

THE STATE INVESTMENT CORPORATION LIMITED
FINANCIAL STATEMENTS – YEAR ENDED
DECEMBER 31, 2021

THE STATE INVESTMENT CORPORATION LIMITED

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THE STATE INVESTMENT CORPORATION LIMITED

Corporate data

		Date appointed	Date resigned	
Directors	:			
		Mr. Jairaj Sonoo, C.S.K	18 May 2018	-
		Mr. Goolabchund Goburdhun, G.O.S.K	16 April 2019	-
		Mr. Anandsing Acharuz	05 October 2018	-
		Mr. Mohummad Shamad Ayoob Saab	04 June 2019	-
		Mr. Cader Jaunbocus	15 May 2019	-
		Mr. Premode Neerunjun	27 December 2014	-
		Mr. Kritananda Naghee Reddy	07 April 2015	-
		Mr. Anoop Kumar Nilamber	16 January 2017	07 July 2021
		Mrs. Gayetree Brojmohan	27 September 2021	-

Registered office : Prime Partners Ltd
15th Floor, Air Mauritius Centre
6, President John Kennedy Street
Port Louis
Republic of Mauritius

Auditors : Grant Thornton
Ebene Tower
52 Cybercity
Ebene 72201
Republic of Mauritius

Bankers : The Mauritius Commercial Bank Ltd
Head Office
Sir William Newton Street
Port Louis
Republic of Mauritius

Absa Bank (Mauritius) Limited
6th Floor, Absa House
68-68A, Cybercity
Ebene 72201
Republic of Mauritius

THE STATE INVESTMENT CORPORATION LIMITED**Corporate data (Contd)**

Bankers (Contd) : SBM Bank (Mauritius) Ltd
State Bank Tower
1, Queen Elizabeth II Avenue
Port Louis
Republic of Mauritius

MauBank Ltd
25 Bank Street
Cybercity
Ebene 72201
Republic of Mauritius

SBI (Mauritius) Ltd
7th Floor, SBI Tower Mindspace
Bhumi Park, 45
Ebene, Cybercity
Republic of Mauritius

AfrAsia Bank Limited
4th Floor, NexTeracom Tower III
Ebene 72201
Republic of Mauritius

BCP Bank (Mauritius) Ltd
Level 9, Maeva Tower
Corner Bank Street & Silicon Avenue
Ebene 72201
Republic of Mauritius

THE STATE INVESTMENT CORPORATION LIMITED

Annual report

The Directors have the pleasure in submitting the Annual Report of The State Investment Corporation Limited (the “Company”) together with the audited financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the Company is to provide equity finance to both existing and new enterprises in all sectors of the Mauritian economy.

The registered office of the Company is 15th Floor, Air Mauritius Centre, 6, President John Kennedy Street, Port Louis, Republic of Mauritius.

Results

The results for the year are shown in the statement of comprehensive income and related notes.

Directors

The present membership of the Board is set out on page 2.

Statement of directors' responsibilities in respect of the financial statements

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 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.

THE STATE INVESTMENT CORPORATION LIMITED

Annual report (Contd)

Directors' Service Contracts

The service contract of the Managing Director is for a period of three years starting from 16 April 2022. None of the other directors has a service contract.

Directors' Share Interests

The Directors hold no share of the Company whether directly or indirectly.

Contracts of Significance

No contracts of significance or loans existed during the year under review between Company and its directors.

Directors' Remuneration

Total emoluments and other benefits paid to the Directors were as follows:

	2021 Rs	2020 Rs
<i>Non-Executive and Independent</i>		
Mr. Jairaj Sonoo C.S.K	1,560,000	1,410,000
Mr. Kritananda Naghee Reddy	480,000	480,000
Mr. Cader Jaunbocus	480,000	480,000
	2,520,000	2,370,000
<i>Non-Executive</i>		
Mr. Premode Neerunjun	480,000	480,000
Mr. Anoop Kumar Nilamber	247,273	480,000
Mr. Anandsing Acharuz	480,000	480,000
Mr. Mohummad Shamad Ayoob Saab	480,000	480,000
Mrs. Gayetree Brojmohan	124,545	-
	1,811,818	1,920,000
<i>Executive</i>		
Mr. Goolabchund Goburdhun, G.O.S.K	5,337,702	5,337,127
Total	9,669,520	9,627,127

THE STATE INVESTMENT CORPORATION LIMITED

Annual report (Contd)

Donations

	2021	2020
	Rs	Rs
Donations made during the year	10,000	124,000

No political donation was made by the Company during the year under review.

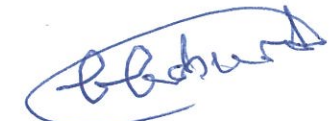
Auditors

	2021	2020
	Rs	Rs
Fees relating to statutory audit services	1,100,000	1,100,000

During the year, the fees payable to the auditors, Grant Thornton, amounted to Rs 1,100,000 (2020: Rs 1,100,000)

The auditors, Grant Thornton, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual Meeting.

Approved by the Board of Directors on 15 December 2022 and signed on its behalf by:



Director



Director

THE STATE INVESTMENT CORPORATION LIMITED

CORPORATE GOVERNANCE REPORT YEAR ENDED 31 DECEMBER 2021

The State Investment Corporation Limited (the “Company” or the ‘SIC’) is classified as a Public Interest Entity as per the Financial Reporting Act 2004. This report sets out how the principles of the Code of Corporate Governance for Mauritius (2016) (the “Code”) have been applied by the Company.

PRINCIPLE 1 - GOVERNANCE STRUCTURE

Governance Framework

The Board is ultimately responsible for providing effective leadership and is responsible and accountable for the affairs of the Company. The Board assumes responsibility for, inter-alia, setting the strategic direction, overseeing the financial and investment affairs corporate governance, risk management, internal control and compliance issues.

The Board of SIC is collectively accountable and responsible for the affairs of the Company. The Board fulfils its duties and responsibilities as defined in the Company’s Constitution and the Mauritius Companies Act 2001 (the “Act”).

The directors of the Company are skilled, knowledgeable and experienced professionals. The Board takes its fiduciary responsibilities very carefully. Each director is appointed with the understanding of the amount of time and care that they will need to devote to the Board and to the organisation, for it to prosper. The Board has approved all the guiding documents and policies, including Board/Committee Charters and job description of senior governance positions. The governance documents are available on the Company’s website.

Key Governance Responsibilities

The Board ensures that the key governance positions within the organisation are matched with the corresponding accountabilities.

Key Governance Positions

Chairperson of the Board

The Chairperson of the Board is primarily responsible for the activities of the Board and its Committees. He is responsible for the running of the Board and ensuring its effectiveness in all aspects of its role, including regularity and frequency of meetings. He acts as the spokesman for the Board and is the principal contact for the Managing Director. The Chairman and the Managing Director of the Board meet regularly. The Chairperson discusses and sets the agenda with the Managing Director and the Company Secretary, and facilitates the effective contribution of non-executive directors and encourages active participation during Board meetings. He ensures that Board members, upon appointment, participate in an induction programme and that the development needs of directors are identified and appropriate training is provided. The Chairperson ensures effective implementation of Board decisions. He ensures that directors (particularly non-executive directors) have sufficient time to consider critical issues and obtain answers to any questions or concerns they may have and are not faced with unrealistic deadlines for decision making. The Chairperson maintains sufficient contact with the Shareholders to understand their issues and concerns. He also ensures that the views of Shareholders are communicated to the Board as a whole so that all directors develop an understanding of their views.

The Chairperson of the Board is Mr. Jairaj Sonoo, C.S.K.

THE STATE INVESTMENT CORPORATION LIMITED

CORPORATE GOVERNANCE REPORT YEAR ENDED 31 DECEMBER 2021 (CONTD)

PRINCIPLE 1 – GOVERNANCE STRUCTURE (CONTD)

Key Governance Positions (Contd)

The Managing Director

The Managing Director has the authority and responsibility to manage the overall operations and resources of the Company. He acts as the main point of contact between the Board and the Management. The Managing Director ensures that a proper assessment of the risks under a variety of possible or likely scenarios is undertaken and presented to the Board. The other responsibilities of the Managing Director include among others: to develop and recommend to the Board a long-term vision and strategy for the Company as well as the annual business plans and budgets that support the Company's strategy; to execute and implement the strategy of the Board; to monitor the Company's performance and keep the Board appropriately informed; to foster a corporate culture that promotes ethical practices, rejects corrupt practices, offers equal opportunities, encourages individual integrity and meets social responsibility objectives and imperatives. The Managing Director serves as the chief spokesperson for the Company on all operational and day-to-day matters. The Managing Director communicates effectively with stakeholders and the public.

The Managing Director of the Company is Mr. Goolabchund Goburdhun G.O.S.K.

Chairpersons of Sub-Committees

The Chairpersons of sub-committees work in close cooperation with/and provide support and advice to the Chairperson of the Board.

- Mr. Cader Jaunbocus is the Chairperson of the Audit and Risk Management Committee.
- Mr. Mohummad Shamad Ayoob Saab is the Chairperson of the Corporate Governance Committee.
- Mr. Anandsing Acharuz is the Chairperson of the Investment Committee.
- Mr. Premode Neerunjun is the Chairperson of the Remuneration and Nomination Committee.

Company Secretary

The Company Secretary is appointed by the Board. The role of the Company Secretary is to ensure that Board Members have the proper advice and resources for performing their duties to shareholders under the relevant legal frameworks. The Company Secretary is also responsible for the organisation and coordination of the Board and Committee meetings and ensuring that the records or minutes of those meetings reflect the proper exercise of those duties. Prime Partners Ltd, wholly owned subsidiary acts as Company Secretary.

Other Key Governance Positions

Senior Management Team at SIC

Mr. Ganeshanlall Cheeneebash is the Chief Finance Officer. He is a Fellow of the Association of Chartered Certified Accountants. He is also a member of the Institute of Chartered Secretaries and Administrators and holds a Masters in Business Administration from the University of Mauritius. He was qualified and worked in the UK before joining Deloitte Mauritius. He was the Head of Audit at Development Bank Mauritius Ltd from 1992 to 2006. He was also the Company Secretary of Airports of Mauritius Ltd from 2006 to 2007. He served as Company Secretary of MauBank Group from 2015 to 2018. Mr Cheeneebash has also academic experience as School Director and Academic Head of the Ebene School of Accountancy and Finance, registered with the ICAEW. Mr. Cheeneebash currently holds directorship on various investee companies of SIC.

THE STATE INVESTMENT CORPORATION LIMITED

CORPORATE GOVERNANCE REPORT YEAR ENDED 31 DECEMBER 2021 (CONTD)

PRINCIPLE 1 - GOVERNANCE STRUCTURE (CONTD)

Other Key Governance Positions (Contd)

Senior Management Team at SIC (Contd)

Mrs. Anista Devi Indira Ramphul Punchoo is a Senior Investment Executive. She holds a BSc Economics, Banking and Finance from University of Cardiff Wales, UK. She is a Non-Executive Director on the Board of several investee Companies of SIC such as Port Louis Fund Ltd and Rodrigues Educational Development Co. Ltd

Mrs Kavita Kumari Achameesing holds the position of Senior Finance Executive. She holds a Master's degree in Investment Promotion & Economic Development, Edinburgh Napier University, United Kingdom and a B.A (Hons) Financial Services, Edinburgh Napier University, United Kingdom. She also holds a Diploma in Management and Marketing, Institute of Commercial Management, United Kingdom. She has been working in the Finance Department of SIC for more than 30 years. She holds the post of Senior Finance Executive and has a wide experience in Corporate Financial Reporting and Treasury Management. She has contributed to effective monitoring of financial operations and assets of SIC. She is also a Non-Executive Director on the board of some investee companies of SIC.

Mr. Deevendra Cally holds the position of Senior Investment Executive. He is a Fellow Member of the Association of Chartered Certified Accountants, UK and holds a Bachelor degree in Commerce and master's degree in Business Administration with specialisation in Finance. Prior to joining SIC, he worked with Kross Border Trust Services Ltd, a sister company of KPMG, as Senior Offshore and Fund Administrator. He has more than 15 years wide-ranging experiences and acts as Non-Executive Director on the Board of various investee companies of SIC including Princes Tuna (Mauritius) Ltd, Cargo Handling Corporation Ltd and Alteo Refinery Ltd. He is also the Chairperson of the Casinos of Mauritius Pension Fund.

