendment does not have any significant impact on the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019 (CONTINUED)

## 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*(b) New standards, amendments and interpretations issued but not effective for the financial year beginning after 1 January 2019 and not adopted early*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. The standard is effective for annual periods beginning on or after 1 January 2022 and earlier application is permitted. The directors have not yet assessed the impact of this standard on the financial statements.

Other standards, not yet effective, are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Consolidation

- Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019 (CONTINUED)

## 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

- Subsidiaries (Continued)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains and losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

- Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

- Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

- Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019 (CONTINUED)

## 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

- Associates (Continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

Investment in subsidiaries and associates in the Company's separate financial statements

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

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

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

Foreign currency translation

- Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in thousands of Mauritian rupee.

In the separate financial statements of the Company, items are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The separate financial statements are presented in thousands of Mauritian rupee, which is the Company's functional currency.

- Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income - net'.

## 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation (Continued)

- Transactions and balances (Continued)

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as financia assets at fair value through other comprehensive income are included in other comprehensive income.

- Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- income and expenses for each income statement are translated at average exchange rate, unless the average exchange rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date, in which case income and expenses are translated at the dates of the transactions; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, financial assets held at amortised cost and financial assets at fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. The directors determine the classification of its financial assets at initial recognition.

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

- Financial assets held at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'loans and receivables' and 'cash and cash equivalents' in the statements of financial position.

## 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Financial assets – classification and measurement

The Group classifies its financial assets in the following categories: at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income. The classification depends on the business model and whether the Group's business model is to hold these for collection of contractual cash flows, and the cash flows represent solely payments of principal and interest on the principal amount, or for sale or both. The Group determines the classification of its financial assets on initial recognition.

Subsequent measurement

Financial assets held at amortised cost

Financial assets held at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade receivables' in the statement of financial position. Subsequent measurement of loan and receivables is at amortised cost given that these are assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the statement of comprehensive income and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

Equity instruments

The Group subsequently measures all equity investments at fair value. The Directors have elected to present fair value gains and losses on equity investments in statement of other comprehensive income and there is no subsequent reclassification of fair value gains and losses to the statement of comprehensive income following the derecognition of the investment. Dividends from such investments are to be recognised in the statement of comprehensive income as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/losses in the statement of comprehensive income as applicable. Impairment losses and reversal of impairment losses on equity investments measured at fair value through other comprehensive income (FVOCI) are not reported separately from other changes in fair value.

Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for trade receivables.

Trade receivables have been grouped based on shared credit characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over the last 3 years and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables. The Group has identified Gross Domestic Product (GDP) to be the most relevant factor, and accordingly adjusts the historical loss rates

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

a. significant financial difficulty of the issuer or the borrower;
b. a breach of contract, such as a default or past due event;
c. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
e. the disappearance of an active market for that financial asset because of financial difficulties; or
f. the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

## 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Property, plant and equipment*

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

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

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

| | |
|---|---|
| Buildings and buildings on long leasehold land | 2.0% to 5.0% |
| Plant, equipment and other assets | 10.0% to 50.0% |
| Motor vehicles | 20.0% to 33.0% |
| Furniture and fittings | 5.0% to 22.0% |

## 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Property, plant and equipment (Continued)*

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Property, plant and equipment which have been funded through finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

*Investment property*

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group or the Company, are classified as investment properties. Investment properties comprise office buildings and retail outlets leased out under operating lease agreements.

Some properties may be partially occupied by the Group, with the remainder being held for rental income or capital appreciation. If that part of the property occupied by the Group can be sold separately, the Group accounts for the portions separately. The portion that is owner-occupied is accounted for under IAS 16, and the portion that is held for rental income or capital appreciation or both is treated as investment property under IAS 40. When the portions cannot be sold separately, the whole property is treated as investment property only if an insignificant portion is owner-occupied. The Group considers the owner-occupied portion as insignificant when the property is more than 95% held to earn rental income or capital appreciation. In order to determine the percentage of the portions, the Group uses the size of the property measured in square metre.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost has incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the year in which they arise. Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is calculated on the basis of recent transactions in similar properties adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers.

## 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Investment property (Continued)*

The Group only enters as lessor into lease agreements that are classified as operating leases (IAS 17). A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. The properties leased out under operating leases are included in 'Investment properties'. Lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term. The Group makes payments to agents for services in connection with negotiating lease contracts with the Group's lessees. The letting fees are capitalised within the carrying amount of the related investment property and depreciated over the lease term.

*Right of use assets*

Following the adoption of IFRS 16, the Group has presented the right of use assets separately in the statement of financial position. Alternatively, the Group may choose to resent right of use assets that do not meet the definition of investment property within property, plant and equipment.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

## 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Insurance contracts

(a) Classification

One of the Group's subsidiary issues contracts that transfer insurance risk. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

(b) Recognition and measurement

The Group issues long-term insurance contracts with fixed and guaranteed terms. These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission.

Benefits are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums).

The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

The liabilities are recalculated at each reporting date using the assumptions established at valuation date.

(c) Minimum capital requirement test

As required by the Long Term Insurance Solvency Rules, an insurer shall at all times maintain a solvency margin that is at least equal to the Minimum Capital Requirement. The Minimum Capital Requirement for an insurer shall be determined by its actuary as the higher of a stress test requirement determined in accordance with guidelines issued by the Financial Services Commission to ensure that the long-term insurer remains solvent or the higher of an amount of Rs 25 million or an amount representing 13 weeks' operating expenses. The purpose of the set stress requirement is to quantify the minimum level of assets in excess of liabilities so as to enable the insurer to meet all the obligations as and when they are due and to provide sufficient cushion against adverse deviations in experience in any of the variables used in the valuation of liabilities. Stress Test Requirements equals the higher of the "Termination Capital Adequacy Requirements" (TCAR) and the "Ordinary Capital Adequacy Requirements" (OCAR).

(d) Reinsurance contracts held

Contracts entered into by one of the Group's subsidiaries with reinsurers under which the subsidiary is compensated for losses on one or more contracts issued by the subsidiary and that meet the classification requirements for insurance contracts in (a) above are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the subsidiary under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

## 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Insurance contracts (Continued)*

(d) Reinsurance contracts held (continued)

The benefits to which the subsidiary is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within loans and receivables), as well as longer term receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. In certain cases a reinsurance contract is entered into retrospectively to reinsure a notified claim under the subsidiary's property or casualty insurance contracts. Where the premium due to the reinsurers differs from the liability established by the subsidiary for the related claim, the difference is amortised over the estimated remaining settlement period.

The subsidiary assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the subsidiary reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in profit or loss. The subsidiary gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets.

(e) Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in profit or loss. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated under the same method used for these financial assets.

*Intangible assets*

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Computer software costs

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software.

These costs are amortised over their estimated useful life (5 years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

(c) Patent rights and licences

Separately acquired patents and licences are initially recognised at cost. Subsequently, they are carried at cost less amortisation. Amortisation is calculated using the straight-line method to allocate the cost of patent and licences over their useful lives of 5 – 15 years.

## 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capacity purchased on an Indefeasible rights of use ("IRU") basis is shown under non-current assets. The IRU is amortised on a straight-line basis over the contract period of 15 years from the effective date of the IRU's purchase. Remaining useful life is approximately is 9 years.

*Impairment of non-financial assets*

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

*Trade receivables*

Trade receivables are amounts due from customers for goods and services sold in the ordinary course of the business. They are generally due for settlement within 30 and 90 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group and Company apply the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for trade receivables

Trade receivables have been grouped based on shared credit characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over the last 3 years and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables. The Company has identified Gross Domestic Product (GDP) to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

*Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the average cost ("AVCO") method and includes all costs incurred in bringing the inventories to their present location and condition. The cost of finished goods and work-in progress comprises purchase price, materials and all applicable expenses. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

*Property held for resale*

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

*Cash and cash equivalents*

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

*Share capital*

Ordinary shares are classified as equity.

*Trade payables*

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

## 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Borrowings*

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

*Current and deferred income tax*

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

*Provisions*

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

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

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

## 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Provision for asset retirement obligations*

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

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

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

*Employee benefits*

(a) Pension obligations

The Group has both defined benefit and defined contribution plans. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

- Defined benefit pension

Group companies operate various pension schemes for employees eligible for a defined benefit schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

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

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

Where employees are not covered under defined pension scheme, the present value of severance allowances calculated on the basis the enacted laws in the countries where the respective entity operates has been provided for. The present value of severance allowances has been disclosed within unfunded obligations under retirement benefit obligations.

- Defined contribution plan

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

# NOTES TO THE FINANCIAL STATEMENTS

## 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Employee benefits (continued)*

(a) Other post-employment obligations

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

(b) Termination benefits

Termination benefits are payable when employment is terminated by a group entity before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

*Leases*

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Until 31 December 2018, leases of property, plant and equipment where the group, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

*Revenue from contract with customers recognition*

Revenue from contract with customers is recognised to the extent that it is probable that the economic benefits will flow to the Group and revenue can be reliably measured. The following specific criterias must also be met. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and upon customer acceptance if any, or performance of services, net of value added taxes and discounts. The Group's turnover reflects the invoiced value derived from operations.

## 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Revenue from contracts with customers recognition (Continued)*

Revenues from pre-paid phone cards are recognised based on actual usage by the customers.

Other revenues earned by the Group are recognised on the following bases:

(i) Dividend income is recognised when the shareholder's right to receive payment is established.

(ii) Interest income is recognised using the effective interest method. Interest income includes accrued discount on Treasury Bills.

(iii) Commitment fee is recognised at the time of the signature of the lease agreement.

(iv) Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its customers, the cost of incentives are recognised over the lease term, on a straight-line basis, as a reduction of rental income.

*Life assurance fund*

At the end of every year the amount of the liabilities of the life assurance fund is established. Effective from the year 2004, the adequacy of the fund is determined annually by actuarial valuation. Under current legislation, an annual actuarial reporting is required by Financial Services Commission. Based on the annual actuarial valuation, the actuary recommends the bonus declaration and the amount of actuarial surplus that can be transferred from profit or loss.

Dividend distribution

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

## 2 FINANCIAL RISK MANAGEMENT

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

Risk management is carried out under policies approved by the Board of directors.

(a) Market risk

- Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar ("USD"), Euro ("EUR"), and Indian rupee ("INR"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

## 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

Foreign exchange risk (Continued)

Group companies individually manage foreign exchange risk against their functional currency by:

(i) Forecasting their requirements for foreign currencies and retaining, wherever possible, such amounts necessary to settle amounts denominated in foreign currencies.

(ii) Buying foreign currencies at forward rates or negotiated spot rate with commercial banks. Selling excess foreign currencies on the local market.

*Sensitivity analysis*

The profitability of the Group and Company is sensitive to foreign exchange gains/losses on translation of fair value through OCI, loans and receivables, cash and cash equivalents, net of borrowings and trade and other payables. The tables below depicts the sensitivity of the Group's and Company's post tax profit to changes in the exchange rates of the major currencies to which the Group and Company is exposed.

| | **USD** | **EUR** | **INR** |
|---|---|---|---|
| | **%** | **%** | **%** |
| Group | | | |
| *Hypothetical rate of appreciation/(depreciation) of the Mauritian rupee against the foreign currency* | **(6)** | **(4)** | **(4)** |
| | **USD** | **EUR** | **INR** |
| | **Rs'000** | **Rs'000** | **Rs'000** |
| *Hypothetical effect on group post tax profit:* | | | |
| Increase/(Decrease) in post tax profit for the year ended 31 December 2019 | **(6,056)** | **9,103** | **(10,174)** |
| *Hypothetical rate of appreciation of the Mauritian rupee against the foreign currency* | (2) | 3 | 7 |
| Increase/ (decrease) in post tax profit for the year ended 31 December 2018 | (1,383) | 4,750 | (24,115) |

| | | **2019** | | **2018** |
|---|---|---|---|---|
| | **USD** | **EUR** | USD | EUR |
| | % | % | % | % |
| Company | | | | |
| *Hypothetical rate of appreciation/(depreciation) of the Mauritian rupee against the foreign currency* | (6) | (4) | (2) | 3 |
| | **USD** | **EUR** | USD | EUR |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Increase/(Decrease) in post tax profit for the year ended 31 December | (14) | 19 | (48) | 46 |

## 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

- Price risk

The Group is exposed to equity securities price risk in respect of the financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk. The Group's strategy for its financial assets at fair value through OCI is to hold them for long term capital appreciation and is not influenced by short term market fluctuations. However, the Directors monitor the equity markets on a daily basis and the Board of Directors meet on a regular basis to review the performance of these investments.

The financial asset at fair value through other comprehensive income consists primarily of investment in a company incorporated in India and listed on the Bombay Stock Exchange and the National Stock Exchange. During the year ended 31 December 2019, the market price of this investment has gained **46%** (2018 – loss of 41%) of its value compared to the market price in 2018. At 31 December 2019, if the price of the investment had increased / decreased by a further 10% (2018 – 10%), with all variables held constant, equity would have been Rs 25 million (2018 – Rs 34 million) higher/lower.

The value of quoted shares held at fair value through profit or loss would have increased/decreased by **Rs 29 million** (2018 – Rs 30 million) if a change of 10% occurred in the share price. The value of unquoted shares held at fair value through profit or loss would have increased/decreased by **Rs 11 million** (2018 – Rs 15 million) if a change of 10% occurred in the share price.

The Group is not exposed to any other significant price risk at 31 December 2019.

- Interest rate risk

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on with respect to its interest bearing assets and liabilities.

The significant interest-bearing assets include loans, hire purchase debtors and cash at bank. The loans arising on the life assurance business are on a fixed interest rate basis and are not subject to interest rate fluctuations. Interest on hire purchase debtors is fixed by law and is also not subject to interest rate fluctuations. The effective interest rate on cash and cash equivalents was **0.01%** (2018 – 0.01%); the impact of a 0.75% shift would cause a maximum shift in the post tax profit of **Rs 3,678,000** (2018 – Rs 4,660,000).

With respect to interest-bearing liabilities, significant interest rate risk arises on the Group bank loans which are at variable rates. The effective interest charge on bank loans was **4.2%** (2018 – 5.1%); the impact of a 0.75% shift would cause a maximum shift in post tax profit of **Rs 35,476,000** (2018 – Rs 27,646,000).

The Company's effective interest charge on bank loans was **9.9%** (2018 – 5.8%); the impact of a 0.75 % shift would cause a maximum shift in post tax profit of **Rs 11,291,000** (2018 – Rs 18,831,000).

(b) Credit risk

Credit risk arises from cash and cash equivalents, loans and receivables and financial assets at fair value through OCI.

For cash and cash equivalents, the Group and Company transacts with only highly reputable financial institutions. The Directors have assessed that the credit risk associated with cash and cash equivalents is insignificant based on the historical information of the financial strengths of the financial institutions.

Due to the diversity of the Group's activities, the credit risks associated with each type of receivables are managed according to their nature and are described below. The credit quality of these receivables is provided in Note 18.

The credit quality of financial assets at fair value through OCI is disclosed in Note 16. Credit risk is managed by the Board of each subsidiary.

## 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

*Trade receivables*

The Group has policies in place to control the level of debts to ensure that sale of products and services are made to customers with an appropriate credit history. Such policies include credit vetting before sale, setting up credit limits, disconnection (cellular phone and pay TV subscribers) and subscription payments through direct debits amongst others.

*Loans and other loans receivable*

Exposure to credit risk for loans receivable is managed through analysis of the ability of borrowers to meet interest and capital repayment obligations and by changing the lending limits where appropriate. Exposure to credit risk is also managed by obtaining collaterals and guarantees, fixed charges are sought from mortgage borrowers.

*Hire purchase debtors*

Hire purchase debtors comprise of a wide variety of customers buying on hire purchase facilities and are from different sectors of the economy. The Group has no significant concentrations of credit risk and has policies in place to ensure that the vetting criteria are assessed and reviewed in order to take into consideration economic realities. All credit applications go through a rigorous vetting process and material contracts are subject to management approval. At the level of operations, outstanding debts are continuously monitored and relevant provisions/diminution in value is recognised as and when they become apparent.

The maximum exposure to credit risk is represented by the book values of the receivables carried in the statement of financial position without taking into account the value of any collateral obtained. Hire purchase debtors are secured over the hire purchase assets and the latter's fair values approximate the carrying amounts of hire purchase debtors at the reporting date.

*Rating of assets bearing credit risks*

| Credit Ratings | **2019** | **2018** |
|---|---|---|
| | Rs'000 | Rs'000 |
| A+ | 2,158 | 1,888 |
| A | - | 1,863 |
| A-* | 2,099 | - |
| AAA | 2,084 | 1,948 |
| AA- | 18,069 | 1,922 |
| AA+u | - | 3,580 |
| A1 | 4,920 | - |
| A1+*** | - | 3,454 |
| A2 | 7,341 | - |
| A2** | - | 3,451 |
| A3 | 3,783 | - |
| A3* | - | 1,869 |
| Aa3 | 23,505 | 10,470 |
| BBB+ | 8,553 | - |
| BBB+* | - | 7,671 |
| BBB-* | 254,364 | 337,615 |
| Baa1** | 228,017 | 107,304 |
| Baa2** | 57,364 | - |
| Baa3** | 13,648 | 57,909 |
| CARE MAU AA | 7,000 | 2,000 |
| CARE MAU A* | 20,260 | - |
| CARE MAU AA* | 21,621 | - |

The remaining assets bearing credit risks are unrated. *The ratings for foreign investments were taken from ratings provided by Standard & Poor's. ** The ratings for local equity (MCB and SBM) and for government treasury bills and notes were taken from ratings provided by Moody's. *** The ratings for local equity were taken from ratings provided by Care Ratings.The unrated assets consist of equity investments, secured housing and policy loans, unsecured and secured loans receivable from related parties, other receivables, fixed deposits from financial institutions and cash balances.

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## 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Prudent liquidity risk management policies implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the finance department aims at maintaining flexibility in funding by keeping committed credit lines available.

