

Celtel (Mauritius) Holdings Limited

Audited Financial Statements

31 December 2023

Celtel (Mauritius) Holdings Limited

Audited Financial Statements

31 December 2023

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Celtel (Mauritius) Holdings Limited
Corporate Information

Date of Appointment

DIRECTORS	: Jantina Catharina Van De Vreede	26 November 2010
	Devananda Naraidoo (Resigned on 4 March 2024)	14 February 2011
	Vassudha Devi Beethue	14 January 2021
	Rishikesh Batoosam	4 March 2024

**ADMINISTRATOR
AND SECRETARY** : Ocorian Corporate Services (Mauritius) Limited
Level 6, Tower A
1 Exchange Square,
Wall Street, Ebene 72201
Mauritius

REGISTERED OFFICE : Level 6, Tower A
1 Exchange Square,
Wall Street, Ebene 72201
Mauritius

BANKER : HSBC Bank (Mauritius) Limited
Icon Ebene, Level 5
Office 1 (West wing)
Rue de l'Institut
Ebene
Mauritius

AUDITOR : Deloitte
7th and 8th Floor, Standard Chartered Tower
19-21 Bank Street, Cybercity
Ebene
Mauritius

**Celtel (Mauritius) Holdings Limited
Commentary of the Directors**

The directors present their commentary, together with the audited financial statements of Celtel (Mauritius) Holdings Limited (the 'Company') for the year ended 31 December 2023.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding.

RESULTS AND DIVIDENDS

The Company's loss for the year ended 31 December 2023 is USD 17,751,533 (2022: USD 97,763,710).

The directors do not recommend the payment of a dividend for the year under review (2022: Nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

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

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius 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.

AUDITOR

Deloitte has been appointed as auditor and has indicated its willingness to remain in office and will be automatically re-appointed at the Annual Meeting.

By Order of the Board

DS
KENNY PARAMASEETEN CURPEN, TEP
FOR
OCORIAN CORPORATE
SERVICES (MAURITIUS) LIMITED

SECRETARY

OCORIAN CORPORATE SERVICES (MAURITIUS) LIMITED


Date 27 June 2024

Celtel (Mauritius) Holdings Limited
Secretary's Certificate
Under Section 166 (d) of the Mauritian Companies Act 2001

We confirm, as Secretary of the Company, that based on the records and information made available to us by the Directors and Shareholder of the Company, we have filed all such returns of the Company for the year ended 31 December 2023 with the Registrar of Companies, as required under the Mauritius Companies Act 2001.

Date 27 June 2024

DS
KENNY PARAMASEEVEN CURPEN, TEP
FOR
OCORIAN CORPORATE
SERVICES (MAURITIUS) LIMITED



Ocorian Corporate Services (Mauritius) Limited
Corporate Secretary

Independent auditor's report to the Shareholder of Celtel (Mauritius) Holdings Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Celtel (Mauritius) Holdings Limited** (the "Company") set out on pages 7 to 25, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and cash flows for the year then ended in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Global Business Licence companies, as described in note 3 to the financial statements.

Basis for opinion

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

Emphasis of matter - Basis of preparation

We draw attention to note 3 to the financial statements, which describes the basis of preparation of the financial statements in accordance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Global Business Licence companies. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the corporate Information, the Commentary of the Directors and the Secretary's certificate, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Global Business Licence companies and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

**Independent auditor's report to the Shareholder of
Celtel (Mauritius) Holdings Limited (Continued)**

Auditor's responsibilities for the audit of the financial statements (Continued)

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

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

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

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

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

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

Use of this report

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

Deloitte.