Mr. Chandrek Dussoye is a Senior Investment Executive. He holds a BSc Business Management Studies from the University of Mauritius and is an ACCA Member. He has more than 15 years of professional experience in the field of accounting and finance. He is currently assigned to the Portfolio and Investment Management Department of SIC and is mostly involved in private equity investment and financing. He is also a Non-Executive Director of some investee companies of SIC.

PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES

Board Structure

SIC is headed by a unitary Board with eight (8) Directors, categorised as follows:

- 1 Executive Director.
- 3 Non-Executive Directors.
- 4 Independent Non-Executive Directors.

THE STATE INVESTMENT CORPORATION LIMITED

CORPORATE GOVERNANCE REPORT YEAR ENDED 31 DECEMBER 2021 (CONTD)

PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTD)

Board Structure (Contd)

The Board is responsible for the stewardship of SIC, overseeing its strategy, conduct and affairs to create sustainable value growth for its shareholders. The Directors during the financial year ended 31 December 2021 and subsequent changes were as follows:

	Existing Directors	Role	Category
1	Mr. Jairaj Sonoo C.S.K	Chairman	Non-Executive and Independent
2	Mr. Goolabchund Goburdhun G.O.S.K	Managing Director	Executive
3	Mr. Premode Neerunjun	Member	Non- Executive
4	Mr. Kritananda Naghee Reddy	Member	Non-Executive and Independent
5	Mr. Anandsing Acharuz	Member	Non-Executive
6	Mr. Cader Jaunbocus	Member	Non- Executive and Independent
7	Mr. Mohummad Shamad Ayoob Saab	Member	Non- Executive
8	Mrs. Gayetree Brojmohan (<i>As from 27 September 2021</i>)	Member	Non- Executive and Independent
9	Mr. Anoop Kumar Nilamber - Director (<i>Up to 07 July 2021</i>)	Member	Non- Executive

The Board consists of an appropriate mix of skills and experience to provide leadership, reflect integrity and make judgement for managing the affairs of the Company. Together, they ensure high standards of governance at SIC. The profiles of the directors are disclosed on pages 16 to 19 of this report.

Only Board Members attend Board Meetings. In consultation with the Chairperson, meeting invitations are extended on an ad hoc basis, to senior Executives and other subject matter experts having to report on specific agenda items. The use of Alternate Director is discouraged. A clear division of responsibilities at Board level ensures that no Director has unfettered powers in decision making.

All Directors are resident in Mauritius.

The Chairperson of the Board and the Chairperson of the Board Committees are all carefully selected of their relevant knowledge and experience in these key governance roles.

Role of Non-Executive Directors

Non-Executive and Independent Directors play a vital role in providing independent judgement in all circumstances. The Non-Executive Directors are drawn from a diversity of business and other backgrounds so as to bring a broad range of views and experience to Board deliberations.

THE STATE INVESTMENT CORPORATION LIMITED

CORPORATE GOVERNANCE REPORT YEAR ENDED 31 DECEMBER 2021 (CONTD)

PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTD)

Executive Directors

There is currently one Executive Director.

The Board is of the view that the appointment of a second executive director on the Board, as required by the Code, is not necessary. The Chief Finance Officer and Senior Executives of the Company are invited to attend board meetings as and when required.

With the exception of the Managing Director, all directors have a term of office of one year. Members of the Board are elected at the annual meeting of shareholders. The term of the service of the Managing Director is for a period of three years, effective 16 April 2022.

Directors' Independence Review

The Board is determined to ensure on an annual basis and as when the circumstances require, whether or not a director is independent. The Board has considered the following directors as Independent directors:

- Mr. Jairaj Sonoo, C.S.K
- Mr. Kritananda Naghee Reddy
- Mr. Cader Jaunbocus
- Mrs. Gayetree Brojmohan

The Board recognises that, over time, independent directors develop significant insights in the Company's business and operations and can contribute objectively to the Board as a whole. In circumstances where a director has served as an Independent Director for over nine years, the Board will do a rigorous review of their continuing contribution and independence.

Powers of the Board

The Board is responsible for establishing the Company's purpose, values and strategy, promoting its culture and overseeing its conduct and affairs to create sustainable value for the benefit of the Shareholders over the short, medium and long terms. The objectives of the Board are to work in unity with the Senior Management Team so as to achieve not only profitability, but also long-term sustainability of the Company. Management is expected to deliver on agreed performance targets which are aligned to the Company's strategy and to act in the best interests of the Company and its stakeholders. The role and responsibilities of the Board are set out in the Board Charter.

The Board serves as the focal point and custodian of the Company's corporate governance framework. It is responsible for providing ethical and effective leadership to the Company. It agrees on the strategic direction and approved the policy frameworks used to measure organisational performance.

The key roles and responsibilities of the Board of Directors are set in the Board Charter. The Board is aware of its responsibility to ensure that the Company adheres to all relevant legislations such as the Mauritius Companies Act 2001. The Board also follows the principle of good corporate governance as recommended in the Code.

THE STATE INVESTMENT CORPORATION LIMITED

CORPORATE GOVERNANCE REPORT YEAR ENDED 31 DECEMBER 2021 (CONTD)

PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTD)

Board Meetings

The Board met thirteen (13) times during the financial year ended 31 December 2021. A calendar of meetings is communicated to the Board well in advance. Board Papers are circulated to the Directors well ahead of the meetings to facilitate meaningful and informed decisions at the meetings. Meetings are conducted by means of video conference when personal attendance is not possible.

The Company provides the Directors appropriate tools to accede to the Board Portal which facilitates secure digital communication of Board Papers.

Board Attendance

The following table depicts the attendance at Board/Board Committees meeting of the directors during the year under review :

	Director Name	Category	Board
1	Mr. Jairaj Sonoo, C.S.K	Non-Executive and Independent	13/13
2	Mr. Goolabchund Goburdhun, G.O.S.K	Executive	13/13
3	Mr. Premode Neerunjun	Non- Executive	5/13
4	Mr. Kritananda Naghee Reddy	Non-Executive and Independent	5/13
5	Mr. Anoop Nilamber – Director (<i>Up to 07 July 2021</i>)	Non- Executive	4/8
6	Mr. Anandsing Acharuz	Non- Executive	12/13
7	Mr. Cader Jaunbocus	Non- Executive and Independent	12/13
8	Mr. Mohammad Shamad Ayoob Saab	Non- Executive	12/13
9	Mrs. Gayetree Brojmohan (<i>As from 27 September 2021</i>)	Non- Executive and Independent	4/5

Board Committees

The Board has carefully considered the work that it needs to carry out to be effective and in order to perform against strategy. To this end, the following committees have been set up:

- (i) Investment Committee;
- (ii) Audit and Risk Management Committee;
- (iii) Corporate Governance Committee; and
- (iv) Remuneration and Nomination Committee.

The work of the Board and its sub-committees have been structured so that a systematic reporting progress is in place.

The objectives of these Committees are (i) to bring focus and appropriate expertise and specialization to the consideration of specific Board issues; (ii) to enhance Board efficiency and effectiveness; (iii) to enable key issues to be studied in depth; and (iv) to make recommendations to the Board.

The Board reviews each Committee's Charter which sets out the roles, responsibilities and scope of authority of the Committee. The Board ensures that the Company is being managed in line with the Company's objectives through deliberations and reporting of its various Committees.

THE STATE INVESTMENT CORPORATION LIMITED

CORPORATE GOVERNANCE REPORT YEAR ENDED 31 DECEMBER 2021 (CONTD)

PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTD)

Audit and Risk Management Committee

The Audit and Risk Management Committee is governed by a Charter in line with the provisions of the Code. The Charter of the Committee was approved by the Board and is available on the website of the Company.

The Board considers that the members of the Audit and Risk Management Committee are appropriately qualified to discharge their responsibilities.

The Audit and Risk Management Committee has the explicit authority to investigate any matter within its terms of reference. In addition, the Audit and Risk Management Committee has full access to and co-operation of Management as well as full discretion to invite any Director to attend its meetings.

The duties of the Audit and Risk Management Committee include amongst others:

- Examining and reviewing the quality and integrity of the financial statements of the Company including its annual report;
- Compliance with International Financial Reporting standards and legal requirements;
- Keeping review the adequacy and effectiveness of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems;
- Reviewing the annual compliance work plan and other reports from the Compliance function;
- Ensuring the Internal Auditor has direct access to the Board Chairperson and to the Committee Chairperson;
- Consider and make recommendations to the Board, to be put to shareholders for approval at the Annual Meeting of Shareholders, in relation to the appointment, re-appointment and removal of the Company's External Auditor; and
- Making recommendations to the Board as it deems appropriate, on any area within its remit where action or improvement is needed.

In performing its function, the Audit and Risk Management Committee meets with the internal and external auditors. Where necessary, the Audit and Risk Management Committee also meets separately with the internal and external auditors whereby any issues may be raised directly to the Audit & Risk Management Committee, without the presence of Management. The internal and external auditors have unrestricted access to the Audit and Risk Management Committee.

The Committee met five times during the year.

Members and Attendance

Members during the year under consideration	Role	Audit and Risk Management Committee
Mr. C. Jaunbocus	Chairman	5/5
Mr. A. S. Ayoob Saab	Member	5/5
Mr. A. Acharuz	Member	5/5
Mr. K. Naghee Reddy (<i>Appointed on 27 October 2021</i>)	Member	1/1

THE STATE INVESTMENT CORPORATION LIMITED

CORPORATE GOVERNANCE REPORT YEAR ENDED 31 DECEMBER 2021 (CONTD)

PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTD)

Audit and Risk Management Committee (Contd)

Corporate Governance Committee

The Corporate Governance Committee is governed by a Charter in line with the provisions of the Code. The Charter was approved by the Board and is available on the website of the Company.

The Corporate Governance Committee is a useful mechanism for making recommendations to the Board on various corporate governance issues so that the Board remains effective and complies with good governance principles.

The duties of the Corporate Governance Committee include the following:

- Oversee the implementation of the corporate governance framework;
- Periodically review and evaluate the effectiveness of the Company's Code of Conduct and Ethics;
- Review the position descriptions of the Chairperson, and Board Committee chairs and recommend any amendment to the Board; and
- Review annually the size and composition of the board as a whole.

The Committee met **once** during the year.

Members and Attendance

Members during the year under review	Role	Corporate Governance Committee
Mr. M. S. Ayoob Saab	Chairman	1/1
Mr. J. Sonoo	Member	1/1
Mr. K. Naghee Reddy	Member	0/1
Mr. P. Neerunjun	Member	0/1
Mr. A. Acharuz	Member	1/1

NOTE: As at date, the Corporate Governance Committee is constituted as follows:

- (a) Mr. M. S. Ayoob Saab-Chairman
- (b) Mr. K. Naghee Reddy
- (c) Mr. P. Neerunjun
- (d) Mrs. G. Brojmohan

Investment Committee

The Investment Committee is governed by a Charter in line with the provisions of the Code. The Charter of the Investment Committee was approved by the Board and is available on the website of the Company.

The main function of the Investment Committee is to advise the Board on asset allocation, investment policies, processes, strategies and on optimal risk/return level. The Committee reviewed the evolving financial market conditions and deliberated on investment opportunities.

The Investment Committee met **seven** times during the year.

THE STATE INVESTMENT CORPORATION LIMITED

CORPORATE GOVERNANCE REPORT YEAR ENDED 31 DECEMBER 2021 (CONTD)

PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTD)

Investment Committee (Contd)

Members and Attendance

Member during the year under review	Role	Investment Committee
Mr. A. Nilamber (<i>Resigned on 07 July 2021</i>)	Chairman	5/5
Mr. G. Goburdhun G.O.S.K	Member	7/7
Mr. C. Jaunbocus	Member	6/7
Mr. A. Acharuz	Member	6/7
Mr. K. Naghee Reddy (<i>Member as at 27 October 2021</i>)	Member	2/6
Mrs. G. Brojmohan (<i>As from 27 September 2021</i>)	Member	1/1

NOTE: As at date, the Investment Committee is constituted as follows:

- (a) Mr. A. Acharuz - Chairman
- (b) Mr. G. Goburdhun
- (c) Mr. C. Jaunbocus
- (d) Mrs. G. Brojmohan

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is governed by a Charter in line with the provisions of the Code. The Charter of the Remuneration and Nomination Committee was approved by the Board and is available on the website of the Company.