The tables below analyses the Group's and Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Trade and other payables are due within 12 months and therefore approximate their carrying balances as the impact of discounting is not significant.

| | **Less than 1 year** | **Between 1 and 2 years** | **Between 2 and 5 years** | **Later than 5 years** | **Total** |
|---|---|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| **Group** | | | | | |
| **At 31 December 2019** | | | | | |
| Borrowings | **2,787,826** | **915,441** | **2,370,334** | **1,733,338** | **7,806,939** |
| Lease liabilities | **211,985** | **182,365** | **398,583** | **1,073,854** | **1,866,787** |
| Trade and other payables | **1,464,327** | **6,825** | **-** | **-** | **1,471,152** |
| Life assurance funds | **114,183** | **85,354** | **288,861** | **511,465** | **999,863** |
| | **4,578,321** | **1,189,985** | **3,057,778** | **3,318,657** | **12,144,741** |
| At 31 December 2018 | | | | | |
| Borrowings | 2,240,142 | 1,714,396 | 1,632,508 | 305,991 | 5,893,037 |
| Trade and other payables | 1,309,522 | 16,166 | - | - | 1,325,688 |
| Life assurance funds | 111,842 | 111,555 | 312,553 | 463,901 | 999,851 |
| | 3,661,506 | 1,842,117 | 1,945,061 | 769,892 | 8,218,576 |

| | **Less than 1 year** | **Between 1 and 2 years** | **Between 2 and 5 years** | **Later than 5 years** | **Total** |
|---|---|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| **Company** | | | | | |
| **At 31 December 2019** | | | | | |
| Borrowings | **2,310,639** | **609,536** | **1,388,182** | **109,656** | **4,418,013** |
| Lease liabilities | **11,030** | **10,869** | **19,949** | **14,207** | **56,055** |
| Trade and other payables | **66,396** | **-** | **-** | **-** | **66,396** |
| Guarantees | **576,225** | **-** | **-** | **-** | **576,225** |
| | **2,964,290** | **620,405** | **1,408,131** | **123,863** | **5,116,689** |
| At 31 December 2018 | | | | | |
| Borrowings | 1,424,381 | 1,456,170 | 1,056,035 | 250,361 | 4,186,947 |
| Trade and other payables | 74,684 | - | - | - | 74,684 |
| Guarantees | 604,240 | - | - | - | 604,240 |
| | 2,103,305 | 1,456,170 | 1,056,035 | 250,361 | 4,865,871 |

## 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value estimation

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

The fair value of financial instruments that are not traded in an active market (for example, unquoted shares) is determined using valuation techniques. The Group and Company use a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long term debt. Other techniques, such as discounted cash flows, are used to determine the fair value of the remaining instruments.

The carrying amounts of loans and receivables less impairment provision are assumed to approximate their fair values. The carrying values of financial liabilities also approximate their fair values.

- Fair values hierarchy

In accordance with the amendment to IFRS 13, the Group and Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

The following table presents the Group's and Company's assets measured at fair values at 31 December 2019 and 2018:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| **Group – 2019** | | | | |
| **Assets** | | | | |
| *Financial assets at fair value through profit or loss* | | | | |
| - Trading securities | **290,961** | - | **111,401** | **402,362** |
| Land and buildings | - | **2,189,346** | - | **2,189,346** |
| Financial assets at fair value through OCI | | | | |
| - Equity securities | **630,462** | - | **12,778** | **643,240** |
| - Debt securities | **-** | **73,428** | - | **73,428** |
| Total assets | **921,423** | **2,262,774** | **124,179** | **3,308,376** |

## 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

- Fair values hierarchy (Continued)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| **Group - 2018** | | | | |
| **Assets** | | | | |
| Financial assets at fair value through profit or loss | | | | |
| - Trading securities | 297,865 | - | 149,911 | 447,776 |
| Land and buildings | - | 861,526 | - | 861,526 |
| Financial assets at fair value through OCI | | | | |
| - Equity securities | 337,618 | - | 11,989 | 349,607 |
| - Debt securities | 1,604 | 82,041 | - | 83,645 |
| Total assets | 637,087 | 943,567 | 161,900 | 1,742,554 |
| **Company – 2019** | | | | |
| **Assets** | | | | |
| Financial assets at fair value through OCI | | | | |
| - Equity securities | **3** | - | **12,778** | **12,781** |
| Land and buildings | - | **8,144** | - | **8,144** |
| Total assets | **3** | **8,144** | **12,778** | **20,925** |
| **Company – 2018** | | | | |
| **Assets** | | | | |
| Financial assets at fair value through OCI | | | | |
| - Equity securities | 3 | - | 11,989 | 11,992 |
| Land and buildings | - | 8,122 | - | 8,122 |
| Total assets | 3 | 8,122 | 11,989 | 20,114 |

The Group is exposed to equity securities and debt securities price risks. If the fair value of the investments increases/decreases by 5%, other factors remaining unchanged, the Group's profit for the year and financial assets (at fair value through profit or loss and financial assets at fair value through OCI) would increase/decrease by Rs 55,996,500 (2018 – Rs 44,051,400).

The Group's financial assets valued at fair value through profit or loss are directly related to the fair valuation of the investee entity. The investee entity uses various valuations methods to value its underlying investment assets. Level 3 includes all investments classified as financial assets at fair value through profit or loss. The investments have been valued using the share of net asset value ("NAV") and dividend yield of the respective investee companies. At 31 December 2019, had the fair value increased/decreased by 1% (2018- 1%), valuation would have increased/decreased by Rs 1,114,010 (2018 – Rs 1,449,110).

The Group is exposed to equity securities and debt securities price risks as described in Note 2(a).

The Level 3 financial assets at fair value through OCI have been valued at cost and they approximate their fair values.

## 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

- Fair values hierarchy (Continued)

The following table presents the changes in Level 3 instruments for the years ended 31 December 2019 and 2018:

| | Financial asset at fair value through profit or loss | Financial assets at fair value through OCI | Total |
|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 |
| **Group - 2019** | | | |
| Balance at 01 January 2019 | **149,911** | **11,989** | **161,900** |
| Total gains recognised in profit or loss | **(9,251)** | - | **(9,251)** |
| Purchases | **9** | **789** | **798** |
| Sales/Transfers | **(29,268)** | **-** | **(29,268)** |
| Balance at 31 December 2019 | **111,401** | **12,778** | **124,179** |
| Total losses for the period included in profit or loss for assets held at the end of the reporting period | - | - | - |
| Change in unrealised gains for the period included in profit or loss for assets held at the end of the reporting period | **(9,251)** | **-** | **(9,251)** |
| **Group - 2018** | | | |
| Balance at 01 January 2018 | 152,708 | 6,089 | 158,797 |
| Total gains recognised in profit or loss | 23,231 | - | 23,231 |
| Purchases | 9 | 6,000 | 6,009 |
| Sales/Transfers | (26,037) | (100) | (26,137) |
| Balance at 31 December 2018 | 149,911 | 11,989 | 161,900 |
| Total gains for the period included in profit or loss for assets held at the end of the reporting period | - | - | - |
| Change in unrealised gains for the period included in profit or loss for assets held at the end of the reporting period | 23,231 | - | 23,231 |

| | **2019** | **2018** |
|---|---|---|
| | Rs'000 | Rs'000 |
| **Company** | | |
| *Financial assets at fair value through OCI* | | |
| Balance at 01 January | 11,989 | 6,089 |
| Purchases | 789 | 6,000 |
| Transfer to investment in subsidiaries | - | (100) |
| Impairment | - | - |
| Balance at 31 December | 12,778 | 11,989 |

## 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

- Financial instruments by category

| | Financial assets held at amortised cost | Financial assets at fair value through profit or loss | Financial assets at fair value through OCI | Total |
|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Group -2019** | | | | |
| *Financial assets per statement of financial position:* | | | | |
| Financial assets held at amortised cost excluding non-financial assets | **1,260,784** | - | - | **1,260,784** |
| Financial assets at fair value through OCI | - | - | **717,568** | **717,568** |
| Financial assets at fair value through profit or loss | - | **402,362** | - | **402,362** |
| Cash and cash equivalents | **601,847** | - | - | **601,847** |
| Total | **1,862,631** | **402,362** | **717,568** | **2,982,561** |
| Group -2018 | | | | |
| *Financial assets per statement of financial position:* | | | | |
| Financial assets held at amortised cost excluding non-financial assets | 1,181,189 | - | - | 1,181,189 |
| Financial assets at fair value through OCI | - | - | 433,252 | 433,252 |
| Financial assets at fair value through profit or loss | - | 447,776 | - | 447,776 |
| Cash and cash equivalents | 749,864 | - | - | 749,864 |
| Total | 1,931,053 | 447,776 | 433,252 | 2,812,081 |

All financial assets at fair value through profit or loss are designated in this category upon initial recognition since the directors have no express intention of disposing those investments within the next 12 months.

Financial liabilities for the Group are all carried at amortised cost and are as follows:

| | **2019** | **2018** |
|---|---|---|
| | Rs'000 | Rs'000 |
| **Group** | | |
| *Financial liabilities per statement of financial position:* | | |
| Borrowings | 6,665,283 | 5,203,606 |
| Lease liabilities | 1,044,267 | 16,744 |
| Trade and other payables (excluding non- financial liabilities) | 1,471,152 | 1,309,522 |
| Life assurance fund | 999,863 | 999,851 |
| | 10,180,565 | 7,529,723 |

## 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

- Financial instruments by category (continued)

| | Financial assets held at amortised cost | Financial assets at fair value through OCI | Total |
|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** |
| **Company - 2019** | | | |
| *Financial assets per statement of financial position:* | | | |
| Financial assets at fair value through OCI | **-** | **12,781** | **12,781** |
| Financial assets held at amortised cost-excluding non financial assets | **888,255** | **-** | **888,255** |
| Cash and cash equivalents | **8,368** | **-** | **8,368** |
| Total | **896,623** | **12,781** | **909,404** |
| **Company - 2018** | | | |
| *Financial assets per statement of financial position:* | | | |
| Financial assets at fair value through OCI | - | 11,992 | 11,992 |
| Financial assets held at amortised cost-excluding non financial assets | 764,035 | - | 764,035 |
| Cash and cash equivalents | 10,853 | - | 10,853 |
| Total | 774,888 | 11,992 | 786,880 |

Financial liabilities for the Company are all carried at amortised cost and are as follows:

| | **2019** | **2018** |
|---|---|---|
| | Rs'000 | Rs'000 |
| **Company** | | |
| *Financial liabilities per statement of financial position:* | | |
| Borrowings | 3,965,561 | 3,712,899 |
| Lease liabilities | 62,428 | 10,777 |
| Trade and other payables (excluding non- financial liabilities) | 66,396 | 74,684 |
| | 4,094,385 | 3,798,360 |

(e) Capital risk management

The subsidiary's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings') as shown in the statement of financial position less cash and cash equivalents. The Group regards 'equity' as shown in the statement of financial position as being capital. Total capital is calculated as capital plus net debt.

The Board of Directors assesses the impact of each significant new investment on the gearing of the Group and Company as part of the investment appraisal process. The gearing ratios at 31 December 2019 and 2018 were as follows:

| | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Net debt | 6,063,436 | 4,470,486 | 3,957,193 | 3,712,823 |
| Capital | 1,620,911 | 1,373,441 | 1,256,079 | 1,338,537 |
| Total capital | 7,684,347 | 5,843,927 | 5,213,272 | 5,051,360 |
| Gearing ratio | 78.9% | 76.50% | 75.9% | 73.50% |

## 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial risk arising in the Life Assurance Business subsidiary (the "LABS")

The following relate to the LABS which is the subsidiary that operates a life assurance business.

The LABS exposes the Group to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are interest rate risk, equity price risk, foreign currency risk and credit risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the LABS and the Group face are primarily interest rate risk and equity price risk.

The LABS manages financial risks via its Investment Committee which is mandated to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of the Investment Committee is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct class of liabilities, a separate portfolio of assets is maintained. The LABS has not changed the processes used to manage its risks from previous periods.

*Fixed and guaranteed insurance contracts*

Insurance contracts with guaranteed and fixed terms have benefit payments that are fixed and guaranteed at the inception of the contract. The financial component of these benefits is usually a guaranteed fixed interest rate (for the insurance contracts, this rate may apply to maturity and/or death benefits) and hence the LABS's primary financial risk on these contracts is the risk that interest income and capital redemptions from the financial assets backing the liabilities is insufficient to fund the guaranteed benefits payable.

*Liquidity risk*

Liquidity risk is the risk that the LABS is unable to meet its obligations when they fall due as a result of policyholder benefit payments, cash requirements from contractual commitments, or other cash outflows, such as debt maturities. Such outflows would deplete available cash resources for operational, trading and investments activities. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sales of assets, or potentially an inability to fulfil policyholder commitments. The risk that the LABS will be unable to do so is inherent in all insurance operations and can be affected by a range of institution-specific and marketwise events including, but not limited to, credit events, systemic shocks and natural disasters.

The LABS is exposed to daily calls on its available cash resources with regard to claims and maintains a certain level of cash resources in the bank to service the daily claims. Investments are also made in certain liquid investments such as Government Treasury bills and investments in equity shares that are traded in active markets and can be readily disposed of. The Company has also made arrangements in its reinsurance programme to cater for large claims whereby its reinsurers will pay their share of these losses within a short period of time through cash calls.

*Mismatch risk*

All insurance liabilities are asset backed. Mismatch risk arises when the nature, term and currency of backing assets are different from the nature, term and currency of liabilities. Nature of liabilities refers to whether they are fixed, indexed or variable (DPF) at the LABS's discretion.

## 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial risk arising in the Life Assurance Business subsidiary (the "LABS") (Continued)

*Mismatch risk (Continued)*

The following tables indicate the estimated amount and timing of cash flows arising from the insurance liabilities and the extent of duration-matching for these contacts. They summarise the LABS's exposure to interest rate risk for these assets and liabilities. When debt securities mature, the proceeds not needed to meet the liability cash flows will be re-invested in floating rate securities. The reinvestment of these net positive proceeds in the earlier years will fund the negative cash flows displayed in the table below for the later years.

| **At 31 December 2019** | | **Estimated cash flows (undiscounted)** | | | |
|---|---|---|---|---|---|
| | **Carrying amount** | **0 – 5 yrs** | **5 – 10 yrs** | **10 – 15yrs** | **>15 years** |
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| **Liabilities** | | | | | |
| Life insurance – life | **1,002,429** | **321,200** | **237,563** | **211,272** | **277,142** |
| Outstanding claims | **15,753** | **15,753** | - | - | - |
| Trade and other payables | **40,262** | **40,262** | - | - | - |
| Retirement benefit obligations | **10,441** | **10,441** | - | - | - |
| Total | **1,068,885** | **387,656** | **237,563** | **211,272** | **277,142** |

| At 31 December 2018 | | Estimated cash flows (undiscounted) | | | |
|---|---|---|---|---|---|
| | Carrying amount | 0 – 5 yrs | 5 – 10 yrs | 10 – 15yrs | >15 years |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Liabilities** | | | | | |
| Life insurance – life | 1,033,376 | 633,325 | 424,853 | 340,992 | 627,402 |
| Outstanding claims | 6,786 | 6,786 | - | - | - |
| Trade and other payables | 55,112 | 55,112 | - | - | - |
| Retirement benefit obligations | 7,253 | 7,253 | - | - | - |
| Total | 1,102,527 | 702,476 | 424,853 | 340,992 | 627,402 |

The liability period analysis does not agree with the total carrying amount due to the fact that the period analysis is undiscounted whilst the total carrying amount is discounted.

The LABS intends to manage the net cash outflows position arising from Year 5 onwards as follows:

- Investments at FVOCI would be reinvested in similar instruments at maturity;
- The value of investment portfolio classified as "financial assets at fair value through profit or loss" is expected to increase in the future as the LABS realises the fair value gain upon sale of investments and proceeds are reinvested in similar instruments;
- Amount of loans disbursed is expected to increase and hence, the interest income generated from these loans would increase.

*Minimum capital requirements*

The LABS has to comply with capital requirements as set out by the Financial Services Commission for insurance companies. The law requires that an insurance company manages its capital on a basis at least 100% of its minimum capital requirement ("MCR").The MCR for the LABS stands at **24%** for the year ended 2019 (2018 : 111.7%). As a result of the fall in interest rates and investment returns over the year, the LABS solvency position deteriorated to below 100%. A capital injection of Rs 88.55 million is required as at the Balance Sheet date to restore the MCR ratio to 100%.

The process to cover the shortfall in solvency will be followed. The Board of the Company will consider the recommendations made by the Statutory Actuary in their 2019 Valuation report and recommend to the Shareholders the injection of additional capital to restore the solvency position to 100%. An application will then be made to the Financial Services Commission.

## 3 MANAGEMENT OF INSURANCE RISK

***Long term insurance contracts***

Insurance risk relates to the LABS.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the LABS faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The LABS has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

(a) Frequency and severity of claims

Insurance risk for contracts disclosed in this note is also affected by the contract holders' right to pay reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed annuity option. As a result, the amount of insurance risk is also subject to contract holder behaviour. On the assumption that contract holders will make decisions rationally, overall insurance risk can be assumed to be aggravated by such behaviour. For example, it is likely that contract holders whose health has deteriorated significantly will be less inclined to terminate contracts insuring death benefits than those contract holders remaining in good health. This results in an increasing trend of expected mortality, as the portfolio of insurance contracts reduces due to voluntary terminations.

The LABS has factored the impact of contract holders behaviour into the assumptions used to measure these liabilities associated with long term insurance contracts.

(b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behaviour.

The LABS uses appropriate base tables of standard mortality according to the type of contract being written and the territory in which the insured person resides. An investigation into the actual experience of the LABS over the last three years is carried out, and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. Where this is not the case, the best estimate of future mortality is based on standard industry tables adjusted for the LABS overall experience. For contracts that insure survival, an adjustment is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies. The impact of any historical evidence of selective termination behaviour will be reflected in this experience. The LABS maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates. An allowance is then made for any trends in the data to arrive at a best estimate of future termination rates.

The LABS currently monitors default premiums by sending default notices to clients requesting for payment on a monthly basis.

## 3 MANAGEMENT OF INSURANCE RISK (CONTINUED)

***Long term insurance contracts (Continued)***

(b) Sources of uncertainty in the estimation of future benefit payments and premium receipts (Continued)

The LABS's actuary determines the position of the life fund yearly and then declares bonus accordingly. Cost of all new products is determined by the actuary after thorough consideration of the mortality tables as per actuarial guides.

(c) Process used to decide on assumptions

Assumptions used to work out future liabilities under long-term insurance contracts are estimated by the LABS and its actuaries. Firstly, best estimate assumptions are worked out based on past experience and expectations of future developments. These are then adjusted with prescribed margins, as per the FSC solvency rules and actuarial guidance notes.

- Mortality

Estimates are made as to the expected number of deaths for each of the years in which the LABS is exposed to risk. These estimates are based on South African mortality tables (in the absence of local ones), adjusted where appropriate (e.g. for AIDS) to reflect the local experience. For contracts that insure the risk of longevity, prudent allowance is made for expected mortality improvements. Prescribed and additional margins are built into these estimates to allow for future uncertainty.

- Morbidity

Given the low financial significance of morbidity on the LABS and its predictability, morbidity tables are not used to model morbidity claims. A simpler approach used by the actuaries is to compare morbidity premiums against morbidity claims and work out any inadequacy in the premiums charged. For the last three years, this exercise has shown that the premiums are enough to cover expected claims. Any major change to morbidity experience in the industry will however be modeled differently.