Deloitte

Chartered Accountants

27 JUN 2024



Vishal Agrawal, FCA

Licensed by FRC

Celtel (Mauritius) Holdings Limited
Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2023
(All amounts are in United States Dollars - 'USD')

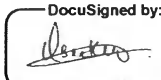
	Notes	For the year ended 31 December 2023	For the year ended 31 December 2022
Expenses			
Domiciliation and compliance fees		1,500	800
Directors' fees		4,000	1,500
Licence fees		1,950	1,910
Audit fees		13,304	15,539
Taxation fees		250	250
Accountancy fees		1,100	1,000
Secretarial fees and disbursements		5,959	7,052
Bank charges		859	1,128
Provision for impairment of loans receivable	8	17,287,244	97,716,274
Provision for impairment of other receivables	9	435,367	-
Balances written off		-	18,257
Total Expenses		17,751,533	97,763,710
Loss before income tax		(17,751,533)	(97,763,710)
Income tax expense	6	-	-
Loss after tax		(17,751,533)	(97,763,710)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(17,751,533)	(97,763,710)

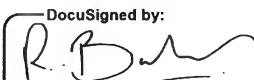
The notes on pages 11 to 25 form an integral part of these financials statements.

Celstel (Mauritius) Holdings Limited
Statement of Financial Position as at 31 December 2023
(All amounts are in United States Dollars - 'USD')

	Notes	As at 31 December 2023	As at 31 December 2022
ASSETS			
Non-current assets			
Investment in subsidiary	7	4,355,634	4,355,634
		4,355,634	4,355,634
Current assets			
Loan receivable	8	5,039,041	9,821,905
Other receivables and prepayments	9	943,689	1,379,056
Cash and cash equivalents		82,415	14,114
		6,065,145	11,215,075
Total assets		10,420,779	15,570,709
EQUITY AND LIABILITIES			
Shareholder's funds			
Stated capital	10	10,000	10,000
Retained earnings		(75,805,247)	(58,053,714)
Other Equity		399,996	399,996
Total equity		(75,395,251)	(57,643,718)
Current liabilities			
Borrowings	11	85,604,394	73,004,394
Other payables and accrued expenses	12	211,636	210,033
		85,816,030	73,214,427
Total liabilities		85,816,030	73,214,427
Total equity and liabilities		10,420,779	15,570,709

Approved by the Board of directors on 27 June 2024 and signed on its behalf by:

DocuSigned by:

 241B458198504A3...
Vassudha Devi Beethue
Director

DocuSigned by:

 91CB1B11FA0F404...
Rishikesh Batoosam
Director

The notes on pages 11 to 25 form an integral part of these financial statements.

CelTel (Mauritius) Holdings Limited
Statement of Changes in Equity for the year ended 31 December 2023
(All amounts are in United States Dollars - 'USD')

	Stated capital		Retained earnings	Other Equity	Total equity
	No of shares	Amount			
As of 1 January 2022	100	10,000	39,709,996	399,996	40,119,992
Loss for the year	-	-	(97,763,710)	-	(97,763,710)
Total comprehensive loss	-	-	(97,763,710)	-	(97,763,710)
As of 31 December 2022	100	10,000	(58,053,714)	399,996	(57,643,718)
Loss for the year	-	-	(17,751,533)	-	(17,751,533)
Total comprehensive loss	-	-	(17,751,533)	-	(17,751,533)
As of 31 December 2023	100	10,000	(75,805,247)	399,996	(75,395,251)

The notes on pages 11 to 25 form an integral part of these financials statements.

CelTel (Mauritius) Holdings Limited
Statement of Cash Flows for the year ended 31 December 2023
(All amounts are in United States Dollars - 'USD')