The Remuneration and Nomination Committee is a useful mechanism for making recommendations to the Board on various issues so that the Board remains effective and complies with good governance principles.

The duties of the Remuneration and Nomination Committee include the following:

- Recommend and monitor the level and structure of remuneration for senior management;
- Be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they rise;
- Ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment; and
- Review the results of the Board performance evaluation process that relate to the composition of the Board.

The Committee did not meet during the year. In view of urgency, all issues were referred directly to the Board.

Members and Attendance

Membership	Role
Mr. P. Neerunjun	Chairman
Mr. K. Naghee Reddy	Member
Mr. A. Nilamber	Member
Mr. G. Goburdhun G.O.S.K	Member

THE STATE INVESTMENT CORPORATION LIMITED

CORPORATE GOVERNANCE REPORT YEAR ENDED 31 DECEMBER 2021 (CONTD)

PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTD)

Remuneration and Nomination Committee (Contd)

Members and Attendance (Contd)

NOTE: As at date, the Remuneration and Nomination Committee is constituted as follows:

- (a) Mr. P. Neerunjun -Chairman
- (b) Mr. K. Naghee Reddy
- (c) Mr. A. Acharuz
- (d) Mr. G. Goburdhun G.O.S.K

DIRECTORS' PROFILE

Mr. Jairaj Sonoo, C.S.K is the Chairman of The State Investment Corporation Limited ("SIC") and holds directorship on various investee companies of SIC. He is also the Chairman of the Industrial Finance Corporation (IFCM) Ltd which is involved in the Government action to support economic operators through various schemes implemented under budgetary measures. Mr. Sonoo has been appointed as NHDC Group Chief Executive Officer (Group CEO) and is an Executive Director of New Social Living Development Ltd which has been entrusted by Government the responsibility of constructing 12,000 residential units across the Republic of Mauritius.

Mr Sonoo has spent four decades in the banking sector, at both local and international level, including 38 years at State Bank of Mauritius Ltd, in various positions. He served as the Chief Executive Officer at SBM Bank (Mauritius) Ltd from September 2012 to August 2016 and Acting Group Chief Executive at SBM Holdings from November 2014 to September 2015. He occupied the post of Chief Executive - Overseas Expansion of SBM Holdings Ltd from August 2016 to September 2017. During his tenure of office within the SBM Group, he was responsible for overseeing the development and execution of the Bank's international strategy through both organic growth and M&A. He also led the acquisition of a Kenyan Bank which marked the milestone for the SBM Group's entry into East Africa.

Mr Sonoo holds a Masters in Business Administration from the University of Surrey.

Mr. Goolabchund Goburdhun, G.O.S.K is a Fellow of the Association of Chartered Certified Accountants and holds a M.Sc. in Finance from University of Mauritius. He has extensive experience in the field of accounting and finance. He is registered with the Mauritius Institute of Professional Accountants as 'Professional Accountant.'

Mr. Goburdhun is the Managing Director of The State Investment Corporation Limited ("SIC") and holds directorship on various SIC investee companies, including Lottotech Ltd, Casino Companies, SIC Development Co. Ltd, SBM (Mauritius) Infrastructure Development Company Ltd, Port Louis Fund Ltd, Mauritius Shipping Corporation Limited and Ebene Car Park Ltd. He is also Director of Air Mauritius Limited and Airports of Mauritius Co. Ltd. In the past, Mr. Goburdhun was in public practice as a Chartered Certified Accountant providing services relating to Accounting, Auditing, Management, Tax Consultancy and Corporate Secretarial Services. He also held Chairmanship on various Government-related companies/institutions such as MauBank Holdings Ltd, MauBank Ltd, National Pensions Fund and Responsible Gambling and Capacity Building Fund of the Gambling Regulatory Authority.

Mr. Premode Neerunjun holds the post of Senior Chief Executive at the Prime Minister's Office and has over forty years of experience in the public sector. In addition, he has also been called upon to serve as Board Director in statutory bodies on a part time basis. He holds a Graduate Diploma in Business from Curtin University (Western Australia) and a BSc in Economics & Management from University of London. He also holds a master's degree in Public Policy and Administration from the University of Mauritius.

THE STATE INVESTMENT CORPORATION LIMITED

CORPORATE GOVERNANCE REPORT YEAR ENDED 31 DECEMBER 2021 (CONTD)

PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTD)

DIRECTORS' PROFILE (Contd)

Mr. Kritananda Naghee Reddy left the Ministry of Finance (as it was known then) as Principal Accountant to join the Attorney General's Office in 2002 as State Counsel after graduating in Law. Presently Acting Principal State Counsel, he represents the Government in litigation on civil matters and also advises Ministries and Government Departments. He is also holder of an MBA and an LL.M.

Mr. Cader Jaunbocus is a Fellow Member of the Association of Chartered Certified Accountants and holds a Master Degree in Business Administration from University of Birmingham. He has extensive experience in the field of Finance, with lead experience in Personal Financial Planning, Investments, Insurance, Management, Analysis and Reporting. He is registered member of the Chartered Insurance Institute (CII/UK).

Mr. Jaunbocus is currently the Managing Director of the Tailored Financial Solutions Ltd, a company providing services in the field of Accountancy, Tax and Advisory and wealth management. Mr. Jaunbocus possesses strong entrepreneurial skills and has good business acumen. He is a valued communicator, dedicated to meeting goals and exceeding expectations.

Mr. Anandsing Acharuz is currently Deputy Financial Secretary at the Ministry of Finance Economic Planning and Development. His responsibilities include the preparation of the macro-fiscal framework, the budget estimates and the debt management strategy. He is also responsible for consolidating the public financial management system.

In view of his responsibilities, Mr. Acharuz is actively working with regional and international organisations such as the Collaborative Africa Budget Reform Initiative and AFRITAC South, whereby he has been sharing his experience and knowledge in the fields of public financial management and budgeting. Mr. Acharuz has served on different boards of public bodies, including the State Trading Corporation, the Civil Service Family Protection Scheme Board, the Mauritius Post & Co-operative Bank Ltd, the Government Lotteries and the Mauritius Ex-Services Trust Fund Board. Mr. Acharuz holds an MSc in Financial Economics from the University of London.

Mr. Mohummad Shamad Ayooob Saab holds a Diploma in Public Administration with specialization in Public Management and a Masters in Business Administration. He joined the Public service in 1984 and has since then climbed up the ladder to the post of Permanent Secretary. He served in various ministries and is at present posted to the Ministry of Housing and Lands Use Planning.

Mr. Ayooob Saab has been a member of several boards, namely National Pensions Fund, National Housing Development Co. Ltd, National Property Fund Ltd, Financial Services Commission and The National Code of Corporate Governance of Mauritius.

Mrs. Gayetree Brojmohan holds a Diploma in Fitness and Nutrition. She is a Nutritionist and Physical Instructor. Previously she was Manager (Administration) at Apollo Tubes. She was also Chairperson of The Mauritius Post Ltd.

Mr. Anoop Kumar Nilamber (*Director up to 07 July 2021*) is currently the Chief Executive of SBM Bank (Mauritius) Ltd. He is a seasoned professional with over 15 years of experience in the Banking, Investment and Corporate sectors, having worked in international reputed financial institutions including HSBC France.

He previously sat on the board of several key entities including MauBank Ltd, Airports of Mauritius Ltd, The State Investment Corporation Limited, SME Mauritius Ltd and the Mauritius Revenue Authority, among others. His past experiences include those of Economic Advisor at the Ministry of Finance and Economic Development and lecturer at Université Panthéon-Assas Paris II, France. Mr. Nilamber holds a Master's Degree in Banking and Finance from Université Panthéon-Assas Paris II, France.

THE STATE INVESTMENT CORPORATION LIMITED

CORPORATE GOVERNANCE REPORT YEAR ENDED 31 DECEMBER 2021 (CONTD)

PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTD)

DIRECTORS' PROFILE (CONTD)

Directorship in other companies as at 31 December 2021:

		J. SONOO	G. GOBURDHUN	P. NEERUNJUN	K. NAGHEE REDDY	A. ACHARUZ	C. JAUNBOCUS	M. S. AYOOB SAAB	G. BROJMOHAN
1	Capital Asset Management Ltd		√						
2	Prime Partners Ltd		√	√					
3	SIC Development Co Ltd	√	√						
4	Port Louis Fund Ltd		√						
5	Casino de Maurice Limited		√						
6	Le Caudan Waterfront Casino Ltd		√						
7	Grand Baie Casino Ltd		√						
8	Le Grand Casino du Domaine Limitee		√						
9	SIC Management Services Co. Ltd	√	√						
10	Guibies Holdings Ltd		√						
11	Guibies Properties Ltd		√						
13	Prime Real Estate Ltd		√						
14	Compagnie Mauricienne D'Hippodromes Ltee		√						
15	EREIT Management Ltd	√	√	√	√				
16	Lakepoint Ltd		√						
17	State Investment Finance Corporation Ltd		√						
18	MJTI Properties Co. Ltd		√						
19	Le Val Development Ltd	√	√						
20	SIC Capital Support Ltd	√	√						
21	SBM (Mauritius) Infrastructure Development Ltd	√	√						
22	National Real Estate Ltd	√	√						
23	State Insurance Company of Mauritius Ltd	√							
24	National Housing Development Co. Ltd	√							
25	Mauritius-Africa Fund Ltd	√							
26	New Social Living Development Ltd	√		√				√	
27	Mauritius Cargo Community Services Ltd		√						
28	Air Mauritius Ltd		√						
29	Air Mauritius Holdings Ltd		√						
30	Airports of Mauritius Ltd		√						
31	Pointe Coton Ltd		√			√			
32	Ebene Car Park Ltd		√						
33	Lottotech Ltd		√						
34	Mauritius Estate Development Corporation Ltd		√						
35	Mauritius Shipping Co. Ltd		√						

THE STATE INVESTMENT CORPORATION LIMITED

CORPORATE GOVERNANCE REPORT YEAR ENDED 31 DECEMBER 2021 (CONTD)

PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTD)

DIRECTORS' PROFILE (CONTD)

Directorship in other companies as at 31 December 2021 (Contd):

		J. SONOO	G. GOBURDHUN	P. NEERUNJUN	K. NAGHEE REDDY	A. ACHARUZ	C. JAUNBOCUS	M. S. AYOOB SAAB	G. BROJMOHAN
36	Cote d'Or International Racecourse and Entertainment Complex Ltd		√	√		√			
37	Mauritius Housing Company Ltd							√	
38	Tailored Financial Solutions Ltd						√		
39	CH International Limited						√		
40	Mauritius Institute of Biotechnology Ltd					√			
41	State Insurance Company of Mauritius Ltd					√			
42	Airport Terminal Operations Ltd					√			
43	Airports of Mauritius Co. Ltd					√			
44	The Mauritius Civil Service Mututal Aid Asscoaition Ltd			√					

- Directorship on listed companies

Mr. Goolabchund Goburdhun, G.O.S.K, is a Non-Executive Director of Lottotech Ltd which is a listed company.

The other Board Members of SIC do not hold directorship in listed companies.

PRINCIPLE 3 – DIRECTORS APPOINTMENT PROCEDURES

The Constitution of the Company provides that the minimum number of directors shall be five (5) and the maximum eight (8).

Appointment of Directors

The appointment of Directors is subject to a predetermined process and is governed by the Company's Constitution and the Act. Potential candidates are identified by the Remuneration and Nomination Committee and the Board, having regard to the balance skills, knowledge and experience required for the Board and its committees to operate effectively.

The proposed appointee is required to disclose any other business interests which may result in a conflict of interest and to report any future business interests that could result in a conflict of interest.

The Board considers its succession very carefully and assumes responsibility for succession planning. The Remuneration and Nomination Committee is responsible to give consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges, the opportunities facing the Company, and the skills and expertise needed on the Board in the future.

Directors keep themselves updated with industry practices and trainings are organised whenever the need arises, During the evaluation, the Board Members are invited to indicate any training development programme they require.