- Expenses

Expenses are estimated on a going concern basis. Per policy, expenses are split between acquisition and renewal expenses. Expenses incurred for the benefit of policies to be sold in the future are amortised over the relevant future period. Provision is made for the impact of future business volumes and inflation on expenses.

- Investment Income

Future investment return is estimated for each asset class and split between income return and capital gains. The starting point for this estimate is the risk free rate of return (government bonds), reflecting expectations of future economic and financial developments. The risk premium corresponding to the different asset types is then added based on the various risk profiles, asset term, capital growth and comparable yielding investments.

- Inflation

Investment income and inflation assumption are inter-twined. The gap between risk free returns and inflation over the last 20 years is worked out and projected into the future.

- Persistency

Policy lapse/surrenders are estimated from historical company and industry available data. These are adjusted to reflect changes in the legal, tax and business environment (e.g. removal of tax incentives or inability to surrender pension plans).

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long term changes in overall levels of mortality and the variability in contract holder's behaviour.

The LABS uses appropriate base tables of standard mortality according to the type of contract being written and the territory in which the insured person resides. An investigation into the actual experience of the LABS is carried out and statistical methods are used to compare the fit of the mortality tables with the actual claims experience. Adjustments to the selected standard mortality table are then worked out to optimise the fit of the mortality model.

## 3 MANAGEMENT OF INSURANCE RISK (CONTINUED)

***Long term insurance contracts (Continued)***

(c) Process used to decide on assumptions (Continued)

- Uncertainty in premium income

The LABS's actuary builds in provision for non-receipts of future premiums (arising from deaths, withdrawals, surrenders, defaults, etc.) due in his valuation basis. This basis is used to determine the position of the life fund every year. Further, cost of all new products is determined by the actuary after thorough consideration of the key assumptions.

- Uncertainty in payment of benefits

Uncertainty in benefit payments arises from changes in underlying mortality trends (e.g. mortality improvement, increasing life expectancies) and the economic environment.

The actuary builds in margins in his valuation assumptions that reflect mortality improvements/deterioration, as warranted by the particular policy being valued. For example, for endowment plans, higher deaths than expected will be a source of uncertainty in benefit payouts while for annuities; uncertainty arises from higher life expectancy.

Bonus rates are used to reduce uncertainty in payouts due to changes in the economic environment. Bonus rates are not guaranteed and are reviewed in line with current and future market prospects.

(d) Sensitivity analysis

At 31 December 2019, the actuarial liability in respect of the business issued by the LABS amounted to **1,119,517,000** (2018: Rs 1,033,376,000) as assessed by the LABS's actuary.

The following table presents the sensitivity of the value of insurance liabilities to movements in the assumptions used in the estimation of insurance liabilities.

| Assumptions | Change in Variable | **Change in liability** | Change in liability |
|---|---|---|---|
| | | **2019** | **2018** |
| | | Rs'000 | Rs'000 |
| Worsening of mortality | + 5% p.a. | (1,891) | (218) |
| Drop in interest rate on investments | - 2% p.a. | 159,545 | 153,752 |
| Worsening of renewal expense rate | + 10% p.a. | 12,446 | 7,847 |
| Worsening of lapse rate | + 10% p.a. | (21,503) | (8,083) |

The LABS's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The LABS's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the LABS.

## 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Sale of services | 4,405,916 | 4,274,110 | 5,699 | 7,730 |
| Sale of goods | 556,199 | 544,869 | - | - |
| Rental income | 53,500 | 40,893 | - | - |
| Hire purchase debtors collection fees and surcharges | - | 4,854 | - | - |
| | 5,015,615 | 4,864,726 | 5,699 | 7,730 |
| Timing of revenue recognition | | | | |
| At a point in time | 700,081 | 561,455 | - | - |
| Over time | 4,315,534 | 4,303,271 | 5,699 | 7,730 |
| | 5,015,615 | 4,864,726 | 5,699 | 7,730 |

## 5 OTHER OPERATING INCOME – NET

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| *Other operating income:* | | | | |
| Dividend income | 10,516 | 10,091 | 511,705 | 732,161 |
| Net fair value gains on investment properties (Note 11) | 286,405 | 48,868 | | 2,689 |
| Management fee income | 7,362 | 6,400 | 56,738 | 55,715 |
| Rental income | 5,890 | 2,014 | 10,600 | 7,040 |
| Other fee income | 9,782 | 8,284 | 18,068 | 11,558 |
| Profit on disposal of property, plant and equipment | 1,563 | 4,792 | 260 | 456 |
| Net foreign exchange gain – non financing activities | - | 2,909 | - | - |
| Other operating income | 36,996 | 40,305 | - | - |
| Income from life assurance business | 270,753 | 413,673 | - | - |
| | 629,267 | 537,336 | 597,371 | 809,619 |
| *Other operating expenses:* | | | | |
| Management fee expense | (1,243) | (1,953) | (8,686) | (8,352) |
| Rental expense | (5,813) | (10,439) | - | (5,954) |
| Other fee expenses | - | - | (699) | (544) |
| Net foreign exchange loss – non financing activities | (984) | - | - | - |
| Net fair value loss on investment properties (Note 11) | | - | (4,007) | - |
| Total expenses of life assurance business | (270,741) | (290,643) | - | - |
| Transferred to life assurance fund (Note 24) | (12) | (123,030) | - | - |
| | (278,793) | (426,065) | (13,392) | (14,850) |
| Other operating income – net | 350,474 | 111,271 | 583,979 | 794,769 |

## 6 OPERATING PROFIT

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| The following items have been charged/(credited) in arriving at operating profit: | | | | |
| Profit on disposal of property, plant and equipment | (1,563) | (4,792) | (260) | (456) |
| Depreciation on property, plant and equipment (Note 10): | | | | |
| - owned assets | 684,898 | 642,973 | 10,165 | 4,964 |
| - leased assets | 7,056 | 7,777 | 4,139 | 4,107 |
| Depreciation on right of use assets (Note 13) | 152,078 | - | 11,771 | - |
| Cost of inventories expensed | 415,237 | 406,587 | - | - |
| Staff costs (Note 7) | 955,143 | 886,960 | 165,994 | 154,216 |
| Fees paid to auditors: | | | | |
| - audit services | 8,348 | 7,594 | 1,447 | 1,340 |
| - tax and advisory services | 3,477 | 3,706 | 49 | 2,741 |
| Amortisation of intangible assets (Note 12) | 78,651 | 79,408 | 2,571 | 1,994 |
| Operating lease rentals | - | 97,571 | - | - |
| Provision for impairment of doubtful debts (Note 18) | 37,627 | 29,579 | - | 614 |
| Impairment reversal on investment in subsidiaries | - | - | - | (11,398) |
| Repairs and maintenance costs | 102,081 | 94,310 | 4,970 | 4,272 |
| Write offs of property, plant and equipment (Note 10) | 932 | 4,950 | - | - |
| Donations | 859 | 1,173 | 768 | 1,118 |

## 7 STAFF COSTS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Wages and salaries | 619,749 | 576,487 | 78,901 | 72,866 |
| Social security costs | 21,213 | 21,450 | 2,150 | 2,066 |
| Pensions cost - defined benefit plans (Note 26) | 46,962 | 68,620 | 31,861 | 35,661 |
| Pensions cost - defined contribution | 82,379 | 38,149 | 13,973 | 13,700 |
| Other short term benefits | 184,840 | 182,254 | 39,109 | 29,923 |
| | 955,143 | 886,960 | 165,994 | 154,216 |
| | Number | Number | Number | Number |
| Number of employees at year end : Full time | 1,073 | 1,092 | 75 | 76 |
| Part-time | - | - | - | - |

# NOTES TO THE FINANCIAL STATEMENTS

## 8 FINANCE COSTS – NET

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| *Finance costs:* | | | | |
| Interest expense on: | | | | |
| Bank overdrafts | 14,371 | 10,862 | 9,436 | 5,289 |
| Bank borrowings | 239,100 | 227,702 | 178,834 | 174,466 |
| Debentures | 24,600 | - | - | - |
| Loans from subsidiaries | - | - | 11,196 | 178 |
| Loans from related parties | 14,629 | 12,676 | 13,415 | 11,674 |
| Shareholder's loan | 19,394 | 19,672 | 19,329 | 19,607 |
| Loan from directors | 3,964 | 3,296 | 3,964 | 3,296 |
| Import loans | 4,815 | 4,584 | - | - |
| Finance lease charges | - | 1,395 | - | 824 |
| Interest on lease liabilities from: | | | | |
| Subsidiaries | - | - | 782 | - |
| Shareholders | 78 | - | - | - |
| Related parties | 356 | - | - | - |
| Third parties | 60,556 | - | 3,493 | - |
| Bank charges | 7,662 | 6,024 | 1,259 | 408 |
| Unwinding of asset retirement obligations | - | 8,175 | - | - |
| Foreign exchange loss arising on financing activities | 263 | 179 | - | - |
| Others | 1,450 | 2,886 | 282 | 298 |
| | 391,238 | 297,451 | 241,990 | 216,040 |
| *Finance income:* | | | | |
| Interest income on: | | | | |
| Short term bank deposits | (46) | (105) | - | - |
| Hire purchase income | (262) | (3,944) | - | - |
| Loans to shareholders | (20,105) | (20,057) | (20,105) | (20,057) |
| Loans to subsidiaries | - | - | (11,406) | (952) |
| Unwinding of asset retirement obligations | (7,945) | - | - | - |
| Others | (1,915) | (268) | - | - |
| Foreign exchange gain arising on financing activities | (26,633) | (18,705) | (383) | (4,519) |
| | (56,906) | (43,079) | (31,894) | (25,528) |
| Finance costs – net | 334,332 | 254,372 | 210,096 | 190,512 |

## 9 INCOME TAX EXPENSE

The Group is liable to income tax on its profits, as adjusted for income tax purposes at the average tax rate of **17%** (2018 – 17%), of which 2% relates to Corporate Social Responsibility Fund. At 31 December 2019, the Group and Company had accumulated tax losses of **Rs 722,435,000** (2018 – **Rs 588,370,000**) and **Rs 420,171,000** (2018 – Rs 296,717,480) respectively.

Solidarity levy is calculated at the rate of 5 per cent of the "book profit" of Emtel Ltd and 1.5 per cent of its turnover and is payable in the following year.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Charge for the year** | | | | |
| Based on the profit for the year, as adjusted for tax purposes | 167,401 | 189,699 | - | - |
| (Over)/Under provision in previous year | (469) | 7,985 | - | - |
| Solidarity levy | 33,634 | 29,812 | - | - |
| Deferred income tax charge (Note 20) | (1,964) | (19,724) | - | - |
| | 198,602 | 207,772 | - | - |

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# NOTES TO THE FINANCIAL STATEMENTS

## 9 INCOME TAX EXPENSE (CONTINUED)

A reconciliation between the actual income tax charge and the theoretical amount that would arise using the applicable income tax rate for the Group and Company follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Profit before taxation | 636,724 | 628,406 | 127,602 | 399,657 |
| Tax calculated at domestic tax rates applicable to profits in respective countries | 166,717 | 171,739 | 21,693 | 71,442 |
| Impact of: | | | | |
| Dividend income | - | - | (86,990) | (124,467) |
| Other exempt income | (10,249) | (6,783) | (4,286) | (12,524) |
| Non-allowable expenses and impairment charge | 40,810 | 32,771 | 48,857 | 50,556 |
| Investment allowances | (32,028) | (15,365) | - | - |
| Share of profits of associates | (7,915) | (9,504) | - | - |
| Under provision of income tax in previous year | (93) | (17) | - | |
| Unrecognised deferred tax written off during the year | - | - | 24,135 | 21,007 |
| Deferred income tax not provided in current year | - | 830 | (3,409) | (6,000) |
| Deemed foreign tax credit applicable to certain subsidiaries | - | (1,184) | - | - |
| Solidarity levy | 33,634 | 29,812 | - | - |
| Other permanent differences | 7,726 | 5,473 | - | (14) |
| Actual income tax charge | 198,602 | 207,772 | - | - |

(a) Current income tax liability

| | **2019** | **2018** |
|---|---|---|
| | Rs'000 | Rs'000 |
| At 01 January | 103,022 | 107,220 |
| Charge for the year | 200,566 | 227,496 |
| Paid during the year | (212,385) | (231,694) |
| At 31 December | 91,203 | 103,022 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019 (CONTINUED)

## 9 INCOME TAX EXPENSE (CONTINUED)

(c) Expiry dates of tax losses

The tax losses are available for set off against future taxable profits as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Up to year ending: | | | | |
| Prior years | 59,547 | 58,622 | - | - |
| 31 December 2019 | 68,853 | 100,800 | 28,398 | 28,398 |
| 31 December 2020 | 128,552 | 138,574 | 92,453 | 92,453 |
| 31 December 2021 | 144,680 | 144,103 | 80,966 | 80,966 |
| 31 December 2022 | 140,794 | 140,687 | 100,972 | 100,972 |
| 31 December 2023 | 129,575 | 135,010 | 117,382 | 123,355 |
| 31 December 2024 | 50,434 | - | - | - |
| | 722,435 | 717,796 | 420,171 | 426,144 |

(d) Tax on other comprehensive income

| | **Before tax** | **Tax credit** | **After tax** |
|---|---|---|---|
| **Group – 2019** | **Rs'000** | **Rs'000** | **Rs'000** |
| Fair value loss on financial assets at fair value through OCI | **202,676** | - | **202,676** |
| Revaluation of property, plant and equipment | **26,482** | **(4,499)** | **21,983** |
| Remeasurement of post employment benefits | **(104,051)** | **3,109** | **(100,942)** |
| Currency translation differences | **22,305** | - | **22,305** |
| Group share of other comprehensive income in associates | **15,936** | - | **15,936** |
| **Other comprehensive income** | **163,348** | **(1,390)** | **161,958** |
| Current tax | | - | |
| Deferred tax (Note 20(ii)) | | **(1,390)** | |
| | | **(1,390)** | |
| **Group – 2018** | | | |
| Fair value loss on financial assets at fair value through OCI | (335,165) | - | (335,165) |
| Revaluation of property, plant and equipment | 9,665 | (1,633) | 8,032 |
| Remeasurement of post employment benefits | 57,539 | (3,329) | 54,210 |
| Currency translation differences | 10,310 | - | 10,310 |
| Group share of other comprehensive income in associates | 24,403 | - | 24,403 |
| **Other comprehensive income** | (233,248) | (4,962) | (238,210) |
| Current tax | | - | |
| Deferred tax (Note 20(ii)) | | (4,962) | |
| | | (4,962) | |

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# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019 (CONTINUED)

## 10 PROPERTY, PLANT AND EQUIPMENT

| *Group* | **Freehold land and buildings** | **Plant, equipment, and other assets** | **Motor vehicles** | **Furniture and fittings** | **Asset in progress** | **Total** |
|---|---|---|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| At 01 January 2019 | | | | | | |
| At Cost | **-** | **6,471,284** | **105,016** | **267,116** | **796,866** | **7,640,282** |
| At valuation | **975,240** | **-** | **-** | **-** | **-** | **975,240** |
| | **975,240** | **6,471,284** | **105,016** | **267,116** | **796,866** | **8,615,522** |
| Accumulated depreciation | **(113,714)** | **(4,525,508)** | **(75,925)** | **(191,627)** | **-** | **(4,906,774)** |
| Net book amount | **861,526** | **1,945,776** | **29,091** | **75,489** | **796,866** | **3,708,748** |
| *Year ended 31 December 2019* | | | | | | |
| Additions | **324** | **745,058** | **8,118** | **14,509** | **1,384,960** | **2,152,969** |
| Disposal of subsidiary | **-** | **(828)** | **-** | **(39)** | **-** | **(867)** |
| Disposals | **-** | **(527)** | **(678)** | **(522)** | **-** | **(1,727)** |
| Revaluation | **26,482** | **-** | **-** | **-** | **-** | **26,482** |
| Revaluation recognised in life assurance fund | **714** | **-** | **-** | **-** | **-** | **714** |
| Transfer from investment properties (Note 11) | **2,249** | **-** | **-** | **140** | **-** | **2,389** |
| Transfer to inventories | **-** | **-** | **-** | **-** | **(1,349)** | **(1,349)** |
| Transfers | **1,322,681** | **176,238** | **4,448** | **135,630** | **(1,638,997)** | **-** |
| Other adjustments | **-** | **(8,326)** | **-** | **19** | **904** | **(7,403)** |
| Write offs | **(300)** | **(194)** | **(184)** | **(254)** | **-** | **(932)** |
| Charge for the year | **(24,330)** | **(627,054)** | **(15,394)** | **(24,319)** | **-** | **(691,097)** |
| Closing net book amount | **2,189,346** | **2,230,143** | **25,401** | **200,653** | **542,384** | **5,187,927** |
| *At 31 December 2019* | | | | | | |
| At cost | **-** | **7,088,298** | **99,958** | **397,790** | **542,384** | **8,128,430** |
| At valuation | **2,326,292** | **-** | **-** | **-** | **-** | **2,326,292** |
| | **2,326,292** | **7,088,298** | **99,958** | **397,790** | **542,384** | **10,454,722** |
| Accumulated depreciation | **(136,946)** | **(4,858,155)** | **(74,557)** | **(197,137)** | **-** | **(5,266,795)** |
| Net book amount | **2,189,346** | **2,230,143** | **25,401** | **200,653** | **542,384** | **5,187,927** |

The revaluation surplus net of applicable deferred income taxes was credited to revaluation reserves.

No property, plant and equipment is pledged as security for borrowings. For security on borrowings, see note 25.

The write offs under asset in progress relate to assets which will not be available for use in the future due to obsolescence.