	<u>For the year ended 31 December 2023</u>	<u>For the year ended 31 December 2022</u>
Cash flow from operating activities		
Loss before tax	(17,751,533)	(97,763,710)
Adjustments for:		
Provision for impairment of loans	17,287,244	97,716,274
Provision for impairment of other receivables	435,367	-
Balances written off	-	18,257
Operating cash flows before changes in working capital	<u>(28,922)</u>	<u>(29,179)</u>
Changes in working capital :		
Decrease in other receivables	-	(54,195)
Increase/ (decrease) in other payables and accrued expenses	1,603	(271)
Net cash used in operating activities (a)	<u>(27,319)</u>	<u>(83,645)</u>
Cash flow from investing activities		
Loan given to subsidiary company	(12,900,000)	(21,000,000)
Repayment of loan given to subsidiary company	395,620	2,821,500
Net cash used in investing activities (b)	<u>(12,504,380)</u>	<u>(18,178,500)</u>
Cash flow from financing activities		
Loan from holding company	12,600,000	19,560,000
Repayment of Loan received from parent company	-	(1,500,000)
Net cash generated from financing activities (c)	<u>12,600,000</u>	<u>18,060,000</u>
Net increase/ (decrease) in cash and cash equivalents during the year (a)+(b)+(c)	68,301	(202,145)
Cash and Cash Equivalents as at beginning of the year	14,114	216,259
Cash and cash equivalents as at end of the year	<u>82,415</u>	<u>14,114</u>

The notes on pages 11 to 25 form an integral part of these financials statements.

1. Corporate information

Celstel (Mauritius) Holdings Limited (the "Company") is a private limited company incorporated in Mauritius, holds a Global Business Licence under the Financial Services Act 2007 and is regulated by Financial Services Commission. The Company's registered office is Level 6, Tower A, 1 Exchange Square, Wall Street, Ebene 72201, Mauritius.

The principal activity of the Company is investment holding.

2. Application of new and revised international financial reporting standards (IFRSs)

2.1 New and revised IFRSs that are effective for current year

The accounting policies adopted are consistent with those of the previous financial year except for adoption of the following standards and interpretation effective from the current year. The adoption of these interpretations did not have a material impact.

S. No.	Improvements/ Amendments to Standards	Effective date- annual periods beginning on or after
1.	IAS 1 Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies	January 1, 2023
2.	IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates	January 1, 2023
3.	IAS 12 Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations	January 1, 2023
4.	IAS 12 Income Taxes - Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 1, 2023

2.2 New and revised IFRSs in issue but not yet effective

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

S. No.	Improvements/ Amendments to Standards	Effective date- annual periods beginning on or after
1.	IAS 1 Presentation of Financial Statements - Amendments regarding the classification of liabilities	January 1, 2024
2.	IAS 1 Presentation of Financial Statements - Amendments regarding the classification of debt with covenants	January 1, 2024
3.	IAS 1 Presentation of Financial Statements - Amendment to defer the effective date of the January 2020 amendments (effective 1 January 2024)	January 1, 2024
4.	IAS 7 Statement of Cash Flows - Amendments regarding supplier finance arrangements	January 1, 2024
5.	IAS 21 The effects of Change in Foreign Exchange Rates – Lack of exchangeability	January 1, 2024
6.	IFRS 7 Financial Instruments: Disclosures - Amendments regarding supplier finance arrangements	January 1, 2024
7.	IFRS 7 Financial Instruments: Disclosures - Amendments regarding the classification and measurement of financial instruments	January 1, 2026
8.	IFRS 9 Financial Instruments - Amendments regarding the classification and measurement of financial instruments	January 1, 2026

CelTel (Mauritius) Holdings Limited
Notes to Financial Statements (Continued)
(All amounts are in United States Dollars - 'USD')

9.	IFRS 18 Presentation and Disclosures in Financial Statements	January 1, 2027
10.	IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	January 1, 2024
11.	IFRS S2 Climate-related Disclosures	January 1, 2024

3. Summary of material accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Global Business Licence companies. The directors have considered the exemption available under Section 12 of the Fourteenth Schedule of the Mauritius Companies Act 2001 and have not prepared consolidated financial statements. The financial statements have been prepared under the historical cost convention, and except for IFRS 10 - Consolidated Financial Statements, in accordance with the International Financial Reporting Standards on a stand-alone basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described in Note 4.