THE STATE INVESTMENT CORPORATION LIMITED

CORPORATE GOVERNANCE REPORT YEAR ENDED 31 DECEMBER 2021 (CONTD)

PRINCIPLE 3 – DIRECTORS APPOINTMENT PROCEDURES (CONTD)

Appointment of Directors (Contd)

On appointment to the Board, all directors benefit from an induction program the aimed at depending the understanding of the business environment and natures in which the Company operate, designed to provide them with sufficient knowledge and understanding of the nature of business, opportunity and challenges, to enable them to effectively contribute to strategic discussions and oversight of the Company. they receive a comprehensive induction pack from the Company Secretary and have a briefing session with Management.

Each director is elected by a separate resolution at the Annual Meeting of Shareholders to hold office until the next Annual Meeting.

PRINCIPLE 4 - DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

Legal Duties

All Directors are fully aware of their fiduciary duties.

Conflict of Interest

Board Members have a fiduciary duty to conduct themselves without conflict of the interests of the Company. In their capacity as Board Members, they must subordinate personal individual business, third-party and other interests to the welfare and best interests of the Company.

A conflict of interest occurs when a present transaction or relationship might conflict with a Board Member's obligations owed to the Company and the Board Member's personal, business or other interests.

The Company ensures that directors declare any interest and report to the Chairman and Company Secretary any related party transactions. A register of conflicts of interests is kept by the Company Secretary.

Information, IT and Information Security Governance

The Board of Directors ensures that appropriate resources are allocated for the implementation of an information and IT security framework. SIC has in place an Information Security policy and an IT Risk policy, which are regularly reviewed. It has implemented security policies to ensure that data is safeguarded both within its premises as well as those hosted on the server including access rights granted only to authorised personnel, password expiry and complexity policy implemented and backup of digital information. Testing of daily backup of the server are also conducted on a regular basis by the IT department. SIC has also in place a Disaster Recovery Plan which ensures that in the event of a major disaster that causes the site to be unavailable, systems and business operations will be restored at a backup site within two working days.

Board Information

The Chairperson is responsible for ensuring that the directors receive accurate, timely and clear information. The Company Secretary's responsibilities include ensuring good information flows within the Board and its committees and between senior management and non-executive directors. Management has an obligation to provide accurate, timely and clear information. Directors seek clarification or amplification where necessary.

The Board ensures that directors have access to independent professional advice at the Company's expense in cases where the directors judge it necessary for discharging their responsibilities as directors.

All directors keep information relating to the Company, gathered in their capacity as directors, strictly confidential and private and do not divulge them to anyone without the authority of the Board.

THE STATE INVESTMENT CORPORATION LIMITED

CORPORATE GOVERNANCE REPORT YEAR ENDED 31 DECEMBER 2021 (CONTD)

PRINCIPLE 4 - DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE (CONTD)

Directors & Officers Liability Insurance

The Company has contracted with a Directors & Officers Liability Insurance policy in respect of legal action or liability that can arise against its Directors and officers. The cover does not provide insurance against fraudulent, malicious or wilful acts or omissions.

Board Evaluation

In view to enhance the Board's effectiveness, the Company has established a system of appraisal to assess the performance of the Board and sub-committees periodically. The appraisal focuses on the major governance issues relevant to the Board.

No independent Board Evaluator was appointed. Directors were issued a questionnaire prepared by the Company Secretary in consultation with the Chairperson, to seek the views, opinion and recommendations of Directors. The Company Secretary compiled the feedback and ratings received and same were considered by the Corporate Governance Committee and Board. The review concluded that the Board, its Committees and the Directors continue to be effective. The Board is well run and Directors continue to demonstrate a collaborative and constructive mindset creating a conducive environment at Board level. The Board considers that the current evaluation process is sufficient.

The Board considers that the current evaluation process is sufficient.

Statement of Remuneration Philosophy

The directors are remunerated for their knowledge, experience and insight. The remuneration policy is to reward the collective contribution of directors towards achievement of the Company's objectives. The directors' remuneration in similar companies is also used as a guide.

The remuneration of Directors are reviewed at the Shareholders' Meeting.

The table below depicts the total fees earned by Directors during the year under review in their capacity as Board and Committee Members of SIC:

	Directors during the year under review	Category	Director's Remuneration (Rs)
1	Mr. Jairaj Sonoo C.S.K	Non-Executive and Independent	1,560,000
2	Mr. Goolabchund Goburdhun G.O.S.K	Executive	5,337,707
3	Mr. Premode Neerunjun	Non- Executive	480,000
4	Mr. Kritananda Naghee Reddy	Non-Executive and Independent	480,000
5	Mr. Anoop Nilamber	Non - Executive	247,273
6	Mr. Anandsing Acharuz	Non -Executive	480,000
7	Mr. Cader Jaunbocus	Non-Executive and Independent	480,000
8	Mr. Mohummad Shamad Ayoob Saab	Non- Executive	480,000
9	Mrs. Gayetree Brojmohan (<i>As from 27 September 2021</i>)	Non- Executive and Independent	124,545

The Directors did not receive remuneration in the form of share options or bonuses associated with the Company's performance. Non-executive Directors receive a fixed director fee.

THE STATE INVESTMENT CORPORATION LIMITED

CORPORATE GOVERNANCE REPORT YEAR ENDED 31 DECEMBER 2021 (CONTD)

PRINCIPLE 5 – RISK GOVERNANCE AND INTERNAL CONTROL

(a) Responsibility and application

The Board is responsible for risk management and for framing procedures for risk management. The Board is responsible for definition of the overall strategy for risk tolerance. Management and the assurance process on risk management are delegated to the Audit & Risk Committee. The Committee is responsible for the design and implementation of risk management processes while the day-to-day management of risk is performed by Management.

The Company's policy on risk management encompasses all significant business risks, including physical, operational, human resources, technological, business continuity, financial, compliance and reputational, which could influence the achievement of the Company's objectives.

The risk management mechanisms in place include:

- a system for ongoing identification and assessment of risk and definition of acceptable and non-acceptable levels of risk;
- development of strategies in respect of risk and definition of acceptable and non-acceptable levels of risk;
- communication of risk management policies to all levels of the organisation, as appropriate, and methods to ensure commitment, both by managers and by other employees, to the process;
- processes to reduce or mitigate identified risks and contain them within the levels of tolerance defined by the Board and Management; and
- Structures and processes for identification of risks and risk management.

(b) Structures and processes for identification of risks and risk management

There was clear accountability for risk management. Managers were required to document how these risks would be managed and what mitigating activities have been put in place in respect of each significant risk.

(c) Integration of internal control and risk management

The effectiveness of internal control systems is reviewed by the Audit & Risk Management Committee. It covered all internal control systems, including financial, operational, compliance and risk management.

The Company has outsourced the internal audit function to Moore Mauritius, as from January 2016. The assignment provides for the examination and evaluation of the adequacy and effectiveness of the Company's governance and of the risk management process, as well as assessment of the adequacy of the existing internal control system. The key deliverables by Moore Mauritius are the provision of detailed monthly internal reports and value added advice to Management on risks management.

(d) Assurance on the effectiveness of the risk management process

Regular management reporting, which provides a balanced assessment of key risks and controls, was an important component of Board assurance. The finance department provided confirmation that financial and accounting control frameworks have operated satisfactorily. The Board also received assurance from the Audit & Risk Management Committee which, in part, derived its information from internal and external audit reports on risk and internal control throughout the Company.

THE STATE INVESTMENT CORPORATION LIMITED

CORPORATE GOVERNANCE REPORT YEAR ENDED 31 DECEMBER 2021 (CONTD)

PRINCIPLE 5 – RISK GOVERNANCE AND INTERNAL CONTROL (CONTD)

(e) Management of key risks.

Risks within the Company were identified under the following headings:

- *Operational risks:* Operational risk is defined as risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.
- *Human resource risks:* Losses arising from acts inconsistent with employment, health and safety laws, personal injury claims, etc.
- *Compliance risks:* Dishonest or fraudulent acts intended to defraud or misappropriate property, or circumvent regulations, law and policies and involve at least one internal party and a third party.
- *Physical risks:* Losses due to fire, cyclones, riots, etc.
- *Technology risks:* Include hardware and software failures, system development and infrastructure issues.
- *Business continuity risks:* Losses from failed transaction processing and process management.

Financial Risk Factors

Please refer to Note 4 in these financial statements.

Frameworks and processes for the sound management of risk and Internal Controls

An independent internal auditor has been appointed to review the effectiveness of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems. This ensures that appropriate frameworks and effective processes are in place for a sound management of risk.

Management is responsible for the implementation of internal control and risk management systems under the supervision of the Audit & Risk Management Committee which ensure that proper accounting records are maintained and that the strategies and policies adopted by the Board are being implemented.

The internal auditor covers key areas of activities. Any deviation in policies and non-performance of internal control are duly reported and discussed at large at Management and Audit & Risk Management Committee levels. Corrective actions are promptly taken, and regular follow ups are done. This enables the Board to derive assurance that the internal control systems are effective.

There has been no identification of any significant areas which was not covered by the Internal Auditors during the year. Based on the internal audit report, no major risk or deficiency has been found in the Company's system of internal controls.

Whistle-blowing rules and procedures

For any suspicious or illegal transactions or behaviour, officers and directors are encouraged to lodge reports promptly to the management and board, as appropriate, as per the Financial Intelligence and Anti Money Laundering Act 2002 and Prevention of Corruption Act 2002.

THE STATE INVESTMENT CORPORATION LIMITED

CORPORATE GOVERNANCE REPORT YEAR ENDED 31 DECEMBER 2021 (CONTD)

PRINCIPLE 6 – REPORTING WITH INTEGRITY

The Annual Report is published in full on the Company’s website.

The Annual Report comprises of several key elements:

- Performance review
- Economic and market review
- Risks
- KPIs, performance and outlook
- Corporate social responsibility and donations
- Environmental policy

Corporate social responsibility (“CSR”) and donations

The Company had paid directly its CSR contribution to the Mauritius Revenue Authority. The following donations were made during the year:

	Donation	Amount Rs.
1	Charitable works paid to Congregation Des Soeurs De Charite Notre Dame Du Bon Et Perpetuel Secours	10,000
	TOTAL	10,000

Environmental Policy

Due to the nature of its activities, the Company’s operation has no major impact on environment.

Safety and Health Issues

The Company complies with the Occupational Safety and Health Act 2005 and other legislative and regulatory frameworks. With a view to promote health and safety knowledge sharing in order to make the Company a workplace safer and healthier, several trainings have been delivered to officers of the Company.

Statement of Directors’ Responsibilities

Directors acknowledge their responsibilities for:

- Adequate accounting records and for maintenance of effective internal control systems;
- Preparation of financial statements which fairly present the state of affairs of the Company at end of the financial year and the cash flows for that period, and which comply with International Financial Reporting Standards (“IFRS”);
- Using appropriate accounting policies supported by reasonable and prudent judgments and estimates;
- Ensuring that adequate accounting records and an effective system of internal controls and risk management have been maintained;
- Ensuring that appropriate accounting policies supported by reasonable and prudent judgments and estimates have been used consistently;
- Ensuring that the International Financial Reporting Standards have been adhered to. Any departure has been disclosed, explained and quantified in the financial statements; and
- Ensuring that the Code of Corporate Governance has been adhered to in all material aspects. Reasons for non-compliance have been provided, where appropriate.

The External Auditors are responsible for reporting on whether the financial statements are fairly presented.

THE STATE INVESTMENT CORPORATION LIMITED

CORPORATE GOVERNANCE REPORT YEAR ENDED 31 DECEMBER 2021 (CONTD)

PRINCIPLE 7 – AUDIT

Internal Audit

The role of Internal Audit is to provide independent and objective assurance on internal control and risks to management and the Board of Directors through the Audit Committee. By following a systematic and disciplined approach, Internal Audit helps to accomplish the Company's objectives by evaluating and recommending improvements to operations, internal controls, risk management systems, and governance process.

During the year under review, the internal audit function was outsourced to a reputed accountancy firm. Its internal audit department is staffed with certified internal auditors. The internal audit is performed on a quarterly basis and the findings are submitted to the Audit and Risk Management Committee.

The internal auditor reports directly to the Audit & Risk Committee and has unrestricted access to review all activities and transactions undertaken within the Company and to appraise and report thereon. There was no restriction placed over the right of access by internal audit to the records, management or employees of the organisation.