Asset in progress consists of project cost capitalised relating to hotel construction in the books of IKO (Mauritius) Hotel Limited, construction of villas in the book of Eight IKO Villas Ltd and technical equipment acquired by Emtel Limited which was not available for use at 31 December 2019.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019 (CONTINUED)

## 10 PROPERTY, PLANT AND EQUIPMENT

***Group***

| | Freehold land and buildings | Plant, equipment, and other assets | Motor vehicles | Furniture and fittings | Asset in progress | Total |
|---|---|---|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| At 01 January 2018 | | | | | | |
| At Cost | - | 5,852,115 | 121,620 | 269,181 | 281,472 | 6,524,388 |
| At valuation | 799,986 | - | - | - | - | 799,986 |
| | 799,986 | 5,852,115 | 121,620 | 269,181 | 281,472 | 7,324,374 |
| Accumulated depreciation | (99,090) | (4,027,266) | (80,629) | (206,638) | - | (4,413,623) |
| Net book amount | 700,896 | 1,824,849 | 40,991 | 62,543 | 281,472 | 2,910,751 |
| *Year ended 31 December 2018* | | | | | | |
| Additions | 9,356 | 663,551 | 10,070 | 30,973 | 597,928 | 1,311,878 |
| Disposal of subsidiary | - | (15) | (907) | (41) | - | (963) |
| Disposals | (93) | (17,075) | (3,181) | (558) | - | (20,907) |
| Revaluation | 9,665 | - | - | - | - | 9,665 |
| Revaluation recognised in life assurance fund | 1,101 | - | - | - | - | 1,101 |
| Transfer to asset held for sale (Note 22) | - | (2,451) | - | (366) | - | (2,817) |
| Transfer from investment properties (Note 11) | 155,869 | - | - | - | - | 155,869 |
| Transfer from/(to) intangible assets (Note 12) | - | 147 | - | - | (276) | (129) |
| Transfers | - | 80,376 | 263 | 1,153 | (81,792) | - |
| Write offs | - | (4,066) | - | (418) | (466) | (4,950) |
| Charge for the year | (15,268) | (599,540) | (18,145) | (17,797) | - | (650,750) |
| Closing net book amount | 861,526 | 1,945,776 | 29,091 | 75,489 | 796,866 | 3,708,748 |
| *At 31 December 2018* | | | | | | |
| At cost | - | 6,471,284 | 105,016 | 267,116 | 796,866 | 7,640,282 |
| At valuation | 975,240 | - | - | - | - | 975,240 |
| | 975,240 | 6,471,284 | 105,016 | 267,116 | 796,866 | 8,615,522 |
| Accumulated depreciation | (113,714) | (4,525,508) | (75,925) | (191,627) | - | (4,906,774) |
| Net book amount | 861,526 | 1,945,776 | 29,091 | 75,489 | 796,866 | 3,708,748 |

The revaluation surplus net of applicable deferred income taxes was credited to revaluation reserves.

No property, plant and equipment is pledged as security for borrowings. For security on borrowings, see note 24.

The write offs under asset in progress relate to assets which will not be available for use in the future due to obsolescence.

Asset in progress consists of project cost capitalised relating to hotel construction in the books of Le Chaland Hotel Limited and technical equipment acquired by Emtel Limited which was not available for use at 31 December 2018.

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# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019 (CONTINUED)

## 10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

**Company**

| | Freehold land and buildings | Plant, equipment, and other assets | Motor vehicles | Furniture and fittings | Total |
|---|---|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| At 01 January 2018 | | | | | |
| At Cost | - | 19,248 | 28,610 | 28,570 | 76,428 |
| At valuation | 8,782 | - | - | - | 8,782 |
| | 8,782 | 19,248 | 28,610 | 28,570 | 85,210 |
| Accumulated depreciation | (401) | (13,980) | (20,368) | (17,004) | (51,753) |
| Net book amount | 8,381 | 5,268 | 8,242 | 11,566 | 33,457 |
| *Year ended 31 December 2018* | | | | | |
| Additions | - | 27,693 | 8,136 | 12,410 | 48,239 |
| Disposals | - | (723) | (1,277) | (143) | (2,143) |
| Revaluation | 59 | - | - | - | 59 |
| Transfers | (318) | 4,114 | - | (3,796) | - |
| Charge for the year | - | (4,028) | (4,107) | (936) | (9,071) |
| Closing net book amount | 8,381 | 5,269 | 8,242 | 11,565 | 33,457 |
| At 31 December 2018 | | | | | |
| At Cost | - | 52,457 | 24,644 | 28,110 | 105,211 |
| At valuation | 8,523 | - | - | - | 8,523 |
| | 8,523 | 52,457 | 24,644 | 28,110 | 113,734 |
| Accumulated depreciation | (401) | (20,133) | (13,650) | (9,009) | (43,193) |
| Net book amount | 8,122 | 32,324 | 10,994 | 19,101 | 70,541 |
| *Year ended 31 December 2019* | | | | | |
| Additions | - | **4,264** | **2,193** | **3,260** | **9,717** |
| Revaluation | **22** | - | - | - | **22** |
| Charge for the year | - | **(8,124)** | **(4,139)** | **(2,185)** | **(14,448)** |
| Closing net book amount | **8,144** | **28,464** | **9,048** | **20,176** | **65,832** |
| *At 31 December 2019* | | | | | |
| At Cost | - | **56,722** | **25,239** | **31,372** | **113,333** |
| At valuation | **8,545** | - | - | - | **8,545** |
| | **8,545** | **56,722** | **25,239** | **31,372** | **121,878** |
| Accumulated depreciation | **(401)** | **(28,258)** | **(16,191)** | **(11,196)** | **(56,046)** |
| Net book amount | **8,144** | **28,464** | **9,048** | **20,176** | **65,832** |

## 10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

If land and buildings were stated on historical cost basis, the amounts would be as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Cost | 451,832 | 466,193 | 5,181 | 5,181 |
| Accumulated depreciation | (118,757) | (108,539) | (400) | (400) |
| Net book value | 333,075 | 357,654 | 4,781 | 4,781 |

Net book value of property, plant and equipment held under finance leases:

| | **Plant, equipment and other assets** | **Motor vehicles** | **Total** |
|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** |
| **Group** | | | |
| At 31 December 2019 | **9,348** | **14,630** | **23,978** |
| At 31 December 2018 | - | 17,346 | 17,346 |
| **Company** | | | |
| At 31 December 2019 | **9,348** | **8,733** | **18,081** |
| At 31 December 2018 | - | 10,993 | 10,993 |

Fair Values of land and buildings

The Group's land and buildings were revalued, based on fair value model, on 31 December 2019 by the directors and by an independent valuer, Noor Dilmohamed & Associates, Fellow of the Australian Property Institute. The valuation was arrived at taking into consideration recent sale for comparable properties in the region and with reference to open market values.

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

**2019**

| | Significant other observable inputs (Level 2) | |
|---|---|---|
| Recurring fair value measurements | **GROUP** | **COMPANY** |
| | **Rs'000** | **Rs'000** |
| Land | **90,984** | **4,261** |
| Buildings | **2,098,362** | **3,883** |

2018

| | Significant other observable inputs (Level 2) | |
|---|---|---|
| Recurring fair value measurements | **GROUP** | **COMPANY** |
| | Rs'000 | Rs'000 |
| Land | 106,502 | 4,239 |
| Buildings | 755,024 | 3,883 |

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

## 11 INVESTMENT PROPERTIES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| At 01 January | 2,169,683 | 2,264,484 | 218,328 | 205,483 |
| Additions | 58,161 | 59,546 | 27,436 | 10,156 |
| Disposal | (16,891) | (8,159) | | - |
| Transfer to property, plant & equipment | (2,389) | (155,869) | | - |
| Fair value gains/(loss) recognised in income statement (Note 5) | 286,405 | 48,868 | (4,007) | 2,689 |
| Fair value gains recognised in the income statement of Life Assurance Business | 4,907 | 1,152 | - | - |
| Impairment | (11,525) | (40,339) | | |
| At 31 December | 2,488,351 | 2,169,683 | 241,757 | 218,328 |

The land and buildings are valued annually on 31 December by independent qualified valuers. The latest independent valuation was performed on 31 December 2019 by Noor Dilmohamed & Associates based on fair value model, taking into consideration recent sale for comparable properties in the region. Noor Dilmohamed & Associates hold recognised and relevant professional qualifications and has recent experience in the locations of properties valued.

| | Significant other observable inputs (Level 2) | | | |
|---|---|---|---|---|
| Recurring fair value measurements | GROUP | | COMPANY | |
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Land | 1,964,126 | 1,664,755 | 162,140 | 167,287 |
| Buildings | 524,225 | 504,928 | 79,617 | 51,041 |

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

Investment properties value as at 31 December 2019 included project costs incurred by a subsidiary in prior years amounting to Rs 76,734,347 which were for the real estate development project. Due to delays in the start of the project, the project costs capitalised were reviewed at the end of the current year and management has carried out an impairment assessment. Based on a fair value less costs to sell computation, an impairment of Rs 11,525,218 (2018 - Rs 40,338,990) was deemed appropriate and recognised for the year ended 31 December 2019.

Rental income and operating expenses from investment properties were as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Rental income | 79,304 | 59,933 | 10,335 | 7,369 |
| Direct operating expenses arising from investment properties that generated rental income | 19,716 | 16,173 | 278 | 274 |
| Direct operating expenses from investment properties that did not generate rental income | 11,075 | 18,690 | - | - |

## 12 INTANGIBLE ASSETS

| **Group** | **Patent rights and licences** | **Computer software** | **Indefeasible rights of use** | **Total** |
|---|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| *Cost:* | | | | |
| At 1 January 2018 | 94,300 | 121,153 | 660,053 | 875,506 |
| Additions | 20,745 | 8,471 | 192 | 29,408 |
| Disposal of subsidiary | - | (312) | - | (312) |
| Transfer from property, plant and equipment | - | 129 | - | 129 |
| Transfer to asset held for sale (Note 22) | - | (14,317) | - | (14,317) |
| Adjustment | - | 2,279 | (2,279) | - |
| Write offs | (33,510) | (2,132) | (40) | (35,682) |
| At 31 December 2018 | 81,535 | 115,271 | 657,926 | 854,732 |
| Additions | **8,652** | **6,903** | **2,230** | **17,785** |
| Adjustment | - | **555** | - | **555** |
| Write offs | **(12,160)** | **(20,438)** | - | **(32,598)** |
| At 31 December 2019 | **78,027** | **102,291** | **660,156** | **840,474** |
| *Amortisation:* | | | | |
| At 1 January 2018 | 85,544 | 102,383 | 173,409 | 361,336 |
| Amortisation for the year | 4,587 | 11,616 | 63,205 | 79,408 |
| Transfer to asset held for sale (Note 22) | - | (13,764) | - | (13,764) |
| Disposal of subsidiary | - | (312) | - | (312) |
| Write offs | (33,498) | (2,132) | (4) | (35,634) |
| At 31 December 2018 | 56,633 | 97,791 | 236,610 | 391,034 |
| Amortisation for the year | **6,553** | **8,817** | **63,281** | **78,651** |
| Adjustment | - | **681** | **-** | **681** |
| Write offs | **(12,160)** | **(20,302)** | **-** | **(32,462)** |
| At 31 December 2019 | **51,026** | **86,987** | **299,891** | **437,904** |
| *Net book value:* | | | | |
| At 31 December 2019 | **27,001** | **15,304** | **360,265** | **402,570** |
| At 31 December 2018 | 24,902 | 17,480 | 421,316 | 463,698 |

## 12 INTANGIBLE ASSETS (CONTINUED)

| **Company** | **Rs'000** |
|---|---|
| *Cost:* | |
| At 01 January 2018 | 20,349 |
| Additions | 4,499 |
| At 31 December 2018 | 24,848 |
| Additions | **2,449** |
| At 31 December 2019 | **27,297** |
| *Accumulated amortisation:* | |
| At 01 January 2018 | 16,330 |
| Amortisation for the year | 1,994 |
| At 31 December 2018 | 18,324 |
| Amortisation for the year | **2,571** |
| At 31 December 2019 | **20,895** |
| *Net book value:* | |
| At 31 December 2019 | **6,402** |
| At 31 December 2018 | 6,524 |

The intangible asset above relates to computer software. The amortisation charge for the year is included in profit or loss within the 'administrative expenses' line.

## 13 LEASES

This note provide information where the Group and the Company are lessees.

Right of use assets

| | 2019 | |
|---|---|---|
| | Group | Company |
| | Rs'000 | Rs'000 |
| At 01 January | - | - |
| Additions | 1,143,756 | 50,215 |
| Depreciation | (147,869) | (5,940) |
| At 31 December | **995,887** | **44,275** |
| | | |
| **Split by asset category** | | |
| Land | 778,585 | - |
| Building | 206,444 | 44,275 |
| Motor vehicle | 10,858 | - |
| | **995,887** | **44,275** |

## 13 LEASES (CONTINUED)

**Lease Liabilities**

| | 2019 | |
|---|---|---|
| | **Group** | **Company** |
| | **Rs'000** | **Rs'000** |
| At 01 January | **-** | **-** |
| Lease liabilities recognised as finance lease obligations at 31 December 2018 | **16,744** | **10,777** |
| Additions | **1,158,174** | **62,414** |
| Interest expense | **60,990** | **4,275** |
| Payments | **(191,641)** | **(15,038)** |
| At 31 December 2019 | **1,044,267** | **62,428** |
| | | |
| Current | **153,967** | **11,500** |
| Non-current | **890,300** | **50,928** |
| At 31 December 2019 | **1,044,267** | **62,428** |
| The statement of comprehensive shows the following amount relating to leases: | | |
| Depreciation charge of right of use assets | **147,869** | **5,940** |
| Interest expense (included in finance costs) | **60,990** | **4,275** |
| Expenses relating to leases of low value assets that are not shown as short term leases accounted in administrative expenses | **5,812** | **262** |
| Expense relating to variable lease payments not included in lease liabilities | **36,053** | **-** |

The total cash outflow for the Group and Company leases in 2019 was Rs 191,641,000 and Rs 15,038,000 respectively

## 14 INVESTMENTS IN SUBSIDIARIES

| | **2019** | **2018** |
|---|---|---|
| | Rs'000 | Rs'000 |
| **Company** | | |
| *Cost:* | | |
| At 01 January | 4,845,435 | 4,434,436 |
| Additional equity injections into existing subsidiaries | 74,000 | 469,618 |
| Transfer from financial assets at fair value through OCI | - | 100 |
| Disposals | (100) | (58,719) |
| At 31 December | 4,919,335 | 4,845,435 |
| *Impairment charge* | | |
| At 01 January | 421,267 | 432,665 |
| Charge for the year | - | 76,602 |
| Write back for the year | - | (88,000) |
| At 31 December | 421,267 | 421,267 |
| *Net book amount:* | | |
| At 31 December | 4,498,068 | 4,424,168 |

## 14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

At 31 December 2019, the directors have reviewed the carrying amounts of investments in subsidiaries. An impairment loss is recognised for the amount by which the investments' carrying amount exceeds its recoverable amount. Recoverable amount is the higher of the fair value less cost to sell or value in use determined for each individual subsidiary.

*Fair value less cost to sell*

Fair value less cost to sell is the amount obtainable from sale in an arm's length transactions between knowledgeable willing parties, less cost to sell. On this basis, no additional impairment was recorded this year. In 2018, an impairment of Rs 76,602,338 was recognised mainly in relation to Batimex Ltd, Rs 40M and Plaisance Aeroville Ltd, Rs 20.6M.

For Batimex Ltd, the fair value less cost to sell calculations use post-tax cash flow projections based on financial forecast approved by the directors covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates stated below.

The key assumptions used for the fair value less cost to sell in the year 2019 and 2018 for Batimex Ltd were as follows:

Gross margin – **39%** (2018 -39%-41%)

Growth rate – **3%** (2018 -3%)

Discount rate – **13.3%** (2018 - 13.3%)

For Plaisance Aeroville Ltd, the investment in the holding Company exceeded the net assets of the subsidiary and the excess amount was impaired.

Details of the Group's direct subsidiary companies, which principal place of business and incorporation is Mauritius, are:

| **Name** | **Description of shares held** | **% holding** | | **Principal activity** |
|---|---|---|---|---|
| | | **2019** | **2018** | |
| Atoll Investments Limited | Ordinary | 100.00 | 100.00 | Investment holding |
| Batimex Ltd | Ordinary | 100.00 | 100.00 | Trading in building materials and sanitary products |
| CH Management Ltd | Ordinary | 100.00 | 100.00 | Professional and Management Consultancy Services |
| Cheribinny Ltd | Ordinary | 100.00 | 100.00 | Credit finance |
| CJ Investments Ltd | Ordinary | 100.00 | 100.00 | Dormant |
| Compagnie Immobilière Limitée | Ordinary | 66.81 | 66.81 | Renting of property |
| Currimjee Informatics Limited | Ordinary | 100.00 | 100.00 | Supply and installation of computer hardware and software |
| Currimjee Property Management & Development Ltd | Ordinary | 100.00 | 100.00 | Property development and management |
| Currimjee Secretaries Limited | Ordinary | - | 100.00 | Management and secretarial services |
| EM Vision Ltd | Ordinary | 90.00 | 90.00 | Investment holding |
| Emtel Limited | Ordinary | 75.00 | 75.00 | Cellular phone operator |
| E-Skills Ltd | Ordinary | 100.00 | 100.00 | Provider of HRD services |
| Island Life Assurance Co. Ltd | Ordinary | 100.00 | 100.00 | Long term insurance business |
| IKO (Mauritius) Resort Village Ltd | Ordinary | 100.00 | 100.00 | Land promoter and developer |
| Lux Appliances Ltd | Ordinary | 100.00 | 100.00 | Sale of vacuum cleaner |
| Mauritius Properties Ltd | Ordinary | 100.00 | 100.00 | Dormant |
| Multi Channel Retail Limited | Ordinary | 100.00 | 100.00 | Property development and management |
| Plaisance Aeroville Hotel Limited | Ordinary | 100.00 | 100.00 | Own and operate a hotel and all related facilities |
| Plaisance Aeroville Ltd | Ordinary | 100.00 | 100.00 | Land promoter and developer |
| Screenage Limited | Ordinary | 80.00 | 80.00 | Technology driven solutions and advisory services. |
| Seejay Cellular Limited | Ordinary | 99.00 | 99.00 | Investment holding |
| Silver Wings Travels Ltd | Ordinary | 100.00 | 100.00 | Travel agent and tour operator |
| Zac Investments Ltd | Ordinary | 50.00 | 50.00 | Investment in properties |

## 14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group, indirectly, holds investments in the following subsidiaries:

| **Name** | **Principal place of business** | **Description of shares held** | **Effective % Holding** | | **Principal activity** |
|---|---|---|---|---|---|
| | | | **2019** | **2018** | |
| Eight IKO Villas Ltd | Mauritius | Ordinary | 100.00 | 100.00 | Land promoter and developer |
| Emtel MFS Co Ltd | Mauritius | Ordinary | 75.00 | 75.00 | Mobile financial services |
| Island Investment Properties Limited | Mauritius | Ordinary | 100.00 | 100.00 | Investment in properties |
| IKO (Mauritius) Hotel Limited | Mauritius | Ordinary | 100.00 | 100.00 | To own and operate a hotel |
| MC Vision Ltd | Mauritius | Ordinary | 47.65 | 47.65 | Operator of Pay TV broadcasting |
| Multi Contact Ltd | Mauritius | Ordinary | 68.40 | 68.40 | Call centre and BPO services |

All subsidiaries have year-end of 31st of December except for Mauritius Properties Ltd, which is 30th of June.