Going concern

At 31 December 2023, the Company had shareholder's deficit of USD 75,395,251 and net current liabilities of USD 79,750,885 (2022: shareholder's deficit of USD 57,643,718 and net current liabilities of USD 61,999,352)

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence in the foreseeable future. The validity of this assumption depends on the continued financial support of its step up holding company, Bharti Airtel International (Netherlands) B.V. The Company has received a letter of comfort from its step up holding company, confirming that the support will be forthcoming over the next twelve months from the date of approval of these accounts. It is thus appropriate for the financial statements to be prepared on the going concern basis.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States dollars (USD), which is also the functional currency of the Company.

(b) Transactions and balances

Foreign currency transactions are initially recorded in the functional currency at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date with the resulting foreign exchange differences, on subsequent re-statement/settlement, recognised in the Statement of Profit or Loss and Comprehensive Income within other costs/ other income. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate prevalent, at the date of initial recognition.

3. Summary of material accounting policies (Continued)

Taxation

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

Current tax and deferred tax is recognised as an expense or income in profit or loss, except to the extent that it relates to items credited or debited directly to equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it also excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by reporting date. The payment made in excess/ (shortfall) of the income tax obligation for the respective periods are recognised in the statement of financial position under income tax assets/income tax liabilities, respectively.

Any interest, related to accrued liabilities for potential tax assessments are not included in income tax charge or (credit), but are rather recognised within finance costs.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable or based on expected value approach, as applicable and are presented within current tax liabilities. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Current tax assets and tax liabilities are offset where the company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Deferred tax

Deferred tax is recognised, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, the deferred tax is not accounted for if it arises from the 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 nor loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax liability is settled.

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

Deferred tax assets, recognised and unrecognised, are reviewed at each reporting date and assessed for recoverability based on best estimates of future taxable profits.

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

3. Summary of material accounting policies (Continued)

Investment in subsidiary

Subsidiaries are all entities over which the Company has the power to directly or indirectly govern the financial and operating policies and has rights to variable returns from its involvement from the entity, and has the ability to affect those returns through its power over the entity.

Investment in subsidiary is initially shown at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to Statement of Profit or Loss and Other comprehensive Income.

Financial instruments

The Company initially recognises financial instruments on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value plus transaction costs and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial assets and liabilities arising from different transactions are off-set against each other and the resultant net amount is presented in the statement of financial position, if and only when, the Company currently has a legally enforceable right to set-off the related recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Subsequent measurement – financial assets

The subsequent measurement of financial assets depends on their classification as follows:

• Financial assets measured at amortised cost

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 using the effective interest rate (EIR) method (if the impact of discounting/any transaction costs is significant). Interest income from these financial assets is included in finance income.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

• Financial assets at fair value through profit or loss (FVTPL)

All equity instruments and financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (FVTOCI) are measured at FVTPL. Interest (basis EIR method) and dividend income from financial assets at FVTPL is recognised in the profit and loss within finance income/finance costs separately from the other gains/losses arising from changes in the fair value.

Subsequent measurement – financial liabilities

Financial liabilities are subsequently measured at amortised cost using the EIR method (if the impact of discounting/any transaction costs is significant).

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

3. Summary of material accounting policies (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

Specifically, IFRS 9 requires the Company to recognize a loss allowance for expected credit losses on:

- (1) Debt investments measured subsequently at amortised cost or at FVTOCI; and
- (2) Trade receivables

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables.

Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. Financial instruments carried on the statement of financial position include loan receivable, other receivables, cash and cash equivalents, borrowings and, other payables and accrued expenses. The particular recognition methods adopted are disclosed below:

- **Loan receivable**

Loan receivable is recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

- **Other receivables**

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

- **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Company's cash and cash equivalents comprise of cash at bank.