External Audit

The Company has appointed Grant Thornton as External Auditors for the financial year ended 31 December 2021.

Meeting with Audit & Risk Committee

The External Auditors meet with the Chairman of the Audit & Risk Committee without the presence of Management, to discuss issues such as financial statements of the Company, timeline of the audit, the audit approach, the accounting principles and critical policies adopted.

Evaluation of the work of External Auditors

The Audit & Risk Committee evaluates the work of external auditors in fulfilling their duty annually, to make an informed recommendation to the Board for the reappointment of the auditor. The Audit & Risk Committee assesses the performance of the auditors, the quality of the auditors' communications with the Audit & Risk Committee and the auditor's independence and objectivity.

Information on non-audit services

For the financial year under consideration, the External Auditors were not involved in non-audit assignments.

Regulators

Relationships with the regulators and authorities, mainly the Registrar of Companies and the Mauritius Revenue Authority are considered as essential regarding the compliance side of the Company. The Company maintains relationship with its regulators through written communications, filing of returns and financial reports, participation in forums, conferences and workshops as well as compliance with relevant legislation.

These relationships are viewed as strategic partnerships to ensure that the Company upholds and maintains best practices with full transparency.

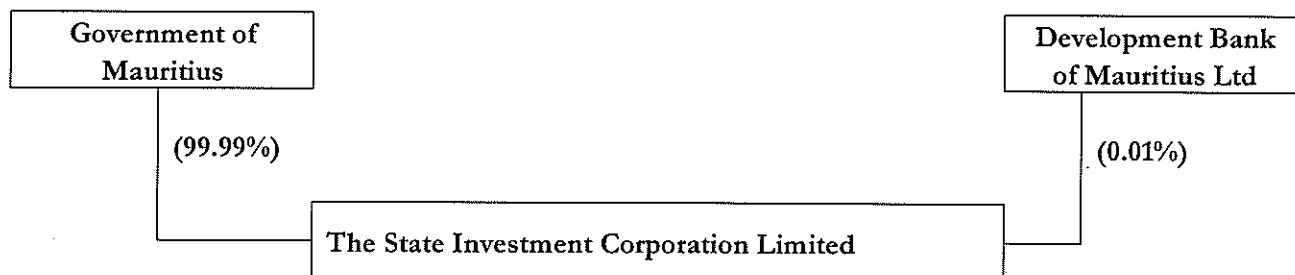
THE STATE INVESTMENT CORPORATION LIMITED

CORPORATE GOVERNANCE REPORT YEAR ENDED 31 DECEMBER 2021 (CONTD)

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

SHARE CAPITAL STRUCTURE

The holding structure of The State Investment Corporation Limited as at 31 December 2021 was as follows:



DIVIDEND POLICY

The Company has no formal policy on dividend.

RELATIONS WITH SHAREHOLDERS

The Board ensures that the Notice of Meeting along with the proxy forms are sent to the shareholders at least 21 days before the meeting in accordance with the Mauritius Companies Act 2001.

The Company ensures that there is regular contact and dialogue with the shareholders to keep them informed on material events affecting the Company. The Chairman, through the assistance of the Company Secretary, is available to answer any query from the shareholders.

CALENDAR OF IMPORTANT EVENTS

The following is a schedule of important events

01 January	Beginning of Financial Year
June/September	Annual Meeting
31 December	End of Financial Year

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

Name of Company : The State Investment Corporation Limited
Reporting year : 31 December 2021

We, the Directors of The State Investment Corporation Limited, (the “Company” or “SIC”) confirm to the best of our knowledge that the Company has complied with all its obligations and requirements under the Code of Corporate Governance except for the following sections:

Reason for non-compliance with the section of the Code:

Principle 2: Structure of the Board and its board committees

Board Composition: Appointment of at least two Executive Directors

There is currently one Executive Director. The Board is of the view that the appointment of a second executive director on the Board, as required by the Code, is not necessary. The Chief Finance Officer and Senior Executives of the Company are invited to attend board meetings as and when required.


.....
DIRECTOR


.....
DIRECTOR

THE STATE INVESTMENT CORPORATION LIMITED**Certificate from the Secretary under Section 166 (d) of the Mauritius Companies Act 2001**

We confirm that, based on the records and information made available to us by the Directors and Shareholders of The State Investment Corporation Limited, the Company has filed with the Registrar of Companies, all such returns as are required by the Company under the Mauritius Companies Act 2001, save and except the Annual Report and the Audited Financial Statements for the financial years ended 31 December 2021 . The Annual Report and Audited Financial Statements for the financial year ended 31 December 2021 are now being filed.



Company Secretary

Registered Office:

Date: 15/12/2022



INDEPENDENT AUDITORS' REPORT
To the Shareholders of The State Investment Corporation Limited

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of The State Investment Corporation Limited (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of 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 a summary of significant accounting policies.

In our opinion, the financial statements on pages 33 to 92 give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with 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.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises mainly of information included under the Corporate Information and Corporate Governance Report sections, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and, except to the extent otherwise explicitly stated in our auditors' report, we do not express any form of assurance conclusion thereon.



INDEPENDENT AUDITORS' REPORT (CONTD) **To the Shareholders of The State Investment Corporation Limited**

Report on the audit of the Financial Statements (Contd)

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information") (Contd)

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 Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



INDEPENDENT AUDITORS' REPORT (CONTD) **To the Shareholders of The State Investment Corporation Limited**

Report on the audit of the Financial Statements (Contd)

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

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

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

Report on Other Legal and Regulatory Requirements

(i) 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 any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.



INDEPENDENT AUDITORS' REPORT (CONTD)
To the Shareholders of The State Investment Corporation Limited

Report on Other Legal and Regulatory Requirements (Contd)

(ii) *Financial Reporting Act 2004*

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance ("the Code") disclosed in the Corporate Governance 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 Corporate Governance Report, the Company has complied with the requirements of the Code.

Other Matter

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

Grant Thornton
Chartered Accountants

K RAMCHURUN, FCCA
Licensed by FRC

Date: 15 DEC 2022

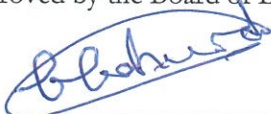
Ebene 72201, Republic of Mauritius

THE STATE INVESTMENT CORPORATION LIMITED

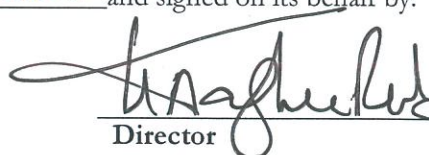
Statement of financial position as at 31 December

	Notes	2021 Rs'000	2020 Rs'000
ASSETS			
Non-current			
Property, plant, and equipment	7	13,353	14,540
Investment property	8	978,800	709,000
Intangible assets	9	12,469	12,889
Investments in subsidiary companies	10	1,952,415	1,593,560
Investments in associates	11	1,919,935	1,117,691
Financial assets at fair value through profit or loss ("FVTPL")	12	3,074,697	3,197,225
Loans receivable	13	2,800	4,071
Deferred tax assets	17	9,338	13,367
Non-current assets		7,963,807	6,662,343
Current			
Loans receivable	13	15,392	11,823
Other receivables	14	396,269	537,505
Current tax assets	18	32	118
Cash and cash equivalents	22	490,088	645,418
Current assets		901,781	1,194,864
Total assets		8,865,588	7,857,207
EQUITY AND LIABILITIES			
EQUITY			
Stated capital	15	85,000	85,000
Retained earnings		6,488,370	5,442,384
Retirement benefit reserves		(47,639)	(75,274)
Total equity		6,525,731	5,452,110
LIABILITIES			
Non-current			
Retirement benefit obligations	16	60,624	91,740
Other liabilities	20	476,005	476,005
Borrowings	21	1,700,000	1,700,000
Non-current liabilities		2,236,629	2,267,745
Current			
Other payables	19	86,406	85,909
Borrowings	21	227	35,264
Other liabilities	20	16,595	16,179
Current liabilities		103,228	137,352
Total liabilities		2,339,857	2,405,097
Total equity and liabilities		8,865,588	7,857,207

Approved by the Board of Directors on 15 December 2022 and signed on its behalf by:



 Director



 Director

The notes on pages 37 to 92 form an integral part of these financial statements.

THE STATE INVESTMENT CORPORATION LIMITED

Statement of comprehensive income for the year ended 31
December

	Notes	2021 Rs'000	2020 Rs'000
Income			
Investment income	14(i)	83,490	92,340
Interest income	23	4,282	5,716
Other income	25	10,401	10,665
Fair value gain on revaluation of investment property	8	269,800	-
Net foreign exchange gains		1,586	1,024
Gain on disposal of investments		6,834	-
Total income		376,393	109,745
Expenses			
Employee benefit expenses	26	40,582	36,480
Motor vehicle running expenses		127	150
Parking charges		676	540
Audit and other related fees		1,000	1,071
Other professional expenses		6,574	12,715
Depreciation of property, plant and equipment		1,615	1,547
Amortisation of intangible assets		421	468
Repairs and maintenance expenses		23	30
Interest expenses	24	59,924	45,322
Other general expenses		10,586	13,403
Loss on disposal of investments		-	44,470
Total expenses		121,528	156,196
Operating profit/(loss)		254,865	(46,451)
Net change in investments at fair value through profit or loss	12(v)	789,576	(1,355,574)
Profit/(loss) before tax		1,044,441	(1,402,025)
Tax refund	18	1,545	1,700
Profit/(loss) after tax		1,045,986	(1,400,325)
Other comprehensive income:			
<i>Items that will not to be reclassified to profit or loss:</i>			
Re-measurement gains/(losses) on defined benefit plans		33,295	(62,591)
Income tax effect		(5,660)	10,640
<i>Items that will be reclassified subsequently to profit or loss</i>			
		-	-
Other comprehensive income/(loss) for the year, net of tax		27,635	(51,951)
Total comprehensive income/(loss) for the year, net of tax		1,073,621	(1,452,276)

The notes on pages 37 to 92 form an integral part of these financial statements.

THE STATE INVESTMENT CORPORATION LIMITED

Statement of changes in equity for the year ended 31 December

	Stated capital Rs'000	Retained earnings Rs'000	Actuarial reserve Rs'000	Total Rs'000
Balance at 01 January 2021	85,000	5,442,384	(75,274)	5,452,110
Profit for the year	-	1,045,986	-	1,045,986
Other comprehensive income	-	-	27,635	27,635
Total comprehensive income for the year	-	1,045,986	27,635	1,073,621
Balance at 31 December 2021	85,000	6,488,370	(47,639)	6,525,731
Balance at 01 January 2020	85,000	6,877,709	(23,323)	6,939,386
Dividend paid (Note 27)	-	(35,000)	-	(35,000)
Transactions with the shareholders	-	(35,000)	-	(35,000)
Loss for the year	-	(1,400,325)	-	(1,400,325)
Other comprehensive loss	-	-	(51,951)	(51,951)
Total comprehensive loss for the year	-	(1,400,325)	(51,951)	(1,452,276)
Balance at 31 December 2020	85,000	5,442,384	(75,274)	5,452,110

The notes on pages 37 to 92 form an integral part of these financial statements.

THE STATE INVESTMENT CORPORATION LIMITED

Statement of cash flows for the year ended
31 December

	2021 Rs'000	2020 Rs'000
Operating activities		
Profit/(loss) before tax	1,044,441	(1,402,025)
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	1,615	1547
Amortisation of intangible assets	421	468
(Gain)/loss on disposal of investments classified at FVTPL	(6,834)	44,470
Fair value (gain)/loss on financial assets at FVTPL	(789,576)	1,355,574
Fair value gain on revaluation of investment property	(269,800)	-
Interest expense	59,924	45,322
Interest income	(4,282)	(5,716)
Change in provision of retirement benefit obligation	2,179	2,358
	38,088	41,998
<i>Changes in working capital:</i>		
Change in loans receivable	(2,297)	(1,079)
Change in other receivables	141,479	(361,585)
Change in other payables and other liabilities	496	(647,852)
Cash from/(used in) operations	177,766	(968,518)
Interest received	4,043	5,716
Tax refund/(paid)	-	(51)
Net cash from/(used in) operating activities	181,809	(962,853)
Cash flows from investing activities		
Purchase of property, plant and equipment	(427)	(459)
Purchase of intangible assets	-	(439)
Acquisition of financial assets at fair value through profit or loss	(340,700)	(113,798)
Net proceeds from disposal of financial assets at fair value through profit or loss	98,532	14,995
Net cash used in investing activities	(242,595)	(99,701)
Cash flows from financing activities		
Interest paid	(59,507)	(40,950)
Dividend paid	-	(35,000)
Proceeds from long term borrowings (Note 30)	-	1,000,000
Net cash (used in)/from financing activities	(59,507)	924,050
Net change in cash and cash equivalents	(120,293)	(138,504)
Cash and cash equivalents, beginning of the year	610,154	748,658
Cash and cash equivalents, end of year	489,861	610,154
Cash and cash equivalents made up of:		
Cash and cash equivalents (Note 22)	490,088	645,418
Bank overdraft (Note 21)	(227)	(35,264)
	489,861	610,154

The notes on pages 37 to 92 form an integral part of these financial statements.