**Summarised financial information on subsidiaries with material non-controlling interests**

Summarised statement of financial position as at 31 December 2019 and 2018:

| | **Total (Mauritius) Ltd** | | **Ceejay Gas Ltd** | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Current** | | | | |
| Cash and cash equivalents | 145,023 | 284,944 | 204,056 | 160,752 |
| Other current assets | 1,213,708 | 1,422,875 | 47,748 | 59,528 |
| Total current assets | 1,358,731 | 1,707,819 | 251,804 | 220,280 |
| **Financial liabilities excluding trade payables** | 439,987 | 238,277 | 27,054 | 18,532 |
| Other current liabilities including trade payables | 1,438,146 | 1,904,861 | 171,377 | 153,445 |
| Total current liabilities | 1,878,133 | 2,143,138 | 198,431 | 171,977 |
| Non-current | | | | |
| Assets | 2,052,759 | 1,742,140 | 570,806 | 185,402 |
| Other liabilities | 288,744 | 103,295 | 394,977 | - |
| Net Assets | 1,244,613 | 1,203,526 | 229,202 | 233,705 |

## 14 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

**Summarised financial information on subsidiaries with material non-controlling interests (continued)**

Summarised income statement for the year ended 31 December 2019 and 2018:

| | **Emtel Limited** | | **MC Vision Ltd** | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Revenue from contracts with customers | 3,238,154 | 3,005,384 | 1,372,408 | 1,356,613 |
| Profit before income tax | 623,687 | 550,958 | 281,934 | 397,335 |
| Income tax expense | (147,023) | (133,349) | (46,738) | (69,412) |
| Post tax profit from operations | 476,664 | 417,609 | 235,196 | 327,923 |
| Other comprehensive income | (11,441) | 5,074 | (3,606) | 10,760 |
| Total comprehensive income | 465,223 | 422,683 | 231,590 | 338,683 |
| Profit attributable to non-controlling interest | 119,166 | 104,402 | 123,125 | 171,668 |
| Total comprehensive income allocated to non-controlling interest | 116,306 | 105,671 | 121,237 | 177,301 |
| Dividend paid to non-controlling interest | 91,080 | 154,120 | 157,050 | 157,050 |

Summarised statement of cash flows as at 31 December 2019 and 2018:

| | **Emtel Limited** | | **MC Vision Ltd** | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Cash flows from operating activities** | | | | |
| Cash generated from operations | 1,390,073 | 1,260,179 | 464,634 | 529,172 |
| Interest (paid)/received | (50,419) | (49,229) | (115) | (247) |
| Income tax paid | (198,855) | (172,008) | (53,715) | (102,587) |
| Contributions made for post-employment benefits | (5,935) | - | (6,626) | - |
| Net cash generated from operating activities | 1,134,864 | 1,038,942 | 404,178 | 426,338 |
| Net cash used in investing activities | (676,263) | (757,254) | (332,608) | (84,099) |
| Net cash used in financing activities | (454,762) | (291,480) | (311,620) | (188,821) |
| Net increase in cash and cash equivalents | 3,839 | (9,792) | (240,050) | 153,418 |
| Cash and cash equivalents at beginning of year | 73,315 | 76,904 | 370,900 | 223,758 |
| Effect of exchange rate changes | 4,291 | 6,203 | 255 | (6,276) |
| Cash and cash equivalents at end of year | 81,445 | 73,315 | 131,105 | 370,900 |

The Group controls MC Vision Ltd by virtue of its shareholders agreement which allows Currimjee Jeewanjee and Company Limited to nominate the chairman of the board who has a casting vote.

## 15 INVESTMENTS IN ASSOCIATES

| | **2019** | **2018** |
|---|---|---|
| | Rs'000 | Rs'000 |
| **Group** | | |
| *Equity accounting:* | | |
| At 01 January | 378,534 | 356,468 |
| Share of profit after tax for the year | 46,791 | 55,906 |
| Dividends paid | (45,005) | (58,243) |
| Share of loss recognised in revaluation reserves | 15,936 | 16,271 |
| Share of retirement benefit adjustment | - | (664) |
| Exchange difference | (8,816) | 8,796 |
| At 31 December | 387,440 | 378,534 |
| **Company** | | |
| At 01 January and 31 December | 31,872 | 31,872 |

## 15 INVESTMENTS IN ASSOCIATES (CONTINUED)

Set out below are the associates of the Group as at 31 December 2019, which, in the opinion of the directors, are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares which are held directly by the Group; the country of incorporation is Mauritius.

Nature of investment in associates 2019 and 2018:

| **Name** | **Place of business** | **Description of shares held** | **Proportion of ownership %** | **Principal activity** |
|---|---|---|---|---|
| Ceejay Gas Ltd | Mayotte | Ordinary | 33.33 | Investment holding and trading in liquefied petroleum gas. |
| Total Mauritius Limited | Mauritius | Ordinary | 24.98 | Import and distribution of petroleum products, lubricants and liquefied petroleum gas. |

Financial information of the Group's associates, all of which are unquoted, are set out below:

**Summarised statement of financial position as at 31 December 2019 and 2018:**

| | **Total (Mauritius) Ltd** | | **Ceejay Gas Ltd** | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Current** | | | | |
| Cash and cash equivalents | 145,023 | 284,944 | 204,056 | 160,752 |
| Other current assets | 1,213,708 | 1,422,875 | 47,748 | 59,528 |
| Total current assets | 1,358,731 | 1,707,819 | 251,804 | 220,280 |
| Financial liabilities excluding trade payables | 439,987 | 238,277 | 27,054 | 18,532 |
| Other current liabilities including trade payables | 1,438,146 | 1,904,861 | 171,377 | 153,445 |
| Total current liabilities | 1,878,133 | 2,143,138 | 198,431 | 171,977 |
| **Non-current** | | | | |
| Assets | 2,052,759 | 1,742,140 | 570,806 | 185,402 |
| Other liabilities | 288,744 | 103,295 | 394,977 | - |
| Net Assets | 1,244,613 | 1,203,526 | 229,202 | 233,705 |

## 15 INVESTMENTS IN ASSOCIATES (CONTINUED)

**Summarised statement of comprehensive income for the year ended 31 December 2019 and 2018:**

| | **Total (Mauritius) Ltd** | | **Ceejay Gas Ltd** | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Revenue from contracts with customers | 8,063,526 | 8,068,773 | 323,624 | 322,193 |
| Cost of sales | (7,270,072) | (7,309,388) | (105,296) | (114,827) |
| Gross profit | 793,454 | 759,385 | 218,328 | 207,366 |
| Depreciation and amortisation | (178,654) | (177,891) | - | - |
| Other income | 36,924 | 84,931 | 13,093 | 30,678 |
| Interest expense | (43,379) | (31,804) | (21,448) | (1,298) |
| Other expenses | (427,244) | (422,039) | (181,570) | (198,388) |
| Profit before tax from continuing operations | 181,101 | 212,582 | 28,403 | 38,358 |
| Income tax expense | (23,930) | (30,898) | (5,812) | (6,795) |
| Profit after tax | 157,171 | 181,684 | 22,591 | 31,563 |
| Other comprehensive income | 63,795 | 62,478 | - | - |
| Total comprehensive income | 220,966 | 244,162 | 22,591 | 31,563 |

**Reconciliation of summarised financial information**

| | **Total (Mauritius) Ltd** | **Ceejay Gas Ltd** |
|---|---|---|
| | **Rs'000** | **Rs'000** |
| Opening net assets 01.01.18 | 1,132,778 | 220,504 |
| Profit for the period | 181,684 | 31,563 |
| Exchange difference | - | 26,387 |
| Increase in revaluation reserves | 65,136 | - |
| Actuarial losses | (2,658) | - |
| Dividend paid | (173,414) | (44,749) |
| Closing net assets 31.12.18 | 1,203,526 | 233,705 |
| | | |
| Profit for the period | **157,171** | **22,591** |
| Exchange difference | - | **(26,448)** |
| Increase in revaluation reserves | **63,795** | - |
| Dividend paid | **(179,879)** | **(646)** |
| Closing net assets 31.12.19 | **1,244,613** | **229,202** |

| | **Total (Mauritius) Ltd** | **Ceejay Gas Ltd** | **Total** |
|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** |
| Interest in associates (24.98%, 33.33%) | | | |
| **2019** | **311,049** | **76,391** | **387,440** |
| 2018 | 300,641 | 77,893 | 378,534 |

## 16 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income are carried at fair value and can be analysed follows:

| | 2019 | 2018 |
|---|---|---|
| **Group** | Rs'000 | Rs'000 |
| Non-current | | |
| Current | 717,568 | 417,115 |
| | | 16,137 |
| | 717,568 | 433,252 |

| **Group** | **Quoted shares** | **Unquoted shares** | **Overseas bonds** | **Total** |
|---|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| At 01 January 2018 | 713,449 | 6,089 | 63,721 | 783,259 |
| Additions | - | 6,000 | 30,370 | 36,370 |
| Net fair value loss transferred to equity | (334,744) | - | (421) | (335,165) |
| Net fair value loss transferred to life fund | - | - | (719) | (719) |
| Foreign currency translation adjustment | 10,658 | - | - | 10,658 |
| Transfer to investment in subsidiaries (Note 13) | - | (100) | - | (100) |
| Disposals | (51,747) | - | (9,304) | (61,051) |
| At 31 December 2018 | **337,616** | **11,989** | **83,647** | **433,252** |
| Additions | **424,427** | **789** | **5,000** | **430,216** |
| Net fair value gain transferred to equity | **202,541** | - | **135** | **202,676** |
| Net fair value gain transferred to life fund | **-** | - | **1,663** | **1,663** |
| Foreign currency translation adjustment | **24,751** | - | **45** | **24,796** |
| Disposals | **(358,873)** | - | **(16,162)** | **(375,035)** |
| At 31 December 2019 | **630,462** | **12,778** | **74,328** | **717,568** |

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## 16 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

The bonds and securities attract interest at rates between **1.875% and 6.8%** (2018 - 1.875% and 6.8%). These financial assets are denominated in the following currencies below:

| | 2019 | 2018 |
|---|---|---|
| | Rs'000 | Rs'000 |
| Indian rupees | 254,353 | 337,416 |
| Mauritius rupees | 70,102 | 78,580 |
| United States dollars | 17,004 | 17,256 |
| Great Britain pound | 376,109 | - |
| | 717,568 | 433,252 |

| | **Quoted shares** | **Unquoted shares** | **Total** |
|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** |
| **Company** | | | |
| *Cost:* | | | |
| At 01 January 2018 | 3 | 9,329 | 9,332 |
| Additions | - | 6,000 | 6,000 |
| Transfer to investment in subsidiaries (Note 14) | - | (100) | (100) |
| At 31 December 2018 | **3** | **15,229** | **15,232** |
| Additions | **-** | **789** | **789** |
| At 31 December 2018 | **3** | **16,018** | **16,021** |
| *Impairment charge:* | | | |
| At 01 January 2018 | - | (3,240) | (3,230) |
| Charge for the year | - | - | - |
| At 31 December 2018 and 2019 | **-** | **(3,240)** | **(3,240)** |
| *Net book amount* | | | |
| At 31 December 2019 | **3** | **12,778** | **12,781** |
| At 31 December 2018 | 3 | 11,989 | 11,992 |

All the financial assets at fair value through other comprehensive income of the Company are denominated in Mauritian rupees. The directors have reviewed the carrying amounts of these financial assets at 31 December 2019 and noted no additional impairment is required.

The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets at fair value through other comprehensive income.

The directors assess the credit quality of each investment at a subsidiary level and ensure that appropriate procedures made to ensure credit quality.

None of these financial assets is either past due or impaired.

## 17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | **Quoted shares** | **Unquoted shares** | **Total** |
|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** |
| **Group** | | | |
| *Domestic* | | | |
| At 01 January 2018 | 239,292 | 152,708 | 392,000 |
| Additions | 18,190 | 9 | 18,199 |
| Disposals | (18,890) | (24,930) | (43,820) |
| Net fair value gains | 5,375 | 23,231 | 28,606 |
| Net profit/(loss) on disposal | 684 | (1,107) | (423) |
| At 31 December 2018 | **244,651** | **149,911** | **394,562** |
| Additions | **19,863** | **9** | **19,872** |
| Disposals | **(9,725)** | **(29,267)** | **(38,992)** |
| Net fair value gains | **(24,106)** | **(8,797)** | **(32,903)** |
| Net loss on disposal | **(457)** | **(455)** | **(912)** |
| At 31 December 2019 | **230,226** | **111,401** | **341,627** |
| | | | |
| *Foreign* | | | |
| At 01 January 2018 | 71,019 | - | 71,019 |
| Additions | 25,682 | - | 25,682 |
| Disposals | (40,536) | - | (40,536) |
| Net fair value loss | (3,645) | - | (3,645) |
| Net gain on disposal | 694 | - | 694 |
| At 31 December 2018 | **53,214** | **-** | **53,214** |
| Additions | **10,015** | - | **10,015** |
| Disposals | **(13,285)** | - | **(13,285)** |
| Net fair value gains | **10,053** | - | **10,053** |
| Net gain on disposal | **738** | - | **738** |
| At 31 December 2019 | **60,735** | **-** | **60,735** |
| | | | |
| *Total* | | | |
| **At 31 December 2019** | **290,961** | **111,401** | **402,362** |
| At 31 December 2018 | 297,865 | 149,911 | 447,776 |

All financial assets at fair value through profit or loss are included in non-current assets since the directors have no express intention of disposing of those investments within the next 12 months.

Included in quoted shares is an amount of **Rs 6,017,834** (2018 - Rs 6,470,545) in respect of investments in related companies.

## 18 FINANCIAL ASSETS HELD AT AMORTISED COST

| | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Financial assets held at amortised cost: | | | | |
| Not later than one year | 774,182 | 810,390 | 573,169 | 451,557 |
| Later than one year | 657,867 | 580,646 | 337,787 | 337,434 |
| | 1,432,049 | 1,391,036 | 910,956 | 788,991 |

| | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| *Loans* | | | | |
| Loans receivable arising on life assurance business (Note (i)) | 144,935 | 153,135 | - | - |
| Loans to subsidiaries (Note 36(iii)(c)) | - | - | 469,536 | 354,855 |
| Loan to parent (Notes (ii) and 36(iii)(a)) | 337,786 | 337,436 | 337,786 | 337,436 |
| Loans to directors (Note 36(iii)(b)) | 347 | 347 | 347 | 347 |
| Loans to other related parties (Notes (ii) and 36(iii)(a)) | 6 | 3,306 | 6 | 6 |
| Loans to third parties | 4,344 | 4,526 | - | - |
| | 487,418 | 498,750 | 807,675 | 692,644 |
| *Trade and other receivables* | | | | |
| Trade receivables (Note (iii)) | 303,214 | 278,641 | 5 | 883 |
| Hire purchase debtors (Note (iv)) | - | 37,813 | - | - |
| Receivable from: | | | | |
| Subsidiaries (Note 36(iv)(e)) | - | - | 41,518 | 41,504 |
| Associates (Note 36(iv) (a)) | 5,099 | 1,349 | 4,114 | 275 |
| Shareholders (Note 36(iv) (b)) | 15,532 | 23 | 15,525 | - |
| Directors (Note 36(iv) (c)) | 2,608 | 1,991 | 1,453 | 1,050 |
| Other related parties (Note 36(iv) (d)) | 7,090 | 18,244 | 4,207 | 2,077 |
| Deposits with financial institutions (Note (v)) | 3,232 | 3,157 | - | - |
| Amount receivable from MRA * | 93,461 | 80,382 | - | - |
| Prepayments | 72,787 | 118,026 | 22,700 | 24,956 |
| Deposits | 1,785 | 8,282 | - | - |
| Debt securities (Note v) | 243,976 | 172,618 | - | - |
| Other receivables | 195,847 | 171,760 | 13,759 | 25,602 |
| | 944,631 | 892,286 | 103,281 | 96,347 |
| | 1,432,049 | 1,391,036 | 910,956 | 788,991 |

The loans to related parties bear interest at a rate ranging between **5.35% and 6.5%** (2018 – 5.35% and 6%). The carrying values of the loans to related parties approximate their fair values. The fair values are within level 2 of the fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019 (CONTINUED)

## 18 FINANCIAL ASSETS HELD AT AMORTISED COST (CONTINUED)

* Emtel Ltd (a subsidiary) has objected against the Income Tax re-assessment by the MRA for the year of assessment 2006/2007 and 2007/2008 (based on the year 2005 and 2006 accounts respectively). The MRA pointed out that Emtel Ltd had wrongly applied the tax rate of 15% in the years 2005 and 2006 (instead of 25% for the year 2005 and 22.5% for the year 2006) as there has been amendment to the Income Tax Act 2001. The total amount claimed inclusive of penalties and interest was Rs 80.4 million of which Emtel Ltd has already paid Rs 36.5 million at the time of objection and Rs 43.9 million in October 2014 by virtue of section 21(3) of the MRA Act 2004 in accordance with the decision of the Committee. The ARC gave its decision on 14 November 2013 maintaining MRA's assessment and on 04 Dec 2013, Emtel Ltd has appealed to the Supreme Court against that decision. In parallel to those appeals, Emtel is contesting before the Supreme Court the MRA's refusal to allow it to join the VDIA Scheme for those same years. Pending the determination of those cases, the payments made to the MRA have been recorded as a receivable from the MRA as the Board of the Company is confident that the matter shall be resolved positively. Matter has been heard on 13 March 2018 and judgement is awaited.

### (i) Loans receivable arising on life assurance business

| | GROUP | |
|---|---|---|
| | **2019** | **2018** |
| | Rs'000 | Rs'000 |
| *Secured loans (at amortised cost):* | | |
| At 01 January | 108,545 | 115,664 |
| Loans granted | 36,948 | 22,973 |
| Interest | (5,271) | (139) |
| Loans refunded | (41,043) | (29,687) |
| Write off on policy loans | (110) | (266) |
| At 31 December | 99,069 | 108,545 |
| *Unsecured loans (at amortised cost):* | | |
| At 01 January | 64,000 | 24,000 |
| Loans granted | | 40,000 |
| Loans refund | - | - |
| | 64,000 | 64,000 |
| Total loans at amortised cost | 163,069 | 172,545 |
| *The movement in provision for impairment is as follows::* | | |
| At 01 January | (19,410) | (14,257) |
| Charge during the year | 1,276 | (5,153) |
| At 31 December | (18,134) | (19,410) |
| *Carrying amount:* | | |
| At 31 December | 144,935 | 153,135 |

The estimated fair values of the loans are the discounted amount of the estimated cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. The effective interest rates were in the range of **5%** to **14%** (2018 – 5% to 14%).

The fair values of the loans approximate their carrying amounts.

At 31 December 2019, loans amounting to **Rs 45,192,096** (2018 - Rs 37,111,328) were overdue which includes impaired and not impaired. These overdue loans receivables are secured by mortgaged properties.