- **Borrowings**

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

- **Other payables and accrued expenses**

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3. Summary of material accounting policies (Continued)

Stated capital

Stated capital is determined using the nominal values of shares that have been issued and classified as equity.

Impairment of non-financial assets

The carrying amount of assets is assessed at each reporting date to determine whether there are any indications of impairment. If any such indication exists, the Company estimates the recoverable amount of the asset being the higher of the asset's net selling price and its value in use, in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for any excess of the asset's carrying amount over its recoverable amount and is taken directly to profit and loss.

Revenue recognition

Interest income is recognised using the effective interest method.

Dividend income is recognised when the right to receive the dividend is established.

Interest and dividend income are recognised gross of withholding taxes.

Expense recognition

Expenses are accounted for in Statement of Profit or Loss and Other comprehensive Income on accrual basis.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

4. Critical accounting estimates and judgments

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. The estimates and judgments are evaluated by the Company on an ongoing basis, and are based on historical experience and various other assumptions and factors (including expectations of future events), that the Company believes to be reasonable under the existing circumstances. These estimates and judgment are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date. The changes in estimates are recognised in the financial statements in the year in which they become known.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. The directors have considered those factors therein and have determined that the functional currency of the Company is the USD.

The Company has made investment in subsidiary in Malagasy Ariary (Note 7) and expects to receive dividend and proceeds from disposal of investment in Malagasy Ariary. However, it obtains financing from its shareholder and other stakeholders in USD and all operating activities are conducted in USD. Thus, USD is the functional currency as it most faithfully reflects the underlying transactions, events and conditions that are relevant to the Company. It also obtains financing from its shareholder(s) and other stakeholders in USD and all operating activities are conducted in USD. Thus, USD is the functional currency as it most faithfully reflects the underlying transactions, events and conditions that are relevant to the Company.

4. Critical accounting estimates and judgments (Continued)

Impairment assessment

The directors have assessed the recoverable amount of the subsidiary at 31 December 2023 and are of the opinion that the investment has not suffered any impairment. The impairment assessment is based on the discounted cash flow of the subsidiary (Note 7).

5. Financial risk management objectives and policies

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. This note presents information about the Company's exposure to each of the said risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The Company's exposure to the various types of risks associated to its activity and financial instruments is detailed below.

(a) Market risk

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

(i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. None of the Company's financial assets and liabilities is denominated in foreign currency at the reporting date and therefore is not exposed to foreign currency risk.

(ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. As at reporting date, the Company is not exposed to interest rate risk as it does not hold any interest bearing financial assets or financial liabilities.

(b) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Company's exposure to credit risk is monitored by management on an ongoing basis. The Company limits its risk by carrying out transactions through companies within the group and by banking with reputable financial institutions.

Amounts due from related parties are assessed regarding credit risk at each reporting date. As the same are closely monitored and controlled by the same management, there is no provision matrix being followed on ageing basis. There have been no instances observed in the past where collection is assumed to be at risk for such related party receivable.

5. Financial risk management objectives and policies (Continued)

Financial risk factors (Continued)

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter financial difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company relies on its related companies for funding.

The table below summarises the maturity profile of the Company's financial liabilities as at 31 December 2023 based on contractual undiscounted payments.

	On Demand	Within 1 year	Total
December 31 2023			
Borrowings	85,604,394	-	85,604,394
Other payables and accrued expenses	196,841	14,795	211,636
	85,801,235	14,795	85,816,030
December 31 2022			
Borrowings	73,004,394	-	73,004,394
Other payables and accrued expenses	196,841	13,192	210,033
	73,201,235	13,192	73,214,427

(d) Fair values

The carrying amounts of loan receivables, other receivables, cash and cash equivalents, borrowings and other payables and accrued expenses approximate their fair values due to short term nature of the balances involved.

(e) Capital risk management

The Company's objectives when managing capital are to raise sufficient funds for its investing activities and to safeguard the Company's ability to pay its debts as they fall due in order to continue as going concern and provide returns for the shareholders. Capital comprises equity and retained earnings.