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statement

For the year ended 31 December 2021

1. General information and statement of compliance with International Financial Reporting Standards (“IFRS”)

The State Investment Corporation Limited (the “Company”) was incorporated as a private company on 21 August 1984 and was converted into a public company on 07 April 1992. The Company’s registered office is 15th Floor, Air Mauritius Centre, John Kennedy Street, Port Louis, Republic of Mauritius.

The Company acts as the investment arm of the Government of Mauritius and provides funds for the realisation of high-growth entrepreneurial ventures and assists businesses to industry leadership position. It also invests in quoted and unquoted financial assets.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

2. Adoption of new and revised IFRS

2.1 New and amended Standards that are effective for the annual period beginning on 01 January 2021

In the current year, the following amendments to existing Standards issued by IASB became mandatory for the first time for the financial year beginning on 01 January 2021:

IFRS 16, COVID-19-Related Rent Concessions (Amendment to IFRS 16)

The pronouncement amended IFRS 16: *Leases* to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021.

Various, Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

These amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The changes relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

2. Adoption of new and revised IFRS (Contd)

2.2 Standards and amendments to existing Standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new Standards and amendments to existing Standards have been published but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements, as relevant to the Company's activities, will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncements. Information on the new Standards and amendments to existing Standards is provided below.

IFRS 3, References to the Conceptual Framework (Amendments to IFRS 3)

The changes update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

IAS 16, Proceeds before Intended Use (Amendments to IAS 16)

Amendments were made to the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

IAS 37, Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments were brought to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

IFRS 17, Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

2. Adoption of new and revised IFRS (Contd)

2.2 Standards and amendments to existing Standards that are not yet effective and have not been adopted early by the Company (Contd)

IFRS 1, IFRS 9, IFRS 16 and IAS 41, Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)

The objective of the annual improvements is to enhance the quality of standards, by amending existing IFRSs to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. Amendments are made through the annual improvements process when the amendment is considered non-urgent but necessary. The IASB issued Annual Improvements to IFRS Standards 2018–2020 containing the following amendments to IFRSs:

- IFRS 1: *First-time Adoption of International Financial Reporting Standards* - Subsidiary as a first-time adopter. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- IFRS 9: *Financial Instruments* - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- IFRS 16: *Leases - Lease incentives*. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- IAS 41: *Agriculture - Taxation in fair value measurements*. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

IFRS 17, Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4: *Insurance Contracts* as of 01 January 2021.

IFRS 4, Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

The amendments change the fixed expiry date for the temporary exemption in IFRS 4: *Insurance Contracts* from applying IFRS 9: *Financial Instruments*, so that entities will be required to apply IFRS 9 for annual periods beginning on or after 01 January 2023 (instead of 01 January 2021).

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

2. Adoption of new and revised IFRS (Contd)

2.2 Standards and amendments to existing Standards that are not yet effective and have not been adopted early by the Company (Contd)

IAS 1, Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments in classification as liabilities as current or non-current affect only the presentation of liabilities in the statement of financial position – not the amount or timing of recognition of any asset, liability, income or expense, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the “right” to defer settlement by at least twelve months and make explicit that only rights in place “at the end of the reporting period” should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

IAS 12, Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

In May 2021 the Board issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The amendments were issued in response to a recommendation from the IFRS Interpretations Committee. Research conducted by the Committee indicated that views differed on whether the recognition exemption applied to transactions, such as leases, that lead to the recognition of an asset and liability. These differing views resulted in entities accounting for deferred tax on such transactions in different ways, reducing comparability between their financial statements. The Board expects that the amendments will reduce diversity in the reporting and align the accounting for deferred tax on such transactions with the general principle in IAS 12 of recognising deferred tax for temporary differences.

Management has yet to assess the impact of the above new Standards and amendments to existing Standards on the Company’s financial statements.

3. Summary of accounting policies

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised as follow:

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

3. Summary of accounting policies (Contd)

3.2 Property, plant and equipment

All property, plant and equipment are stated at historical cost of acquisition less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is calculated on the straight-line method to write off the cost of assets to their residual values over their estimated useful life as follows:

	Annual rates (%)
Buildings	2 - 5
Office furniture and fittings	10 - 25
Motor vehicles	20 - 25

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss.

3.3 Investment property

Investment property is property held to earn rentals and/or for capital appreciation and is accounted for using the fair value model.

If part of the investment property is used as an owner-occupied property, and part to earn rentals, and the portions can be sold or leased out separately, they are accounted for separately. Therefore, the portion that is rented out is classified as investment property.

Investment property is revalued every three years and is included in the statement of financial position at its open market value. This market value is supported by market evidence and is determined by an external professional valuer with sufficient experience with respect to both the location and the nature of the investment property.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in the statement of comprehensive income.

Rental income and operating expenses from investment property are reported within "Other income" and "Other expenses" respectively.

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

3. Summary of accounting policies (Contd)

3.4 Intangible assets

Leasehold rights

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Leasehold rights are shown at historical cost, have a finite useful life and are carried at cost less accumulated depreciation. Amortization is calculated using the straight-line method over its estimated useful lives (60 years).

Computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight-line method over their estimated useful lives (5 years).

Costs associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

3.5 Investments in subsidiaries

Subsidiaries are entities over which the Company has control. The Company controls a subsidiary if it is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

The Company accounted for its holdings in subsidiaries at fair value through profit or loss as it has been deemed to meet the definition of an investment entity as described in IFRS 10: *Consolidated Financial Statements*. An investment entity is defined as an entity that:

- obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

3. Summary of accounting policies (Contd)

3.5 Investments in subsidiaries (Contd)

A parent company also needs to consider a set of typical characteristics, which combined with the above definition, are intended to allow for an appropriate balance between creating a clear scope and allowing judgement in assessing whether a company is an investment entity.

The characteristics are as follows:

- it has more than one investment;
- it has more than one investor;
- it has investors that are not related parties of the entity; and
- it has ownership interests in the form of equity or similar interests.

3.6 Investments in associates

An associate is an entity over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

The existence of significant influence by an entity is usually evidenced in one or more of the following ways: (a) representation on the board of directors or equivalent governing body of the investee; (b) participation in policy-making processes, including participation in decisions about dividends or other distributions; (c) material transactions between the investor and the investee; (d) interchange of managerial personnel; or (e) provision of essential technical information.

In accordance with the exemption within IAS 28: *Investments in Associates and Joint Ventures*, the Company does not account for its investment in associates using the equity method and consequently, these investments are accounted for as financial assets at fair value through profit or loss.

3.7 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15: *Revenue from contracts with customers*, all financial assets are initially measured at fair value adjusted for transaction costs, where appropriate.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss ("FVTPL"); or
- fair value through other comprehensive income ("FVOCI")

In the current year, the Company does not have any financial assets categorised as FVOCI.

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

3. Summary of accounting policies (Contd)

3.7 Financial instruments (Contd)

Classification and initial measurement of financial assets (Contd)

The classification is determined by both:

- the Company's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets are recognised in the statement of comprehensive income.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's loans receivable, most of other receivables and cash and cash equivalents fall into this category of financial instruments.

Financial assets designated at fair value through profit or loss

The category also contains investments in equity instruments. The Company accounts for the investments at FVTPL and did not make the irrevocable election to account for the investments at fair value through other comprehensive income (FVOCI).

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. For the Company, instruments within the scope of the new requirements include mainly of loans receivable and most of other receivables.

Recognition of credit losses is no longer dependent on the Company's first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

3. Summary of accounting policies (Contd)

3.7 Financial instruments (Contd)

Subsequent measurement of financial assets (Contd)

Impairment of financial assets (Contd)

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (“Stage 1”); and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (“Stage 2”).

‘Stage 3’ would cover financial assets that have objective evidence of impairment at the reporting date.

‘12-month expected credit losses’ are recognised for the first category while ‘lifetime expected credit losses’ are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and subsequent measurement of financial liabilities

The Company’s financial liabilities include other liabilities, borrowings and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges on financial liabilities are included within finance costs.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.8 Taxation

The tax expense for the period comprises of current and deferred 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.

Current tax

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting year.

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

3. Summary of accounting policies (Contd)

3.8 Taxation (Contd)

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax 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, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted by the end of reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment properties are depreciable and held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Corporate Social Responsibility ("CSR")

The Company is subject to CSR and the contribution is at a rate of 2% on chargeable income of the preceding financial year.

Effective 01 January 2020, the contribution to the Mauritius Revenue Authority must be at least 75% or reduced up to 50% if prior written approval of the National CSR Foundation is obtained.

3.9 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents comprise cash in hand and at bank, net of bank overdrafts. Cash equivalents are short term, highly liquid investments maturing within 90 days from the reporting date that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. In the statement of financial position, bank overdrafts are shown within borrowings under current liabilities.

3.10 Equity and reserves

Stated capital represents the value of shares that have been issued.

Retained earnings include all current and prior years' results as disclosed in the statement of comprehensive income.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

3. Summary of accounting policies (Contd)

3.10 Equity and reserves (Contd)

All transactions with owners of the Company are recorded separately within equity.

Actuarial reserves comprise the actuarial losses arising from changes in demographic and financial assumptions and the return on plan assets.

3.11 Post-employment benefits and short-term employee benefits

The Company provides post-employment benefits through defined contribution and defined benefit plans.

Defined contribution plans

A defined contribution plan is a pension plan under which the Company pays fixed contributions into an independent entity. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. Contributions to this plan are recognised as an expense in the period that relevant employee services are received.

Defined benefit plans

Under the Company's defined benefit plans, the amount of pension benefits that an employee will receive on retirement is defined by reference to length of service and final salary. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation ("DBO") at the reporting date less the fair value of plan assets.

Management estimates the DBO annually with the assistance of independent actuaries. The estimate of the post-retirement benefit obligations is based on standard rates of inflation, future salary increase and post retirement mortality rates. Discount factors are determined close to each year-end by reference to 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.

Service costs on the net defined benefit liability are included in employee benefits expense. Net interest expense on the net defined benefit liability is included in finance costs.

State plan

Contributions to the National Pension Scheme are expensed to the statement of profit or loss in the period in which they fall due.

Short-term employee benefits

Short-term employee benefits are included in employee benefits expenses.

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

3. Summary of accounting policies (Contd)

3.12 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 that can be reliably estimated will be required to settle the obligation.

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

3.13 Foreign currencies

Functional and presentation currency

The financial statements are presented in the Mauritian Rupee ("MUR"), which is also the functional currency of the Company.

Transactions and balances

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.14 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation but 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. Any impairment loss is recognised for the amount by which the carrying amount of the asset 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 purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

3.15 Leased assets

Leases are classified as finance lease where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases (net of any incentives received from the lessor) and are charged to surplus or deficit on a straight-line basis over the period of the lease.

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

3. Summary of accounting policies (Contd)

3.15 Leased assets (Contd)

The Company as lessor

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

3.16 Revenue recognition

Revenue comprises revenue from the provision of management services, rental income from investment properties and directorship fees on representation of directors in investee companies.

To determine whether to recognise revenue, the Company ensures that the following 5 conditions are satisfied:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised at point in time when the Company satisfies performance obligations by transferring the promised services.

Other income earned by the Company is recognised on the following bases:

- Rental income - on an accrual basis in accordance with the substance of the relevant agreements.
- Interest income - on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.
- Dividend income - when the shareholders' right to receive payment is established.
- Other income - in the accounting period in which it is receivable.