Loans arising on life assurance business, **Rs 140,078,970** (2018 – Rs 135,432,847), are considered neither past due nor impaired when loan instalments are overdue for less than three months. When they are overdue for more than three months, they are tested for impairment individually and are considered impaired when the value of their mortgaged property is less than the carrying value of the loan receivable. The loans are secured against mortgaged properties.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019 (CONTINUED)

## 18 FINANCIAL ASSETS HELD AT AMORTISED COST (CONTINUED)

### (i) Loans receivable arising on life assurance business (Continued)

The ageing analysis of the loans arising on the life assurance business which are considered overdue and not impaired were as follows:

| | **2019** | **2018** |
|---|---|---|
| | Rs'000 | Rs'000 |
| Between 6 months to 1 year | 4,192 | 5,112 |
| Between 1 to 2 years | 5,439 | 3,863 |
| More than 2 years | 17,426 | 8,727 |
| Total overdue but not impaired originated loans | 27,057 | 17,702 |

The amount of impaired loans amount to **Rs 18,134,510** (2018 – Rs 19,410,390). The other classes within loans and receivables do not contain impaired assets.

Included in the loans are **Rs 444,501** (2018 – Rs 1,553,376) in respect of loans made to directors and key management personnel.

### (ii) Other loans

The loan to the parent, Fakhary Ltd, is unsecured and bears interest at **6.5%** (2018 – 6.5%).

All the other loans bear interest between **5.35%** and **6.5%** (2018 – 5.35% to 6.5%)

There are no overdue or non-performing loans.

At 31 December 2019, the carrying values of all loans receivable approximate their fair value.

The directors assess the credit quality of each receivable at a subsidiary level and ensure that appropriate procedures made to ensure credit quality.

### (iii) Trade receivables

At 31 December 2019, trade receivables include provision of impairment on receivables amounting to **Rs 146,499,126** (2018 – Rs 125,502,107):

| | **2019** | **2018** |
|---|---|---|
| | Rs'000 | Rs'000 |
| Trade receivables – net | 303,214 | 278,641 |
| Provision for impairment | 146,499 | 125,502 |
| Gross amount receivable | 449,713 | 404,143 |
| Neither past due nor impaired | 222,542 | 200,948 |
| Past due but not impaired | 80,672 | 77,693 |
| Past due and impaired | 146,499 | 125,502 |
| Total past due | 227,171 | 203,195 |
| Gross amount receivable | 449,713 | 404,143 |

## 18 FINANCIAL ASSETS HELD AT AMORTISED COST (CONTINUED)

### (iii) Trade receivables (Continued)

The movement in provision for impairment of receivables is as follows:

| | 2019<br>Rs'000 | 2018<br>Rs'000 |
|---|---|---|
| At 01 January | 125,502 | 125,963 |
| Bad debts written off | (14,095) | (28,237) |
| Charge reversal for the year | (2,535) | (315) |
| Charge for the year | 37,627 | 28,091 |
| At 31 December | 146,499 | 125,502 |

The Group and Company apply IFRS 9 simplified approach in measuring the expected credit losses which uses a lifetime expected loss allowance for all its 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 passed on the payment profiles of sales over a period of 36 months before 31 December 2019 or 31 December 2018 respectively and the corresponding historical credit losses experienced within this period. The Company has established a linear relationship of the bad debts with respect to its revenue per year based on historical data adjusted by the growth rate in the percentage of the bad debts on its revenue.

On that basis, the loss allowance as at 31 December 2019 and 31 December 2018 was determined as follows for the trade receivables:

| | Current | 30 to 60 days | 60 to 90 days | More than 90 days | Total |
|---|---|---|---|---|---|
| **2019** | | | | | |
| Expected loss rate | **0% to 24%** | **0% to 100%** | **0% to 100%** | **17% to 100%** | |
| Gross carrying value | **192,840** | **71,763** | **20,595** | **164,515** | **449,713** |
| Loss allowance | **2,351** | **4,417** | **3,425** | **136,306** | **146,499** |
| 2018 | | | | | |
| Expected loss rate | 0% to 13% | 0% to 100% | 0% to 100% | 17% to 100% | |
| Gross carrying value | 179,732 | 64,635 | 16,201 | 143,575 | 404,143 |
| Loss allowance | 1,839 | 4,214 | 3,089 | 116,360 | 125,502 |

### (iv) Hire purchase debtors

| | 2019<br>Rs'000 | 2018<br>Rs'000 |
|---|---|---|
| Hire purchase debtors – Gross receivables | - | 46,633 |
| Unearned future hire purchase income | - | (4,692) |
| | - | 41,941 |
| Provision for credit losses | | (4,128) |
| Net investment in hire purchase debtors | - | 37,813 |
| The gross receivables from hire purchase debtors may be analysed as follows: | | |
| Not later than 1 year | - | 46,633 |
| Later than 1 year and not later than 5 years | - | - |
| | - | 46,633 |
| The net receivables hire purchase debtors may be analysed as follows: | | |
| Not later than 1 year | - | 37,813 |
| Later than 1 year and not later than 5 years | - | - |
| | - | 37,813 |

## 18 FINANCIAL ASSETS HELD AT AMORTISED COST (CONTINUED)

### (iv) Hire purchase debtors (continued)

Hire purchase debtors are considered fully performing when the respective debtors are up to date with their instalments payments as per the terms of the hire purchase agreements. They are classified as past due as and when one instalment is overdue. Past due hire purchase debtors are then tested for impairment individually and are considered impaired when their carrying amounts exceed their recoverable amounts. An additional portfolio provision is also made on the basis of expected values. Hire purchase debtors are secured over the hire purchased assets and the latter's fair values approximated the carrying amounts of hire purchase debtors at the end of the reporting period. At reporting date, fully performing hire purchase debtors relate to debtors who are complying with their instalment payments.

The ageing analysis of hire purchase debtors are as follows:

| | Fully performing<br>Rs'000 | Past due but not impaired 1 to 4 months<br>Rs'000 | Past due and provided for More than 4 months<br>Rs'000 | Total<br>Rs'000 |
|---|---|---|---|---|
| **Group - 2019** | | | | |
| Receivables from hire purchase debtors net of unearned future hire purchase income | - | - | - | - |
| *Provision for credit losses* | | | | |
| Portfolio provision | - | - | - | - |
| Provision for impairment | - | - | - | - |
| Provision for credit losses | - | - | - | - |
| Net investment in hire purchase debtors | - | - | - | - |
| **Group - 2018** | | | | |
| Receivables from hire purchase debtors net of unearned future hire purchase income | 28,206 | 8,893 | 4,842 | 41,941 |
| *Provision for credit losses* | | | | |
| Portfolio provision | (564) | (356) | - | (920) |
| Provision for impairment | - | - | (3,208) | (3,208) |
| Provision for credit losses | (564) | (356) | (3,208) | (4,128) |
| Net investment in hire purchase debtors | 27,642 | 8,537 | 1,634 | 37,813 |

The movement in provision for credit losses is as follows:

| | GROUP | |
|---|---|---|
| | 2019<br>Rs'000 | 2018<br>Rs'000 |
| At 01 January | 4,128 | 6,957 |
| Charge for the year | - | 1,488 |
| Bad debts written off | (4,128) | (4,317) |
| At 31 December | - | 4,128 |

## 18 FINANCIAL ASSETS HELD AT AMORTISED COST (CONTINUED)

### (v) Debt securities

The debt securities may be analysed as follows:

| | 2019 | 2018 |
|---|---|---|
| | Rs'000 | Rs'000 |
| At 01 January | 172,618 | 40,576 |
| Additions | 170,847 | 148,817 |
| Disposals | (105,058) | (16,378) |
| Net fair value gain | 5,466 | 26 |
| Net gain on disposal | - | 56 |
| Interest accrued | 129 | 42 |
| Interest received | (26) | (521) |
| **At 31 December** | 243,976 | 172,618 |
| Due within 1 year | 15,959 | 14,526 |
| Due after more than 1 year | 228,017 | 158,092 |
| | 243,976 | 172,618 |

Debt securities include the following:

| | 2019 | 2018 |
|---|---|---|
| | Rs'000 | Rs'000 |
| *Unlisted securities:* | | |
| Treasury Bonds | 200,455 | 160,853 |
| Treasury Notes | 27,562 | 8,185 |
| Foreign Treasury Bill | 15,959 | 3,580 |
| | 243,976 | 172,618 |

The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities classified as held-to-maturity. None of these financial assets is either past due or impaired.

Held-to-maturity financial assets are denominated in the following currencies:

| | 2019 | 2018 |
|---|---|---|
| | Rs'000 | Rs'000 |
| MUR | 228,017 | 169,039 |
| USD | 15,959 | 3,579 |
| At 31 December | 243,976 | 172,618 |

## 18 FINANCIAL ASSETS HELD AT AMORTISED COST (CONTINUED)

### (vi) Deposits with financial institutions

Deposits placed with financial institutions have maturities ranging from 1 - 2 years and earn interest at the rate of **2.6%** (2018 – 2.6%) per annum for the year ended 31 December 2019. Placement is made through a fund manager who ensures the credit quality of these deposits.

At 31 December 2019, statutory deposits comprised of fixed deposit certificates of **Rs 10,000,000** (2018 – Rs 10,000,000).

**(vii) The other classes of loans and receivables do not contain impaired assets.**

**(viii) The maximum exposure to credit risk at reporting date is the carrying value of each class of loans and receivables mentioned above.**

**(ix) The Group does not hold any collateral as security other than already disclosed in note 18(i) and 18(iv).**

### (x) Currency profile of financial assets held at amortised cost

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Mauritian Rupees | 1,205,631 | 1,123,181 | 888,255 | 764,035 |
| US Dollars | 45,297 | 31,360 | - | - |
| Euros | 9,831 | 26,264 | - | - |
| Great Britain Pounds | 25 | 384 | - | - |
| | 1,260,784 | 1,181,189 | 888,255 | 764,035 |

Financial assets at amortised cost exclude deposits with financial institutions, amount receivable from MRA, prepayments and deposits.

## 19 PREPAID OPERATING LEASE

| **Group** | | | 2019 | | | 2018 |
|---|---|---|---|---|---|---|
| | Cost associated to lease | Contribution to lease | Total | Cost associated to lease | Contribution to lease | Total |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| At 01 January | 122,715 | 48,835 | 171,550 | 119,545 | 49,652 | 169,197 |
| Additions during the year | - | - | - | 5,727 | - | 5,727 |
| Amortisation for the year | (1,824) | (3,882) | (5,706) | (2,557) | (817) | (3,374) |
| At 31 December | 120,891 | 44,953 | 165,844 | 122,715 | 48,835 | 171,550 |

## 19 PREPAID OPERATING LEASE (CONTINUED)

*Costs associated to lease*

The costs associated to lease consist of expenses incurred by the Company to comply with Article 21 of the Industrial Site Lease Agreement with respect to relocation of National Coast Guard, construction of public access road, re-routing of existing services and upgrading of public beach. The costs incurred are amortised with effect from the date of handing over to the relevant authorities over the remaining life of the lease.

*Prepaid operating lease*

In 2004, a subsidiary (Emtel Ltd), entered into a land lease agreement with Business Parks of Mauritius Ltd for the lease of 2 acres of land at Ebene CyberCity for a period of 30 years, renewable at the lessee's option for two further consecutive periods of 30 years.

In 2010, a subsidiary (Le Chaland Hotel Limited), deposited Rs 25 million as contribution to the Tourism Fund in connection with the Group's hotel project at La Cambuse. During the year ended 31 December 2015, the Company deposited an additional Rs 23,690,060 to the Tourism Fund, as required by the revised State Land Act. The contribution acts as an up-front payment to the revised land lease agreement dated June 2015, starting as from January 2015. In previous years, the lease rental was being amortised based on the draft lease agreement dated 2010. Upon signature of the revised lease agreement in June 2015, the previous amortisation reserve has been written back and amortisation is being recorded as from January 2015, over a period of 60 years to 2074.

## 20 DEFERRED INCOME TAX

***(i) Assets***

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| At 01 January | 8 | 12 | - | - |
| Income statement charge | (8) | (4) | - | - |
| At 31 December | - | 8 | - | - |

## 20 DEFERRED INCOME TAX (Continued)

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

| | **At 01 January** | **(Charge)/ credit to income statement** | **At 31 December** |
|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** |
| **Group -2019** | | | |
| Deferred income tax assets: | | | |
| Post employment benefits | **2** | **(2)** | **-** |
| Accelerated capital allowances | **6** | **(6)** | **-** |
| | **8** | **(8)** | **-** |
| **Group -2018** | | | |
| Deferred income tax assets: | | | |
| Post employment benefits | 6 | (4) | 2 |
| Accelerated capital allowances | 6 | - | 6 |
| | 12 | (4) | 8 |

## 20 DEFERRED INCOME TAX (CONTINUED)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| *Deferred tax assets:* | | | | |
| Deferred tax asset to be recovered after more than 12 months | - | 4 | - | - |
| *Deferred tax liabilities:* | | | | |
| Deferred tax liability to be recovered after more than 12 months | - | 4 | - | - |
| **Deferred tax asset (net)** | - | 8 | - | - |

### *(ii) Liabilities*

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| At 01 January | 223,728 | 238,494 | - | - |
| Income statement (credit)/charge | (1,972) | (19,728) | - | - |
| (Credit)/charge to other comprehensive income (Note 9(c)) | 1,390 | 4,962 | - | - |
| At 31 December | 223,146 | 223,728 | - | - |

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

Group - 2019

| | At 01 January 2019 | Charge/ (credit) to income statements | Charge to other comprehensive income | At 31 December 2019 |
|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Deferred income tax liabilities: | | | | |
| Accelerated capital allowances | **212,948** | **6,080** | - | **219,028** |
| Unrealised exchange gain | **1,068** | **(1,087)** | - | **(19)** |
| Revaluation of property, plant and equipment | **33,985** | - | **4,499** | **38,484** |
| | **248,001** | **4,993** | **4,499** | **257,493** |
| Deferred income tax assets: | | | | |
| Provision for impairment of receivables | **(20,270)** | **(3,589)** | - | **(23,859)** |
| Retirement benefit obligations | **(4,003)** | **255** | **(3,109)** | **(6,857)** |
| Lease liabilities | **-** | **(3,631)** | | **(3,631)** |
| | **(24,273)** | **(6,965)** | **(3,109)** | **(34,347)** |
| Net deferred income tax liabilities | **223,728** | **(1,972)** | **1,390** | **223,146** |

## 20 DEFERRED INCOME TAX (CONTINUED)

### *(ii) Liabilities (Continued)*

Group - 2018

| | At 01 January 2018 | Charge/ (credit) to income statements | Charge/(credit) to other comprehensive income | At 31 December 2018 |
|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Deferred income tax liabilities: | | | | |
| Accelerated capital allowances | 233,238 | (20,290) | - | 212,948 |
| Unrealised exchange gain | 30 | 1,038 | - | 1,068 |
| Revaluation of property, plant and equipment | 32,352 | - | 1,633 | 33,985 |
| | 265,620 | (19,252) | 1,633 | 248,001 |
| Deferred income tax assets: | | | | |
| Provision for impairment of receivables | (20,350) | 80 | - | (20,270) |
| Retirement benefit obligations | (6,776) | (556) | 3,329 | (4,003) |
| Unrealised exchange loss | - | | - | - |
| | (27,126) | (476) | 3,329 | (24,273) |
| Net deferred income tax liabilities | 238,494 | (19,728) | 4,962 | 223,728 |

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

The directors have not recognised a deferred income tax asset attributable to the following as future taxable profits may not be available against which the temporary differences can be utilised:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Tax losses carried forward | 118,077 | 108,560 | 71,429 | 50,442 |
| Accelerated capital allowances | 11,542 | 8,186 | 9,280 | 6,699 |
| Provision for retirement benefit obligations | 83,226 | 76,858 | 79,874 | 72,483 |
| Provision for bad and doubtful debts | 3,762 | 3,572 | - | - |
| Others | 295 | 484 | 295 | - |
| | 216,902 | 197,660 | 160,878 | 129,624 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019 (CONTINUED)

## 21 INVENTORIES

| | GROUP | |
|---|---|---|
| | **2019** | **2018** |
| | Rs'000 | Rs'000 |
| *At cost:* | | |
| Finished goods and goods for resale | 66,927 | 53,089 |
| Telephone sets, related spares and accessories | 50,097 | 34,004 |
| Spare parts and consumables | 3,411 | 2,046 |
| Goods in transit | 57,368 | 18,001 |
| Work in progress | 8,100 | 6,510 |
| | 185,903 | 113,650 |
| *At net realisable value:* | | |
| Telephone sets, related spares and accessories | 1,750 | 9,339 |
| | 187,653 | 122,989 |

## 22 ASSETS HELD FOR SALE

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Group** | | | | |
| At 01 January | 1,544 | 895 | - | - |
| Transfer from property, plant and equipment (Note 10) | - | 2,817 | - | - |
| Transfer from intangible assets (Note 12) | - | 553 | - | - |
| Impairment | - | (1,826) | - | - |
| Disposal | (1,544) | (895) | - | - |
| At 31 December | - | 1,544 | - | - |

The asset held for sale for 2018, Rs 1,544,000, relates to a subsidiary which prepared its Financial Statements on a non-going concern basis subsequent to the end of the reporting period. The board of the subsidiary has approved the disposal of the Company's assets to a third party and the Company will cease trading.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019 (CONTINUED)

## 23 SHARE CAPITAL

**Group and Company**

| | **2019** | **2018** | **2019** | **2018** |
|---|---|---|---|---|
| | Number | Number | Rs'000 | Rs'000 |
| *Authorised:* | | | | |
| Ordinary shares of Rs 100 each | 300,000 | 300,000 | 30,000 | 30,000 |
| *Issued and fully paid:* | | | | |
| Ordinary shares of Rs 100 each | 297,000 | 297,000 | 29,700 | 29,700 |

## 24 LIFE ASSURANCE FUNDS

| | **2019** | **2018** |
|---|---|---|
| | Rs'000 | Rs'000 |
| **Group** | | |
| At 01 January | 999,851 | 876,821 |
| Transfer of surplus/(deficit) from/to life assurance business revenue account (Note 5) | 12 | 123,030 |
| At 31 December | 999,863 | 999,851 |
| | | |
| Non-current | 885,680 | 888,009 |
| Current | 114,183 | 111,842 |
| | 999,863 | 999,851 |

## 24 LIFE ASSURANCE FUNDS (CONTINUED)

The Group's actuary for its life insurance business is True South Actuaries & Consultants. The Group's actuary for pension business is Aon Hewitt Ltd.

The Group has provided the breakdown of life assurance fund due within 1 year and more than 1 year based on best estimates available.