(f) Financial instruments by category

Financial Assets	As of 31 December 2023	As of 31 December 2022
<i>Amortised Cost:</i>		
Loan Receivable	5,039,041	9,821,905
Other Receivables	943,689	1,379,056
Cash & Cash Equivalents	82,415	14,114
	6,065,145	11,215,075
Financial Liabilities	As of	As of
	31 December 2023	31 December 2022
<i>Amortised Cost:</i>		
Borrowings	85,604,394	73,004,394
Other payables and accrued expenses	211,636	210,033
	85,816,030	73,214,427

6. Income tax

The Company, being resident in Mauritius, is liable to income tax in Mauritius on its chargeable income at the rate of 15% (2022: 15%). The Company has received its Category 1 Global Business Licence ("GBL1") before 16th October 2017 and is grandfathered under the provisions of the Finance (Miscellaneous Provisions) Act 2018 ("FA 2018").

As from 1 July 2021, the Company's GBL1 licence was automatically converted to a Global Business Licence ("GBL"). The Company now operates under the new tax regime. Under the new regime, the Company can claim an 80% partial exemption on specific types of income (including foreign dividends and interest), subject to meeting pre-defined substance conditions. Other types of income not falling within the categories of income benefiting from the partial exemption will be taxed at 15%. As an alternative to the partial exemption, the Company can claim a tax credit against its Mauritius tax liability based on the foreign tax charged on the income in the foreign jurisdiction.

At 31 December 2023, the Company had accumulated tax losses of USD 119,169 (2022: USD 192,568).

The tax losses are available for set off against future taxable profit of the Company as follows:

Upto the year ending	<u>As of</u> <u>31 December 2023</u>	<u>As of</u> <u>31 December 2022</u>
31 December 2023	-	102,321
31 December 2024	21,992	21,992
31 December 2025	20,631	20,631
31 December 2026	18,445	18,445
31 December 2027	29,179	29,179
31 December 2028	28,922	-
	<u>119,169</u>	<u>192,568</u>

Losses lapsed during the year ended 2023 is USD 102,321 (2022: USD Nil).

A reconciliation of the actual income tax expense based on accounting profit and the actual income tax expenses is as follows:

	<u>As of</u> <u>31 December 2023</u>	<u>As of</u> <u>31 December 2022</u>
Loss before taxation	(17,751,533)	(97,763,710)
Tax expense at 15%	(2,662,730)	(14,664,557)
Expenses not allowed	2,658,392	14,660,180
Deferred tax not recognised	4,338	4,377
Income tax Charge	<u>-</u>	<u>-</u>

Deferred tax asset amounting to USD 17,875 (2022: USD 28,885) has not been recognised in the financial statements as it is not probable that the Company will have sufficient taxable profits against which the unused tax losses could be utilized in the foreseeable future.

Celtel (Mauritius) Holdings Limited
Notes to Financial Statements (Continued)
(All amounts are in United States Dollars - 'USD')

7. Investment in subsidiary

	<u>As of</u> <u>31 December 2023</u>	<u>As of</u> <u>31 December 2022</u>
Investment in subsidiary (Airtel Madagascar SA) (Unquoted investment at cost)	4,355,634	4,355,634

The Company owns 63.20% of the issued share capital of Airtel Madagascar S.A., a company incorporated in the Republic of Madagascar. The principal activity of the subsidiary is to develop and use communication system.

The directors have assessed the recoverable amount of the subsidiary at 31 December 2023 and are of the opinion that the investment has not suffered any impairment. The impairment assessment is based on the discounted cash flow of the subsidiary.

The directors have considered the exemption available under Section 12 of the Fourteenth Schedule of the Mauritius Companies Act 2001 and have not prepared consolidated financial statements.