3.17 Operating expenses

Operating expenses are recognised in statement of comprehensive income upon utilisation of the services or as incurred.

3.18 Related parties

Related parties are individuals and companies where the individual or Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating policy decisions.

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

3. Summary of accounting policies (Contd)

3.19 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3.20 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

The following is the judgement made by management in applying the accounting policies of the Company that has the most significant effect on the financial statements.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deductible temporary differences can be utilised.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. Management has considered those factors and has determined that the functional currency of the Company is the Mauritian rupee (MUR or Rs).

Determination of investment entity status of the Company

Management undertook an assessment on the status of the Company and the latter, in substance, has been deemed to meet the definition of an investment entity in accordance with IFRS 10: *Consolidated Financial Statements*, as the following characteristics exist:

- (1) The Company's business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income;
- (2) The performance of investments made are measured and evaluated on a fair value basis. The Company's investments in subsidiaries are treated as financial assets at fair value through profit or loss and are therefore fair valued. Ownership interests in the Company, which are in the form of equity shares, are hence, exposed to variable returns from changes in fair value of the Company's net assets; and
- (3) In terms of funding, SIC is currently akin to a closed fund with irregular inflow of funds. However, Management has the flexibility to raise finance as and when new investment opportunities arise. Any surplus is intended to be distributed to shareholders in the form of dividends.

Management has used significant judgement to determine that the Company has the characteristics of an investment entity set out in IFRS 10.

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

3. Summary of accounting policies (Contd)

3.20 Significant management judgement in applying accounting policies and estimation uncertainty (Contd)

Estimation uncertainty

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impact of COVID-19

In January 2020, the World Health Organisation has declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets.

The directors have considered the potential adverse impact of COVID-19 on the Company’s business activities and observed that there has been significant decrease in the fair value of its investments with major impact on investments held in the tourism and hospitality sectors. Also, many investee companies had adopted a prudent dividends payout during the year. The combined effects of these had materially impacted on the company’s reported results during the year. The directors are closely monitoring the situation and noted that the uncertainty of COVID-19 impact has continued to decrease gradually with the removal of lockdowns and resumption of normal travel.

Pension 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.

The Company determines the appropriate discount rate at the end of each year. In determining the appropriate discount rate, the company considers the 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 the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 16.

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

3. Summary of accounting policies (Contd)

3.20 Significant management judgement in applying accounting policies and estimation uncertainty (Contd)

Estimation uncertainty (Contd)

Revaluation of investment properties

The Company carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Company engaged an independent valuation specialist to determine fair value of its investment properties. For the investment properties, the valuer used market value as valuation technique.

The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term vacancy rate.

Fair value measurement

The fair value of securities not quoted in an active market are determined by the Company using valuation techniques including third party transaction values, earnings, discounted cash flows, dividend yield, whichever is considered to be appropriate. The Company would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, the directors must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of these cash flows.

Limitation of sensitivity analysis

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

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

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

3. Summary of accounting policies (Contd)

3.20 Significant management judgement in applying accounting policies and estimation uncertainty (Contd)

Estimation uncertainty (Contd)

Useful lives and residual values of intangible assets and property, plant and equipment

Management reviews its estimate of the useful lives and residual value of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Company would currently obtain from disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

Impairment of financial assets

The Company uses the guidance of IFRS 9: *Financial Instruments*, to determine the degree of impairment of its loans receivable and other receivables. Management considers a broader range of information when assessing credit risk and estimating the credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the receivables. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

4. Financial instruments risk

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised below.

Financial assets and financial liabilities

	2021 Rs'000	2020 Rs'000
Financial assets		
Non-current		
<i>Financial assets measured at fair value through profit or loss:</i>		
Investments in subsidiaries	1,952,415	1,593,560
Investments in associates	1,919,935	1,117,691
Investments in quoted and unquoted entities	3,074,697	3,197,225
<i>Financial assets measured at amortised cost:</i>		
Loans receivable	2,800	4,071
Current		
<i>Financial assets measured at amortised cost:</i>		
Loans receivable	15,392	11,823
Other receivables	395,060	536,910
Cash and cash equivalents	490,088	645,418
Total financial assets	7,850,387	7,106,698
Financial liabilities		
Non-current		
<i>Financial liabilities measured at amortised cost:</i>		
Other liabilities	476,005	476,005
Borrowings	1,700,000	1,700,000
Current		
<i>Financial liabilities measured at amortised cost:</i>		
Other liabilities	16,595	16,179
Other payables	17,970	17,473
Borrowings	227	35,264
Total financial liabilities	2,210,797	2,244,921

The main types of risks are market risk, credit risk and liquidity risk. The Company's risk management is coordinated by management in close cooperation with the Board of Directors and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to financial markets.

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

4. Financial instruments risk (Contd)

Risk management objectives and policies (Contd)

The most significant financial risks to which the Company is exposed are described below:

(a) Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and price risk which result from both its operating and investing activities.

(i) Currency risk

Foreign exchange risk arises from commercial transactions and financial assets and liabilities denominated in a currency that is not the Company's functional currency.

The Company is exposed to foreign currency risk since part of its investments, cash and cash equivalents and borrowings are denominated in United States Dollar ("USD"), Great Britain Pound ("GBP") and Euro ("EUR").

The currency portfolio is as follows:

	2021	2020
	Rs'000	Rs'000
Financial assets		
MUR	6,497,158	6,470,451
USD	1,257,388	555,078
EUR	95,841	81,169
	7,850,387	7,106,698
	2021	2020
	Rs'000	Rs'000
Financial liabilities		
MUR	2,209,003	2,244,058
USD	375	412
EUR	1,419	451
	2,210,797	2,244,921

The following table demonstrates the sensitivity to a reasonable possible change in USD with all other variables held constant, of the Company's profit/loss before tax.

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

4. Financial instruments risk (Contd)

Risk management objectives and policies (Contd)

(a) Market risk (Contd)

(i) Currency risk (Contd)

	Increase/ decrease in rates %	Effect on profit before tax Rs'000
2021		
USD	+5	62,850
	-5	(62,850)
<hr/>		
EUR	+5	4,721
	-5	(4,721)
<hr/>		
	Increase/decrease in rates %	Effect on loss before tax Rs'000
2020		
USD	+5	27,733
	-5	(27,733)
<hr/>		
EUR	+5	4,035
	-5	(4,035)
<hr/>		

(ii) Price risk

The Company is exposed to equity securities price risk for its investments classified at fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

A sensitivity analysis showing the impact of the increase/decrease in the fair value of the investments on the Company's post-tax profit for the year and on equity is shown in Note 5.1.

(b) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk from various financial instruments including loans receivable and most of other receivables.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

4. Financial instruments risk (Contd)

Risk management objectives and policies (Contd)

(b) Credit risk (Contd)

	2021 Rs'000	2020 Rs'000
Financial assets		
Non-current		
<i>Financial assets measured at fair value through profit or loss:</i>		
Investments in subsidiaries	1,952,415	1,593,560
Investments in associates	1,919,935	1,117,691
Investments in quoted and unquoted entities	3,074,697	3,197,225
<i>Financial assets measured at amortised cost:</i>		
Loans receivable	2,800	4,071
Current		
<i>Financial assets measured at amortised cost:</i>		
Loans receivable	15,392	11,823
Other receivables	395,060	536,910
Cash and cash equivalents	490,088	645,418
Total financial assets	7,850,387	7,106,698

Financial assets measured at fair value through profit or loss

As described in Notes 10, 11 and 12, the Company holds investments in several entities which are both quoted and unquoted. These investments are classified as financial assets at fair value through profit or loss since the Company meets the criteria of an investment entity in accordance with IFRS 10: *Consolidated Financial Statements*.

For investments which are quoted on the stock market, the fair values of these investments are based on the quoted prices prevailing on the Stock Exchange of Mauritius at the reporting date. In respect of the securities which are not quoted, the Company uses valuation techniques including third party transaction values, earnings, discounted cash flows, dividend yield, whichever is considered to be appropriate. The Company exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

At 31 December 2021, the fair values of these investments have increased following the opening of the Mauritian economy after the impact of COVID-19 in 2020. During the year under review, the Company recorded a fair value gain of Rs 789,575,879 (2020: fair value loss of Rs 1,355,574,000).

Loans receivable

Loans receivable pertain to loans provided to employees and related parties. Management considered that no credit risk is associated with these facilities provided to employees as the majority of these employees are still in employment with the Company and any provision on the amounts receivable from employees who are no longer working with the Company will have an immaterial impact on these financial statements. In respect of the related parties, management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations. The related parties will ensure that it has sufficient cash reserves to ensure that no event of default occurs in the foreseeable future. As a result, no loss allowance has been recognised based on 12-month ECL, since no event of default is anticipated.

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

4. Financial instruments risk (Contd)

Risk management objectives and policies (Contd)

(b) Credit risk (Contd)

Other receivables

Other receivables include mainly short-term deposits held with banks amounting to Rs. 379,870,800. The credit risk is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings. Any provision on the remaining balance will have an immaterial impact on the financial statements.

Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

None of the Company's financial assets are secured by collateral or other credit enhancements.

(c) Liquidity risk

Liquidity risk is the risk arising from the Company not being able to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecasted cash inflows and outflows due in day-to-day business.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

	Less than 1 year Rs'000	More than 1 year Rs'000
<i>As at 31 December 2021</i>		
Borrowings	227	1,700,000
Other payables	17,970	-
Other liabilities	16,595	476,005
	34,792	2,176,005
	Less than 1 year Rs'000	More than 1 year Rs'000
<i>As at 31 December 2020</i>		
Borrowings	35,264	1,700,000
Other payables	17,473	-
Other liabilities	16,179	476,005
	68,916	2,176,005

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

4. Financial instruments risk (Contd)

Risk management objectives and policies (Contd)

(d) Interest rate risk

The Company has interest bearing financial assets in terms of loans provided to employees and fixed deposits held with different banking institutions and interest-bearing financial liabilities in terms of borrowings from banks. However, the Company is not exposed to interest rate risk since the rates are fixed in nature.

5. Fair value measurement

5.1 Fair value measurement of financial instruments

Financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: 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); and
- Level 3: inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

The financial assets measured at fair value in the statement of financial position of the Company are grouped into the fair value hierarchy as follows:

	2021			Total Rs'000
	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	
<i>Investments at fair value through profit or loss:</i>				
Agriculture	-	-	1,889	1,889
Communications	-	74,533	69,475	144,008
Distribution	-	-	1,020,776	1,020,776
Entertainment & tourism	145,989	32,586	87,188	265,763
Financial services	182,241	338,197	1,075,155	1,595,593
Gaming	522,750	-	236,671	759,421
ICT	-	47,505	-	47,505
Manufacturing	4,251	254,116	77,084	335,451
Other holdings	1	-	17,676	17,677
Real estate	-	1,725,032	984,230	2,709,262
Construction	-	-	49,700	49,700
	855,232	2,471,969	3,619,846	6,947,047

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

5. Fair value measurement (Contd)

5.1 Fair value measurement of financial instruments (Contd)

	2020			Total Rs'000
	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	
<i>Investments at fair value through profit or loss:</i>				
Agriculture	-	-	1,574	1,574
Communications	26,948	126,586	67,267	220,801
Distribution	-	-	322,900	322,900
Entertainment & tourism	135,377	61,520	92,701	289,598
Financial services	160,269	482,625	921,181	1,564,075
Gaming	591,600	-	94,526	686,126
ICT	-	12,299	-	12,299
Manufacturing	9,803	221,403	107,933	339,139
Other holdings	414	-	15,828	16,242
Real estate	-	1,582,124	862,598	2,444,722
Construction	-	-	11,000	11,000
	924,411	2,486,557	2,497,508	5,908,476

Measurement of fair value

Quoted investments (Level 1)

The quoted investments are listed on The Stock Exchange of Mauritius and the fair values have been determined by the reference to the quoted bid prices at the reporting date.

Unquoted investments (Level 2)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates.

Unquoted investments (Level 3)

The fair value of securities not quoted in an active market is determined by the Company using valuation techniques including third party transaction values, earnings, net asset value of discounted cash flows, whichever is considered to be appropriate. Directors have assessed that NAV represents the best estimate of fair value at the measurement date.