At 31 December 2019, the adequacy of the life assurance fund has been assessed based on the following assumptions:

- Interest rate of **8.25%** (2018: 8.25%);
- Assumed lapse rates of **27%, 11%, 8%** and **8%** for years 1,2,3 and 4+ (2018: 27%, 11%, 8% and 8%);
- Expense inflation rate of **2.75%** (2018: 1.8%); and
- Mortality table **27% SA 85/90** (2018: 36% SA 85/90)

## 25 BORROWINGS

| | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Non-current** | | | | |
| Bank loans – secured | 4,122,242 | 3,181,152 | 1,813,834 | 2,457,435 |
| Loans payable to related parties (Note 36(v) (a)) | - | 678 | - | - |
| Finance lease obligations | - | 10,662 | - | 7,272 |
| | 4,122,242 | 3,192,492 | 1,813,834 | 2,464,707 |
| **Current** | | | | |
| Bank overdrafts (Note 31) | 304,433 | 139,922 | 90,030 | 83,109 |
| Bank loans – secured | 1,576,644 | 1,260,018 | 1,061,904 | 567,690 |
| Import loans | 13,958 | 14,257 | - | - |
| Loans payable to subsidiaries (Note 36(v)(d)) | - | - | 361,143 | 2,958 |
| Loans payable to related parties (Note 36(v) (a)) | 284,559 | 253,342 | 280,594 | 248,469 |
| Loans payable to shareholders (Note 36(v) (b)) | 300,999 | 300,999 | 300,000 | 300,000 |
| Loans payable to directors (Note 36(v) (c)) | 58,056 | 53,138 | 58,056 | 53,138 |
| Other loans | 4,392 | 100 | - | 100 |
| Finance lease obligations | - | 6,082 | - | 3,505 |
| | 2,543,041 | 2,027,858 | 2,151,727 | 1,258,969 |
| Total borrowings | 6,665,283 | 5,220,350 | 3,965,561 | 3,723,676 |

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The borrowing rate is between **3.85% and 7%** (2018 – 3.7% and 7.1%).

Finance lease obligations were included in borrowings until 31 December 2018, but were reclassified to lease liabilities on 1 January 2019 in the process of adopting the new leasing standard.

## 25 BORROWINGS (CONTINUED)

*Bank overdrafts*

The bank overdrafts and other banking facilities are secured by floating charges on all of the assets of the Company.

*Bank loans*

The bank loans are secured by floating charges on the assets of the Group and the Company and also by the pledge of shares and can be analysed as follows:

| | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Current** | | | | |
| Within one year | 1,576,644 | 1,260,018 | 1,061,904 | 567,690 |
| **Non-current** | | | | |
| After one year and before two years | 667,954 | 1,535,606 | 497,940 | 1,307,641 |
| After two years and before five years | 2,853,991 | 1,360,684 | 1,210,265 | 914,933 |
| After five years | 600,297 | 284,862 | 105,629 | 234,861 |
| | 4,122,242 | 3,181,152 | 1,813,834 | 2,457,435 |
| **Total bank loans** | 5,698,886 | 4,441,170 | 2,875,738 | 3,025,125 |

The denomination and effective interest rates of the bank loans are as follows:

| | **3.27% to 7.00%** | **7.01% to 8.25%** | **Total** |
|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** |
| **Group - 2019** | | | |
| Mauritian rupees | **5,365,527** | **7,258** | **5,372,785** |
| Euros | **326,101** | - | **326,101** |
| | **5,691,628** | **7,258** | **5,698,886** |
| Group - 2018 | | | |
| Mauritian rupees | 4,373,992 | 65,297 | 4,439,289 |
| Euros | 1,881 | - | 1,881 |
| | 4,375,873 | 65,297 | 4,441,170 |
| **Company – 2019** | | | |
| Mauritian rupees | **2,875,738** | **-** | **2,875,738** |
| **Company – 2018** | | | |
| Mauritian rupees | 2,968,875 | 56,250 | 3,025,125 |

## 25 BORROWINGS (CONTINUED)

*Bank loans (Continued)*

The bank loans are scheduled for payment as follows:

| | 2020 | 2021 | 2022 | 2023 | 2024 | Later than 2024 | Total |
|---|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **Group – 2019** | | | | | | | |
| Mauritian rupees | **1,576,644** | **667,954** | **1,099,643** | **178,022** | **1,250,224** | **600,298** | **5,372,785** |
| Euros | **-** | **-** | **326,101** | - | - | - | **326,101** |
| | **1,576,644** | **667,954** | **1,425,744** | **178,022** | **1,250,224** | **600,298** | **5,698,886** |
| **Company - 2019** | | | | | | | |
| Mauritian rupees | **1,061,904** | **497,940** | **301,386** | **158,655** | **750,224** | **105,629** | **2,875,738** |

| | 2019 | 2020 | 2021 | 2022 | 2023 | Later than 2023 | Total |
|---|---|---|---|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Group – 2018 | | | | | | | |
| Mauritian rupees | 1,260,018 | 1,535,606 | 815,433 | 369,942 | 173,429 | 284,861 | 4,439,289 |
| Euros | - | - | 1,881 | - | - | - | 1,881 |
| | 1,260,018 | 1,535,606 | 817,314 | 369,942 | 173,429 | 284,861 | 4,441,170 |
| Company – 2018 | | | | | | | |
| Mauritian rupees | 567,690 | 1,307,641 | 483,400 | 287,029 | 144,504 | 234,861 | 3,025,125 |

## 25 BORROWINGS (CONTINUED)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| *Finance lease obligations - minimum lease payments* | | | | |
| Amounts falling due: | | | | |
| Not later than 1 year | - | 7,002 | | 4,107 |
| Later than 1 year and not later than 5 years | - | 11,735 | | 7,993 |
| Later than 5 years | - | 70 | | 70 |
| | - | 18,807 | - | 12,170 |
| Future finance charges on finance leases | | (2,063) | | (1,393) |
| Present value of finance lease obligations | - | 16,744 | - | 10,777 |
| The present value of finance lease obligations is as follows: | | | | |
| Not later than 1 year | | 6,082 | | 3,505 |
| Later than 1 year and not later than 5 years | | 10,593 | | 7,204 |
| Later than 5 years | | 69 | | 68 |
| Present value of finance lease obligations (Note 30) | - | 16,744 | - | 10,777 |

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

*Net debt reconciliation*

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Cash and cash equivalents (including bank overdraft) | (297,414) | (609,942) | 81,662 | 72,256 |
| Borrowings | 6,360,850 | 5,080,428 | 3,875,531 | 3,640,567 |
| Lease liabilities | 1,044,267 | - | 62,428 | - |
| Net debt | 7,107,703 | 4,470,486 | 4,019,621 | 3,712,823 |
| | | | | |
| Cash and cash equivalents | (601,847) | (749,864) | (8,368) | (10,853) |
| Gross debt with fixed interest rates | 1,450,000 | 500,000 | 150,000 | 150,000 |
| Gross debt with variable interest rates | 6,259,550 | 4,720,350 | 3,877,989 | 3,573,676 |
| Net debt | 7,107,703 | 4,470,486 | 4,019,621 | 3,712,823 |

| | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|
| | (Cash)/ bank overdraft | Borrowings | Lease liabilties | Cash/ bank overdraft | Borrowings | Lease liabilties |
| Net debt as at 01 January 2018 | (321,600) | 4,409,821 | - | 31,700 | 3,430,820 | - |
| Cash flows | (288,342) | 665,677 | - | 40,556 | 204,817 | - |
| Foreign exchange adjustments | - | 4,930 | - | - | 4,930 | - |
| Net debt as at 31 December 2018 | **(609,942)** | **5,080,428** | **-** | **72,256** | **3,640,567** | **-** |
| Recognition/acquisition | **-** | **-** | **1,174,918** | **-** | **-** | **73,191** |
| Cash flows | **295,784** | **1,280,422** | **(130,651)** | **(1,371)** | **234,964** | **(10,763)** |
| Other changes | **16,744** | **-** | **-** | **10,777** | **-** | **-** |
| Net debt as at 31 December 2019 | **(297,414)** | **6,360,850** | **1,044,267** | **81,662** | **3,875,531** | **62,428** |

## 26 POST - EMPLOYMENT BENEFITS

Defined benefit pension plan

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| *Amounts recognised in the statement of financial position:* | | | | |
| Present value of funded obligations | 457,404 | 448,795 | 176,922 | 150,139 |
| Fair value of plan assets | (265,908) | (296,757) | (100,232) | (90,038) |
| Deficit of funded plans | 191,496 | 152,038 | 76,690 | 60,101 |
| Present value of unfunded obligations | 393,157 | 366,271 | 393,157 | 366,271 |
| Liability in the statement of financial position | 584,653 | 518,309 | 469,847 | 426,372 |
| Non-Current | 584,653 | 515,922 | 469,847 | 426,372 |
| Current | - | 2,387 | - | - |

The Group operates defined benefit pension plans. All of the plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. Pensions in payment are generally updated in line with the inflation rate and benefit payments for funded obligations are from ILA managed Pension Fund.

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

**Group**

| | **Present Value of obligation** | **Fair value of plan assets** | **Total** |
|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** |
| At 01 January 2019 | **815,066** | **(296,757)** | **518,309** |
| Current service cost | **26,877** | **-** | **26,877** |
| Interest cost | **42,482** | **(15,751)** | **26,731** |
| Past service cost | **11,476** | **-** | **11,476** |
| Other movements | **(43,060)** | **24,938** | **(18,122)** |
| | **852,841** | **(287,570)** | **565,271** |
| Remeasurements: | | | |
| Return on plan assets excluding amount included in interest expense | **-** | **15,325** | **15,325** |
| Gain from change in financial assumptions | **54,346** | **-** | **54,346** |
| Experience gains | **34,380** | **-** | **34,380** |
| | **88,726** | **15,325** | **104,051** |
| Exchange differences | | | |
| Contribution -Employers | **-** | **(82,379)** | **(82,379)** |
| Payment from plans –Benefit payments | **(91,006)** | **88,716** | **(2,290)** |
| | **(91,006)** | **6,337** | **(84,669)** |
| At 31 December 2019 | **850,561** | **(265,908)** | **584,653** |

## 26 POST - EMPLOYMENT BENEFITS (CONTINUED)

The movement in the defined benefit obligation over the year 2018 is as follows:

**Group (Continued)**

| | Present Value of obligation | Fair value of plan assets | Total |
|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 |
| At 01 January 2018 | 905,553 | (304,374) | 601,179 |
| Current service cost | 28,854 | - | 28,854 |
| Interest cost | 47,737 | (16,735) | 31,002 |
| Past service cost | 4,596 | - | 4,596 |
| Other movements | 2,793 | 1,375 | 4,168 |
| | 989,533 | (319,734) | 669,799 |
| *Remeasurements:* | | | |
| Return on plan assets excluding amount included in interest income | - | 4,877 | 4,877 |
| Loss from change in financial assumptions | (55,924) | - | (55,924) |
| Experience losses | (6,492) | - | (6,492) |
| | (62,416) | 4,877 | (57,539) |
| Exchange differences | | | |
| Contribution -Employers | - | (38,149) | (38,149) |
| Payment from plans –Benefit payments | (112,051) | 56,249 | (55,802) |
| | (112,051) | 18,100 | (93,951) |
| At 31 December 2018 | 815,066 | (296,757) | 518,309 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019 (CONTINUED)

## 26 POST - EMPLOYMENT BENEFITS (CONTINUED)

**Company**

| | **Present Value of obligation** | **Fair value of plan assets** | **Total** |
|---|---|---|---|
| | **Rs'000** | **Rs'000** | **Rs'000** |
| At 01 January 2019 | **516,410** | **(90,038)** | **426,372** |
| Current service cost | **8,772** | - | **8,772** |
| Interest cost/ (Income) | **27,776** | **(5,319)** | **22,457** |
| Past service cost | **632** | - | **632** |
| | **553,590** | **(95,357)** | **458,233** |
| *Remeasurements:* | | | |
| Return on plan assets excluding amount included in interest expense | - | **4,908** | **4,908** |
| Gain from change in financial assumptions | **37,427** | - | **37,427** |
| Experience gains | **32,147** | - | **32,147** |
| | **69,574** | **4,908** | **74,482** |
| Exchange differences | | | |
| Contribution -Employer | - | **(58,552)** | **(58,552)** |
| Payment from plans –Benefit payments | **(53,085)** | **48,769** | **(4,316)** |
| | **(53,085)** | **(9,783)** | **(62,868)** |
| At 31 December 2019 | **570,079** | **(100,232)** | **469,847** |

The movement in the defined benefit obligation over the year 2018 is as follows:

| | Present Value of obligation | Fair value of plan assets | Total |
|---|---|---|---|
| | Rs'000 | Rs'000 | Rs'000 |
| At 01 January 2018 | 573,356 | (100,892) | 472,464 |
| Current service cost | 9,089 | - | 9,089 |
| Interest cost/ (Income) | 30,292 | (5,924) | 24,368 |
| Past service cost | 2,204 | - | 2,204 |
| | 614,941 | (106,816) | 508,125 |
| Remeasurements: | | | |
| Return on plan assets excluding amount included in interest expense | - | 2,348 | 2,348 |
| Loss from change in financial assumptions | (10,320) | - | (10,320) |
| Experience losses | (7,970) | - | (7,970) |
| | (18,290) | 2,348 | (15,942) |
| Exchange differences | | | |
| Contribution -Employer | - | (13,700) | (13,700) |
| Payment from plans –Benefit payments | (80,241) | 28,130 | (52,111) |
| | (80,241) | 14,430 | (65,811) |
| At 31 December 2018 | 516,410 | (90,038) | 426,372 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019 (CONTINUED)

## 26 POST - EMPLOYMENT BENEFITS (CONTINUED)

**Company (Continued)**

The significant actuarial assumptions were as follows:

| | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Discount rate | 4.6% to 5.6% | 5.6% to 6.1% | 4.6% to 5.6% | 5.6% to 6.1% |
| Inflation rate | 2.2% to 3.5% | 3.5% | 2.2% to 3.5% | 3.5% |
| Salary growth rate | 3.5% | 4.0% | 3.5% | 4.0% |
| Pension growth rate | 1.0% | 1.0% | 1.0% | 1.0% |

*Average life expectancy in years for a pensioner retiring at age 63*

*Retiring at the end of the reporting period*

| | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Male | 12.3 | 12.3 | 12.3 | 12.3 |
| Female | 13.5 | 13.5 | 13.5 | 13.5 |

*Average life expectancy in years for a pensioner retiring at age 63*

*Retiring 20 years after the end of the reporting period*

| | **GROUP** | | **COMPANY** | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Male | 12.3 | 12.3 | 12.3 | 12.3 |
| Female | 13.5 | 13.5 | 13.5 | 13.5 |

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

| | **Impact on defined benefit obligation** | | |
|---|---|---|---|
| | Change in assumption | Increase in assumption | Decrease in assumption |
| **Group** | | | |
| Discount rate | **1%** | **86,070** | **84,609** |
| **Company** | | | |
| Discount rate | **1%** | **55,190** | **46,657** |

## 26 POST - EMPLOYMENT BENEFITS (CONTINUED)

Plan assets are comprised as follows:

| | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|
| ***2019*** | **Quoted** | **Unquoted** | **Total** | **Quoted** | **Unquoted** | **Total** |
| | **Rs'000** | **Rs'000** | **Rs'0000** | **Rs'000** | **Rs'000** | **Rs'000** |
| Equities -Overseas | **26,591** | **-** | **26,591** | **10,023** | **-** | **10,023** |
| Equities -Local | **98,385** | **10,636** | **109,021** | **37,086** | **4,009** | **41,095** |
| Fixed interest securities- Overseas | **18,614** | **-** | **18,614** | **7,016** | **-** | **7,016** |
| Fixed interest securities- Local | **18,614** | **61,159** | **79,773** | **7,016** | **23,053** | **30,069** |
| Cash and others | **-** | **31,909** | **31,909** | **-** | **12,029** | **12,029** |
| | **162,204** | **103,704** | **265,908** | **61,141** | **39,091** | **100,232** |

| | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|
| *2018* | Quoted | Unquoted | Total | Quoted | Unquoted | Total |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Equities -Overseas | 29,676 | - | 29,676 | 9,004 | - | 9,004 |
| Equities -Local | 130,573 | 11870 | 143,443 | 39,616 | 3602 | 43,218 |
| Fixed interest securities- Overseas | 20,773 | - | 20,773 | 6,303 | - | 6,303 |
| Fixed interest securities- Local | 20773 | 56,384 | 77,157 | 6,303 | 17,107 | 23,410 |
| Cash and others | - | 26,708 | 26,708 | - | 8,103 | 8,103 |
| | 201,795 | 94,962 | 296,757 | 61,226 | 28,812 | 90,038 |

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

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

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

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

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

The Company's expected employer contribution for the next year is **Rs 50,276,000** and the weighted average duration of the defined benefit obligation is between 6 and 13 years.

## 27 PROVISION FOR ASSET RETIREMENT OBLIGATIONS

The provision is in respect of the dismantling and removal of equipment from leased cell sites for the period if the operating lease is not renewed.

| | GROUP | |
|---|---|---|
| | **2019** | **2018** |
| | Rs'000 | Rs'000 |
| At 01 January | 67,950 | 53,511 |
| Additional provision during the year | 607 | 6,521 |
| Disposal adjustments | (2,566) | (257) |
| Impairment adjustments | (8,434) | - |
| Finance charge | (7,945) | 8,175 |
| At 31 December | 49,612 | 67,950 |

The above has been calculated based on these assumptions:

Life of the assets – **5 to 25 years** (2018 - 5 to 25 years)

Interest rate – **4.94%** (2018 – 5.95%)

A change in the rate of interest of 1% higher/lower than the actual rate would have decreased/increased the finance charge by **Rs 496,116** (2018 – Rs 679,499).