8. Loan receivable

	<u>As of</u> <u>31 December 2023</u>	<u>As of</u> <u>31 December 2022</u>
Loan receivable from subsidiary, Airtel Madagascar SA		
At the beginning of the year	107,538,179	89,359,679
Addition during the year	12,900,000	21,000,000
Repayment during the year	(395,620)	(2,821,500)
	120,042,559	107,538,179
Provision for impairment	(115,003,518)	(97,716,274)
	5,039,041	9,821,905

Provision for impairment

	<u>As of</u> <u>31 December 2023</u>	<u>As of</u> <u>31 December 2022</u>
At the beginning of the year	97,716,274	-
Provision during the year	17,287,244	97,716,274
	115,003,518	97,716,274

The loan is unsecured and interest free with a maturity date of 31st December, 2026. The credit facility is denominated in USD. The repayment clause states that any outstanding principal loan amount will be payable in full upon request of the lender by giving a 3 (three) months advance notice to the borrower.

Celtel (Mauritius) Holdings Limited
Notes to Financial Statements (Continued)
(All amounts are in United States Dollars - 'USD')

9. Other receivables and prepayments

	As of 31 December 2023	As of 31 December 2022
Technical fees receivables from subsidiary	907,754	907,754
Other receivable from other related parties	471,302	471,302
	1,379,056	1,379,056
Provision for impairment	(435,367)	-
	943,689	1,379,056

10. Stated capital

	As of 31 December 2023	As of 31 December 2022
Issued and fully paid up : 100 shares of USD 100 each	10,000	10,000

Shareholder

The Company's shares are fully held by Bharti Airtel Madagascar Holdings B.V.
Rights and restrictions attached to ordinary shares.

Voting rights

Each ordinary share shall entitle its holder to receive notice of, to attend and vote at any meeting of the Company.

Rights relating to dividends

Each ordinary share shall entitle its holder right of an equal share in dividends as authorised by the board.

Rights relating to repayment of capital

Upon winding-up, each ordinary share shall entitle its holder the right to an equal share in the distribution of the surplus assets of the Company.

11. Borrowings

	As of 31 December 2023	As of 31 December 2022
Loan from Bharti Airtel Madagascar Holdings B.V		
At the beginning of the year	73,004,394	54,944,394
Addition during the year	12,600,000	19,560,000
Repayment during the year	-	(1,500,000)
	85,604,394	73,004,394

The loan is unsecured and interest free with a maturity date of 31st December, 2026. The credit facility is denominated in USD. The repayment clause states that any outstanding principal loan amount will be payable in full upon request of the lender by giving a 3 (three) months advance notice to the borrower.

Celtel (Mauritius) Holdings Limited
Notes to Financial Statements (Continued)
(All amounts are in United States Dollars - 'USD')

11. Borrowings (Continued)

The following table provides the reconciliation of liabilities whose cash flow movements are disclosed as part of financing activities of statement of cash flows:

	Non cash changes			December 31, 2023
	January 1, 2023	Cash Flows	Interest Expenses	
Borrowings	73,004,394	12,600,000	-	85,604,394

	Non cash changes			December 31, 2022
	January 1, 2022	Cash Flows	Interest Expenses	
Borrowings	54,944,394	18,060,000	-	73,004,394

12. Other payables and accrued expenses

	As of 31 December 2023	As of 31 December 2022
Amount due to other related parties (Refer Note 13)	196,841	196,841
Accruals	14,795	13,192
	211,636	210,033

13. Related Party Transactions

During the year ended, the Company entered into transactions with related parties. All balances are unsecured and interest free. Other receivable/payable to related parties are receivable/payable on demand. The nature, volume of transactions and balances with related parties are as follows.

Entity Name	Relationship
Bharti Airtel Africa B.V.	Step-up parent company
Bharti Airtel Madagascar Holdings B.V.	Holding company
Channel Sea Management Company (Mauritius) Limited	Fellow Subsidiary*
Airtel Madagascar S.A.	Subsidiary company
Bharti Airtel Rwanda Holding Limited	Fellow subsidiary
Montana International	Associated company*
Societe Malgache De Telephone Cellulaire SA	Fellow Subsidiary#

*Applied for strike off of names from Register of Companies.