## 28 TRADE AND OTHER PAYABLES AND PROVISION FOR OTHER LIABILITIES AND CHARGES

### (i) TRADE AND OTHER PAYABLES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Not later than one year | 1,634,740 | 1,470,629 | 66,396 | 74,684 |
| Later than one year | 6,825 | 16,116 | - | - |
| | 1,641,565 | 1,486,745 | 66,396 | 74,684 |
| Bills payable (secured) | 51,780 | 51,713 | - | - |
| Trade payables | 326,384 | 188,204 | 240 | 1,368 |
| Other payables and accruals | 924,865 | 921,855 | 61,441 | 66,857 |
| Subscription received in advance (pay TV subscribers) | 94,386 | 105,222 | - | - |
| Deposits | 62,628 | 47,087 | - | - |
| Amount due to subsidiaries | - | - | 2,517 | 1,799 |
| Amount due to other related parties (Note 36(vi)(c)) | 53,934 | 48,256 | 479 | 1,688 |
| Amount due to associates (Note 36(vi)(a)) | 522 | 622 | - | - |
| Amount payable to shareholder (Note 36(vi) (d)) | 54 | 1,864 | - | 1,655 |
| Amount due to directors(Note 36(vi) (b)) | 1,719 | 1,317 | 1,719 | 1,317 |
| Income received in advance | 13,399 | 8,798 | - | - |
| Dividends payable | 111,894 | 111,807 | - | - |
| | 1,641,565 | 1,486,745 | 66,396 | 74,684 |

## 28 TRADE AND OTHER PAYABLES AND PROVISION FOR OTHER LIABILITIES AND CHARGES (CONTINUED)

(ii) PROVISION FOR OTHER LIABILITIES AND CHARGES

The Group provision for other liabilities and charges relates to solidarity levy charge on revenue. The movement in provision is shown below:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| At 01 January | 45,286 | 52,387 | - | - |
| Charge for the year | 48,995 | 45,286 | - | - |
| Adjustment for prior year | 4 | 4 | - | - |
| Paid during the year | (45,290) | (52,391) | - | - |
| At 31December | 48,995 | 45,286 | - | - |

## 29 CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Profit before taxation | 636,724 | 628,406 | 127,602 | 399,659 |
| **Adjustments for:** | | | | |
| Depreciation on property, plant and equipment (Note 10) | 691,097 | 650,750 | 14,448 | 9,071 |
| Depreciation on right of use assets (Note 13) | 147,869 | - | 5,940 | - |
| Amortisation of intangible assets and prepaid leases (Note 12 and note 19) | 84,357 | 82,782 | 2,571 | 1,994 |
| Profit on disposal of property, plant and equipment (Note 5) | (1,563) | (4,792) | (260) | (456) |
| Transfer from property, plant and equipment to inventories (Note 10) | 1,349 | - | - | - |
| Write offs of property, plant and equipment (Note 10) | 932 | 4,950 | - | - |
| Write offs of intangible assets (Note 12) | 136 | 48 | - | - |
| Adjustments to property, plant and equipment and intangible assets (Notes 10 and 12) | (905) | - | - | - |
| Gain on disposal of asset held for sale | - | (1,786) | - | - |
| Impairment on asset held for sale ( Note 22) | - | 1,826 | - | - |
| Fair value (gain)/loss on investment properties (Note 11) | (286,405) | (48,868) | 4,007 | (2,689) |
| Impairment of investment properties (Note 11) | 11,525 | 40,339 | - | - |
| Unrealised foreign exchange differences | (2,491) | (5,278) | - | (4,930) |
| Disposal adjustment of asset retirement obligation (Note 27) | (7,945) | 8,175 | - | - |
| Depreciation adjustment on ARO | (1,959) | 6,264 | - | - |
| Impairment charge on loans and receivables | 37,627 | 29,579 | - | - |
| Net impairment reversal on investment in subsidiaries | - | - | - | (26,798) |
| Share of profit of associated companies (Note 15) | (46,791) | (55,906) | - | - |
| Dividend income (Note 5) | (10,516) | (10,091) | (511,705) | (732,161) |
| Finance costs – net | 351,590 | 255,813 | 213,108 | 189,806 |
| Other adjustments | 44,228 | 261 | - | - |
| | 1,648,859 | 1,582,472 | (144,289) | (166,504) |
| **Working capital changes** | | | | |
| Decrease/(increase) in inventories | (64,664) | (25,656) | - | - |
| (Increase)/decrease in trade and other receivables | (30,248) | (144,236) | (2,843) | 3,735 |
| Increase/(decrease) in trade and other payables | 159,650 | 441,669 | (21,133) | (8,886) |
| (Decrease)/ increase in provision for other liabilities | 3,709 | (7,101) | - | - |
| Movement in retirement benefits obligations | (37,707) | (25,331) | (31,007) | (30,150) |
| Increase in life assurance funds and liabilities of life assurance company | 10,157 | 96,140 | - | - |
| | 40,897 | 335,485 | (54,983) | (35,301) |
| **Cash generated from/(used in) operations** | 1,689,756 | 1,917,957 | (199,272) | (201,805) |

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## 30 NON-CASH INVESTING AND FINANCING ACTIVITIES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Finance lease obligations at 01 January | - | 18,036 | - | 8,473 |
| Inception of new leases | - | 7,527 | - | 7,527 |
| Capital element of finance lease payments | - | (8,819) | - | (5,223) |
| Finance lease obligations at 31 December (Note 25) | - | 16,744 | - | 10,777 |

## 31 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following amounts:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Cash and cash equivalents | 601,847 | 749,864 | 8,368 | 10,853 |
| Bank overdrafts (Note 25) | (304,433) | (139,922) | (90,030) | (83,109) |
| | 297,414 | 609,942 | (81,662) | (72,256) |

## 32 DIVIDENDS

| | COMPANY | |
|---|---|---|
| | **2019** | **2018** |
| | Rs'000 | Rs'000 |
| *Proposed and paid* | | |
| **Rs 456.57 per share (2018 – Rs 371.72)** | 135,600 | 110,400 |

## 33 CAPITAL COMMITMENTS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| *Capital commitments for property, plant and equipment:* | | | | |
| Authorised and contracted for | 525,176 | 863,478 | - | - |

## 34 OPERATING LEASES COMMITMENTS

The Group leases premises for use as warehouses, offices, retail outlets and cell sites. The leases are under non-cancellable operating lease agreements and their lease terms are between 3 and 10 years. The majority of the lease agreements are renewable at the end of the lease period. The Group does not have the option to purchase the leased premises at the expiry of the lease period.

The Group leases equipment under non-cancellable operating lease agreement. Their lease terms are between 3 and 10 years. The majority of the lease agreements are renewable at the end of the lease period. The Group does not have the option to purchase the leased equipment at the expiry of the lease period.

The Group also leases a plot of land at La Cambuse under operating lease for a period of 60 years. The lease has varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The future minimum lease payments under non-cancellable operating leases are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Not later than 1 year | - | 119,737 | - | - |
| Later than 1 year and not later than 5 years | - | 357,262 | - | - |
| Later than 5 years | - | 295,265 | - | - |
| | - | 772,264 | - | - |

## 35 (i) CONTINGENCIES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| *Guarantees* | | | | |
| On loans and bank overdraft facilities of subsidiaries, associates and related companies | 1,075,717 | 1,164,290 | 1,075,717 | 1,164,290 |
| Group's share of bank guarantees of associates | - | 10,399 | - | - |
| Bank guarantees | 103,887 | 55,399 | 2,208 | 2,064 |

At 31 December 2019, the Group and Company had contingent liabilities in respect of bank guarantees in the ordinary course of business amounting to **Rs 103,887,000** (2018 – Rs 55,399,000) and **Rs 2,208,000** (2018 – Rs 2,064,000) respectively, from which it is anticipated that no material liabilities will arise.

## 35 (ii) CONTINGENT ASSETS AND LIABILITIES

Emtel Limited, one of the Group's subsidiary, has lodged a claim for damages in excess of Rs 1 billion (USD 32m) (plus interest and cost) against the Information & Communication Technologies Authority, Mauritius Telecom Ltd, Ministry of Technology, Telecommunications and Innovations and Cellplus Mobile Communications Ltd for losses incurred as a result of inter alia failure by the authorities to ensure a level of playing field and unfair competitive practices. Judgment was given by the Supreme Court in favour of Emtel Limited on the 9 August 2017 and a total amount of Rs 554,139,900 with costs and interests at the legal rate was awarded to Emtel Limited. The Defendants have lodged their respective appeals before the Supreme Court (Court of Civil Appeal). The Appeal was been fixed for merits in November 2019 and will be continued in 2020.

On the other hand, Emtel Limited has received a counter claim from Data Communications Ltd for Euros 1.5 million for allegedly failing to supply an uninterrupted data service in respect of an International Private Line leased from Emtel Limited. The case is not yet in shape for trial, with DCL in the process of liquidation.

At this stage the Board of Directors does not believe that Emtel Limited will be required by the Court to settle the amount claimed by Data Communications Ltd.

## 36 RELATED PARTY TRANSACTIONS

The Group is directly controlled by Fakhary Limited which owns 62.95% of the Company's shares.

The particulars of the significant transactions carried out with related parties are presented below.

The other receivables from related parties are receivable within 1 year. The terms of loans receivable from and loans payable to related parties are also disclosed below.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| *(i) Sales of goods and services* | | | | |
| Associates | 3,275 | 4,315 | - | - |
| Directors | | 154 | - | - |
| | 3,275 | 4,469 | - | - |
| *Rental income* | | | | |
| Subsidiaries | - | - | | 5,695 |
| *Management fee income* | | | | |
| Subsidiaries | - | - | 55,920 | 54,976 |
| Shareholders | 2,596 | 2,596 | 100 | 100 |
| Associates | 718 | 639 | 718 | 640 |
| Entity significantly influenced by the directors of the Company | 4,048 | 3,165 | - | - |
| | 7,362 | 6,400 | 56,738 | 55,716 |
| (ii) Purchases of goods and services | | | | |
| *Purchases of goods* | | | | |
| Associates | 5,718 | 5,793 | - | - |
| Entity significantly influenced by the directors of the Company | 662,630 | 549,203 | - | - |
| | 668,348 | 554,996 | - | - |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019 (CONTINUED)

## 36 RELATED PARTY TRANSACTIONS (CONTINUED)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| *Rental costs* | | | | |
| Entity significantly influenced by the directors of the Company | - | 6,356 | - | 3,518 |
| *Management fee expense excluding Currimjee Limited* | | | | |
| Subsidiaires | - | - | 7,443 | 6,942 |
| *Interest expense* | | | | |
| Subsidiaries | - | - | 11,196 | 178 |
| Related parties | 14,629 | 12,676 | 13,415 | 11,874 |
| Shareholders | 19,394 | 19,672 | 19,329 | 19,607 |
| Directors | 3,964 | 3,296 | 3,964 | 3,296 |
| *Interest income* | | | | |
| Subsidiaries | - | - | 11,406 | 952 |
| Related parties | - | - | - | - |
| Shareholders | 20,105 | 20,057 | 20,105 | 20,057 |
| *Currimjee Limited (common directorships)* | | | | |
| Secretarial fees | - | - | - | - |
| Management fees | 1,243 | 1,953 | 1,243 | 1,953 |
| | 1,243 | 1,953 | 1,243 | 1,953 |
| *Key management compensation* | | | | |
| Salaries and other short term employee benefits | 183,937 | 169,872 | 116,293 | 102,926 |
| Post employment benefits | 8,594 | 2,224 | - | - |
| | 192,531 | 172,096 | 116,293 | 102,926 |

Key management personnel of the Company refers to directors (executive and non-executive) and members of the senior management team of the Company as disclosed in the Corporate Governance report. Key management personnel of the Group refers to key management personnel of the Company and key management personnel of subsidiaries.

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | **2019** | **2018** | **2019** | **2018** |
| | | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **(iii)** | **Loans receivable (Note 18)** | | | | |
| (a) | *Loans to related parties* | | | | |
| | Parent company | 337,786 | 337,436 | 337,786 | 337,436 |
| | Entity significantly influenced by the directors of the Company | 6 | 3,306 | 6 | 6 |
| | | 337,792 | 340,742 | 337,792 | 337,442 |

The above loans to related parties are unsecured, repayable at call, bearing interest between **5.35% and 6%** per annum. (2018 – 5.35% and 6%).

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# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019 (CONTINUED)

## 36 RELATED PARTY TRANSACTIONS (CONTINUED)

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | **2019** | **2018** | **2018** | **2018** |
| | | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **(iii)** | **Loans receivable (Note 18) (Continued)** | | | | |
| (b) | *Loan to directors* | 347 | 347 | 347 | 347 |
| | The above loan to directors are unsecured, interest free and repayable at call. | | | | |
| (c) | *Loans to subsidiaries* | - | - | 469,536 | 354,855 |
| | The loans to subsidiaries are repayable at call and bears interest rates as follows: | | | | |
| | Interest free loan | - | - | 349,210 | 330,210 |
| | Interest rate of **6.5%** (2018 - 5.35 to 6%) | - | - | 120,326 | 24,645 |
| | | - | - | 469,536 | 354,855 |
| **(iv)** | **Amounts receivable from:** | | | | |
| (a) | *Associates (Note 18)* | | | | |
| | At 01 January | 1,349 | 850 | 275 | 271 |
| | Movement during the year | 3,750 | 499 | 3,839 | 4 |
| | At 31 December | 5,099 | 1,349 | 4,114 | 275 |
| (b) | *Shareholders (Note 18)* | | | | |
| | At 01 January | 23 | 1,278 | - | 1,255 |
| | Movement during the year | 15,509 | (1,255) | 15,525 | (1,255) |
| | At 31 December | 15,532 | 23 | 15,525 | - |
| (c) | *Directors (Note 18)* | | | | |
| | Amount receivable from directors | 2,068 | 1,991 | 1,453 | 1,050 |
| (d) | *Other related parties (Note 18)* | | | | |
| | Entities significantly influenced by the Group | - | 17,329 | - | - |
| | Other related parties | 7,090 | 915 | 4,207 | 2,077 |
| | | 7,090 | 18,244 | 4,207 | 2,077 |
| (e) | *Subsidiaries (Note 18)* | | | | |
| | Amounts receivable from subsidiaries | - | - | 41,518 | 41,504 |

## 36 RELATED PARTY TRANSACTIONS (CONTINUED)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **(v) Loans payable to:** | | | | |
| *(a) Related parties (Note 25)* | | | | |
| Entities significantly influenced by the Group | 72,178 | 71,500 | 71,500 | 71,500 |
| Shareholders of the ultimate parent | 145,880 | 125,105 | 145,880 | 125,105 |
| Close family members of shareholders of the ultimate parent | 66,501 | 57,415 | 63,214 | 51,864 |
| | 284,559 | 254,020 | 280,594 | 248,469 |

- The loan payable to entities significantly influenced by the Group are unsecured, repayable within one year and interest payable ranging from **5% to 7%** (2018 – 5% to 7%) per annum.

-The loan payable to the shareholders of the ultimate parent are unsecured, repayable at call and bear interest at the rate of **5.35%** (2018 – 5.35%) per annum.

-The loan payable to close family members of shareholders of the ultimate parent are unsecured, repayable at call and bear interest at the rate of **5.35%** (2018 – 5.35%) per annum.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| *(b) Shareholders (Note 25)* | | | | |
| At 01 January | 300,999 | 300,999 | 300,000 | 300,000 |
| Raised during the year | - | - | - | - |
| | 300,999 | 300,999 | 300,000 | 300,000 |
| -The loan payable to shareholders are unsecured, repayable at call and bear interest at the rate of **6.5%** (2018 – 6.5%) per annum. | | | | |
| *(c) Directors (Note 25)* | | | | |
| At 01 January | 53,138 | 52,768 | 53,138 | 52,768 |
| Raised during the year | 6,068 | 5,720 | 6,068 | 5,720 |
| Repaid during the year | (1,150) | (5,350) | (1,150) | (5,350) |
| | 58,056 | 53,138 | 58,056 | 53,138 |
| -The loan payable to directors are unsecured, repayable at call and bear interest at the rate of **5.35%** (2018 – 5.35%) per annum. | | | | |
| *(d) Subsidiaries (Note 25)* | | | | |
| Loan payable to subsidiaries | - | - | 361,143 | 2,958 |

-The loan payable to subsidiaries are unsecured, repayable at call and bear interest at the rate of **6%** (2018 – 6%) per annum.

## 36 RELATED PARTY TRANSACTIONS (CONTINUED)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **(vi) Amounts due to:** | | | | |
| *(a) Associates (Note 28)* | 522 | 622 | - | - |
| *(b) Directors (Note 28)* | 1,719 | 1,317 | 1,719 | 1,317 |
| *(c) Other related parties (Note 28)* | | | | |
| Entities significantly influenced by the Group | 50,894 | 46,420 | 170 | 670 |
| Other related entities | 3,040 | 1,836 | 309 | 1,018 |
| | 53,934 | 48,256 | 479 | 1,688 |
| *(d) Shareholders (Note 28)* | 54 | 1,864 | - | 1,655 |

## 37 SUBSEQUENT EVENT

Currimjee Jeewanjee and Company Limited and Emtel Limited have signed a share purchase agreement on 23 December 2019 for the acquisition of 202,500 shares of EmVision Limited, representing 90% of its capital. The acquisition was completed in March 2020.

Emtel Limited contracted new bonds for Rs 1.15BN in April 2020 with fixed interest rates.

In March 2020, the World Health Organisation (WHO) declared the Covid-19 as a global pandemic. Businesses worldwide except for essential services had to cease or limit operations over the various lockdown periods in many countries. The situation is constantly evolving and the measures put in place to contain the spread of the virus, including travel bans, social distancing and closures of non-essential services, have significantly disrupted business worldwide, resulting in a global economic slowdown.

The Semdex fell by 25% while the major world stock market indices contracted by an average of 14%. As a result, the Group's investments in local and foreign listed equities suffered a fair value loss.

Additionally, the Life assurance business (LAB) in conjunction with its Statutory Actuary, QED, recently priced and assessed the profitability of a series of new products based on the current economic environment, as well as the LAB's most recent experience. Regulatory approval for these products was obtained in March 2020 and these will now be sold in replacement to the existing products. These new products are expected to contribute towards the LAB's expense base and aid the solvency ratio if volumes are achieved.

The Directors have determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact.

## 38 PARENT AND ULTIMATE PARENT

The directors regard Currimjee Limited (previously known as Fakhary Limited), a company incorporated in Mauritius, as the Company's parent and ultimate controlling party.

## 39 INCORPORATION AND REGISTERED OFFICE

The Company is a private limited company incorporated and domiciled in Mauritius. The registered office and place of business of the Company is at 38, Royal Street, Port Louis.

# NOTES

Currimjee Jeewanjee & Co Ltd has long been an advocate for the arts and culture, a preserver of our Mauritian heritage and a supporter of local creativity.

Culture is fundamental to our societies. It transcends generations, socio-economic and geographical barriers and other differences. It serves to reminisce, provoke and confront ideas, uplift and enlighten minds, generate novel ideas and ultimately, bring people together.

This is precisely why Currimjee Jeewanjee & Co Ltd has chosen to have its Integrated Report illustrated by the talented Mauritian photographer, Keivan Cadinouche.

We wish to thank Keivan, who travelled across the island with his analog camera and Kodak films to capture the Mauritian scenery and spirit in black and white, lending the images a greater sense of authenticity. The photos are raw, unfiltered and untouched.

> *"I was excited about being able to illustrate Currimjee Jeewanjee's presence within Mauritian lives.*
>
> *There is something unique about analog photography. There is no "erase" function or preview of the photograph on your screen. The magic happens in the dark room, where the pictures slowly reveal themselves and come to life.*
>
> *It isn't about perfection. It's about passion, fleeting moments and raw emotions. And these moments should not only live in our memory; they should be shared."*
>
> Keivan Cadinouche

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*Our Integrated Report is printed on Forest Stewardship Council® (FSC®) certified paper. This system ensures that the paper comes from sustainable forestry with the highest environmental and social production credentials.*

Together

building a better tomorrow

through a value-driven culture.

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