#Removed from the register of Registrar of Companies, Mauritius as from 14th February 2024

Celtel (Mauritius) Holdings Limited
Notes to Financial Statements (Continued)
(All amounts are in United States Dollars - 'USD')

13. Related Party Transactions (Continued)

Related Party Transactions for the year ended 31 December 2023

Nature of transaction	Airtel Madagascar S.A.	Bharti Airtel Madagascar Holdings B.V	Montana International	Bharti Rwanda Holdings Limited	Societe Malgache de Telephone Cellulaire S.A	Bharti Airtel Africa BV
Opening Balance as on 01 January 2023	108,445,933	(73,159,162)	-	435,364	-	(6,135)
Loan received from parent company during the year	-	(12,600,000)	-	-	-	-
Loan given to subsidiary during the year	12,900,000	-	-	-	-	-
Loan repaid by subsidiary during the year	(395,620)	-	-	-	-	-
Outstanding balance as at 31 December 2023	120,042,559	(85,604,394)	-	435,364	-	(6,135)
Loan receivable	-	-	-	-	-	-
Borrowing	-	(85,604,394)	-	-	-	-
Other Receivables	907,754	35,938	-	435,364	-	-
Other Payables	-	(190,706)	-	-	-	(6,135)
Total	120,950,313	(85,759,162)	-	435,364	-	(6,135)

Celtel (Mauritius) Holdings Limited
Notes to Financial Statements (Continued)
(All amounts are in United States Dollars - 'USD')

13. Related Party Transactions (Continued)

Related Party Transactions for the year ended 31 December 2022

Nature of transaction	Airtel Madagascar S.A.	Bharti Airtel Madagascar Holdings B.V	Montana International	Bharti Rwanda Holdings Limited	Societe Malgache de Telephone Cellulaire S.A	Bharti Airtel Africa BV
Opening Balance as on 01 January 2022	90,267,433	(55,135,100)	41,113	435,364	-	(6,135)
Expenses paid by the Company	-	-	5,690	-	24,996	-
Assignment of receivable from related party	-	35,938	-	-	(17,833)	-
Loan received from parent company during the year	-	(19,560,000)	-	-	-	-
Loan repaid to parent company during the year	-	1,500,000	-	-	-	-
Loan given to subsidiary during the year	21,000,000	-	-	-	-	-
Loan repaid by subsidiary during the year	(2,821,500)	-	-	-	-	-
Balance Written Off	-	-	(46,803)	-	(7,163)	-
Outstanding balance as at 31 December 2022	107,538,179	(73,004,394)	-	-	-	-
Loan receivable	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-
Other Receivables	907,754	35,938	-	435,364	-	-
Other Payables	-	(190,706)	-	-	-	(6,135)
Total	108,445,933	(73,159,162)	-	435,364	-	(6,135)

13. Related Party Transactions (Continued)

Key Management Services	31 December 2023	31 December 2022
Ocorian Corporate Services (Mauritius) Limited - Administrator		
Expense including directors fee incurred by the Company	14,759	10,602
Outstanding balance	1,553	814

14. Parent company

The directors consider Bharti Airtel Madagascar Holdings B.V, a company incorporated in the Netherlands, as the Company's parent and Airtel Africa Plc, a company incorporated in London, United Kingdom as the Company's step-up parent.

Bharti Enterprises (Holding) Private Limited is the ultimate controlling entity. It is held by private trusts of Bharti family, with Mr. Sunil Bharti Mittal's family trust effectively controlling the Company.

15. Subsequent event

No events or transactions have occurred since the date of balance sheet or are pending that would have a material effect on the financial statements as at and for the year ended 31 December 2023.