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

5. Fair value measurement (Contd)

5.1 Fair value measurement of financial instruments (Contd)

Level 3 fair value measurement

	2021		Key	
	Fair value	Valuation	Unobservable	Unobservable
	Rs'000	approach	inputs	input
<i>Investments at fair value through profit or loss:</i>				
Agriculture	1,889			
Communications	69,475			
Distribution	1,020,776			
Entertainment & Tourism	87,188	Discounted		
Financial Services	1,075,155	cash flows	Discount	13.19%
Gaming	236,671			
Manufacturing	77,085			
Other Services	17,677			
Real Estate	984,231			
Construction	49,700			
	3,619,846			

	2020		Key	
	Fair value	Valuation	Unobservable	Unobservable
	Rs'000	approach	inputs	input
<i>Investments at fair value through profit or loss:</i>				
Agriculture	1,574			
Communications	67,267			
Distribution	322,900			
Entertainment & Tourism	92,700	Discounted		
Financial Services	920,814	cash flows	Discount	13.19%
Gaming	94,526			
Manufacturing	107,941			
Other Services	15,828			
Real Estate	862,599			
Construction	11,000			
	2,497,149			

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

5. Fair value measurement (Contd)

5.1 Fair value measurement of financial instrument (Contd)

Level 3 fair value measurement (Contd)

The reconciliation of the carrying amounts of financial assets classified within Level 3 is as follows:

	Balance at			Fair value	Balance at
	01 January		Disposal	gain/(loss)	31 December
	2021	Additions	Rs'000	Rs'000	2021
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Agriculture	1,574	-	-	315	1,889
Communications	67,267	3,106	-	(898)	69,475
Distribution	322,900	-	-	697,876	1,020,776
Entertainment & Tourism	92,700	-	-	(5,513)	87,187
Financial Services	920,814	24,119	(20,303)	150,157	1,074,787
Gaming	94,526	143,969	-	(1,824)	236,671
ICT	-	-	-	-	-
Manufacturing	107,941	-	-	(30,848)	77,093
Other Services	15,828	1,631	-	217	17,676
Real Estate	862,599	117,735	-	3,898	984,232
Construction	11,000	38,700	-	-	49,700
	2,497,149	329,260	(20,303)	813,380	3,619,486

	Balance at				Fair value	Balance at
	01 January	Additions	Disposal	/Reclassification	gain/(loss)	31 December
	2020	Rs'000	Rs'000	Rs'000	Rs'000	2020
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Agriculture	1,314	-	-	-	260	1,574
Communications	81,649	-	(14,588)	-	206	67,267
Distribution	-	-	-	1,118,615	(795,716)	322,900
Entertainment & Tourism	38,003	26,673	(24,275)	119,687	(67,388)	92,700
Financial Services	896,241	47,300	-	-	(22,727)	920,814
Gaming	209,837	1,824	-	-	(117,135)	94,526
ICT	79,920	-	-	-	(79,920)	-
Manufacturing	-	-	-	125,124	(17,183)	107,941
Other Services	14,543	-	-	-	1,285	15,828
Real Estate	740,926	8,134	-	57,554	55,985	862,599
Construction	-	11,000	-	-	-	11,000
	2,062,441	94,931	(38,863)	1,420,981	(1,042,333)	2,497,149

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For the year ended 31 December 2021

5. Fair value measurement (Contd)

5.1 Fair value measurement of financial instruments (Contd)

Level 2 fair value measurement

	Balance at 01 January 2021	Additions	Transfer/Disposal	Fair value Adjustment	Balance at 31 December 2021
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Communications	126,586	-	(19,745)	(32,306)	74,535
Financial services	482,625	-	-	(144,428)	338,197
Manufacturing	221,403	-	-	32,713	254,116
Real Estate	1,585,124	32,570	-	137,337	1,725,031
Entertainment & Tourism	61,519	-	-	(28,934)	32,585
Distribution	-	-	-	-	-
ICT	12,299	-	-	35,206	47,505
	2,489,556	32,570	(19,745)	(27,412)	2,471,969

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For the year ended 31 December 2021

5. Fair value measurement (Contd)

5.2 Fair value measurement of financial instruments not carried at fair value

The Company's other financial assets and financial liabilities are measured at their carrying amounts which approximate their fair values.

5.3 Fair value measurement of non-financial assets and non-financial liabilities

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December:

31 December 2021	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Investment property	-	978,800	-	978,800

31 December 2020	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Investment property	-	709,000	-	709,000

The fair value of the Company's investment properties is estimated based on valuation performed by an independent, professionally qualified property valuer. The significant inputs and assumptions are developed in close consultation with management.

Investment property is revalued if market factors indicate a material change in fair value. During the year under review, the investment properties owned by the Company was valued by a Chartered Valuation Surveyor and a fair value gain of Rs. 269,800,000 (2020: Nil) was recorded in these financial statements.

The Company's other non-financial assets consist of property, plant and equipment, intangible assets, deferred tax assets, current tax assets and prepayments and the non-financial liabilities consist of employee benefits obligations and current tax liabilities.

For these non-financial instruments, fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position.

6. Capital management policies and procedures

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders', and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

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Notes to the financial statements

For the year ended 31 December 2021

6. Capital management policies and procedures (Contd)

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, or sell assets to reduce debt.

The Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (share capital, actuarial reserves and retained earnings).

The debt-to-adjusted capital ratios at 31 December were as follows:

	2021	2020
	Rs'000	Rs'000
Total debt	1,700,227	1,735,264
Less: cash in hand and at bank	(490,088)	(645,418)
Net debt	1,210,139	1,089,846
Adjusted capital	6,525,371	5,452,384
Debt-to-adjusted capital ratio	19%	20%

The Directors consider that the level of gearing is reasonable given the nature of operations of the Company.

7. Property, plant and equipment

	Buildings	Office furniture and fittings	Motor vehicles	Total
2021	Rs'000	Rs'000	Rs'000	Rs'000
Cost				
At 01 January	25,122	22,346	1,204	48,672
Additions	-	427	-	427
At 31 December	25,122	22,773	1,204	49,099
Depreciation				
At 01 January 2021	12,810	20,350	971	34,131
Charge for the year	504	878	233	1,615
At 31 December	13,314	21,228	1,204	35,746
Net book values				
At 31 December 2021	11,808	1,545	-	13,353

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Notes to the financial statements

For the year ended 31 December 2021

7. Property, plant and equipment (Contd)

2020	Buildings	Office furniture and fittings	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Cost				
At 01 January	25,122	21,887	1,204	48,213
Additions	-	459	-	459
At 31 December	25,122	22,346	1,204	48,672
Depreciation				
At 01 January 2020	12,308	19,539	738	32,585
Charge for the year	502	811	233	1,546
At 31 December	12,810	20,350	971	34,131
Net book values				
At 31 December 2020	12,312	1,996	232	14,540

8. Investment property

	2021	2020
	Rs'000	Rs'000
At 01 January	709,000	709,000
Fair value gain during the year	269,800	-
At 31 December	978,800	709,000

The Company's investment properties consist of various properties in strategic and well situated regions. Management determined that the investment properties consist of two classes of assets - Land and Building - based on the nature, characteristics and risks of each property.

The Company carries its investment properties at fair value, with changes in fair value being recognised in the statement of comprehensive income.

The investment properties were revalued during the year under review by a Chartered Valuation Surveyor and a fair value gain of Rs. 269,800,000 (2020: Nil) was recorded in these financial statements.

THE STATE INVESTMENT CORPORATION LIMITED

Notes to the financial statements

For the year ended 31 December 2021

8. Investment property (Contd)

The following amounts have been recognised in profit or loss:

	2021	2020
	Rs'000	Rs'000
Rental income derived from investment properties	1,569	1,560
Operating expenses arising on the investment property that generated rental income during the year	588	588

During the year under review and as at reporting date, no restrictions on the releasability of investment properties, or the remittance of income and proceeds of disposal were present. The Company does not have any contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

Significant unobservable valuation input:

	2021	2020
	Range	Range
Price per arpent	Rs 5.8M to Rs 6.6M	Rs 3.9M to Rs 5.9M

Significant increases/(decreases) in estimated price per square metre in isolation would result in a significantly higher/(lower) fair value.

9. Intangible assets

	Leasehold	Computer	
	rights	software	Total
	Rs'000	Rs'000	Rs'000
2021			
Cost			
At 01 January and at 31 December	15,000	11,288	26,288
Amortisation			
At 01 January	2,515	10,883	13,398
Charge during the year	250	171	421
At 31 December	2,765	11,055	13,819
Net book values			
At 31 December 2021	12,235	233	12,469

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9. Intangible assets (Contd)

	Leasehold rights Rs'000	Computer software Rs'000	Total Rs'000
2020			
Cost			
At 01 January	15,000	10,849	25,849
Additions during the year	-	439	439
At 31 December	15,000	11,288	26,288
Amortisation			
At 01 January	2,265	10,665	12,930
Charge during the year	250	218	468
At 31 December	2,515	10,883	13,398
Net book values			
At 31 December 2020	12,485	404	12,889

Intangible assets include leasehold rights with a remaining useful life of fifty-one years.

The leasehold rights relate to lands situated at:

- 1 Arpent at Victoria Avenue, Quatre Bornes, Republic of Mauritius of an extent of 4,221m² at a cost of Rs. 10,000,790; and
- 50 Perch at Victoria Avenue, Quatre Bornes, Republic of Mauritius of an extent of 2,110m² at a cost of Rs. 4,999,210.

10. Investments in subsidiaries measured at fair value through profit or loss

	2021 Rs'000	2020 Rs'000
At 01 January	1,593,560	1,787,855
Additions during the year	158,039	3,824
Disposal during the year	-	(24,275)
Fair value gains/(losses) during the year	200,816	(173,844)
At 31 December 2021	1,952,415	1,593,560

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For the year ended 31 December 2021

10. Investments in subsidiaries measured at fair value through profit or loss (Contd)

(i) Details of the subsidiaries are as follows:

	Class of shares held	Year end	Proportion of ownership				Activity
			Direct		Indirect		
			2021	2020	2021	2020	
Beach Casinos Limited	Ordinary	31-12-21	100.00	100.00	-	-	Gaming
Capital Asset Management Limited	Ordinary	31-12-21	100.00	100.00	-	-	Fund Management
Casino de Maurice Limited	Ordinary	31-12-21	100.00	100.00	-	-	Gaming
Compagnie Mauricienne D'Hippodromes Ltée	Ordinary	31-12-21	10.00	10.00	72.00	72.00	Property Development
Domaine Les Pailles Limitée	Ordinary	31-12-21	8.63	8.63	66.46	66.46	Food & Consumer goods
ERET Management Ltd	Ordinary	31-12-21	100.00	100.00	-	-	Management services
Grand Baie Casino Limited	Ordinary	31-12-21	100.00	100.00	-	-	Gaming
Guibies Holding Ltd	Ordinary	31-12-21	10.00	10.00	72.00	72.00	Property Development
Guibies Properties Ltd	Ordinary	31-12-21	10.00	10.00	72.00	72.00	Property Development
Lakepoint Limited	Ordinary	31-12-21	100.00	100.00	-	-	Leisure & Entertainment
Le Caudan Waterfront Casino Limited	Ordinary	31-12-21	51.00	51.00	-	-	Gaming
Le Grand Casino Du Domaine Limited	Ordinary	31-12-21	62.36	62.36	-	-	Gaming
Le Val Development Limited	Ordinary	31-12-21	70.00	70.00	-	-	Property Development

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10. Investments in subsidiaries measured at fair value through profit or loss (Contd)

(i) Details of the subsidiaries are as follows (Contd):

	Class of shares held	Year end	Proportion of ownership				Activity
			Direct 2021 %	Direct 2020 %	Indirect 2021 %	Indirect 2020 %	
Mauritius Technologies Holdings Ltd	Ordinary	30-06-21	100.00	100.00	-	-	ICT
MJTI Properties Limited	Ordinary	31-12-21	100.00	91.37	-	-	Property Development
Prime Partners Limited	Ordinary	31-12-21	100.00	100.00	-	-	Corporate Services
Prime Real Estate Limited	Ordinary	31-12-21	80.00	80.00	-	-	Property Development
SIC Development Co. Ltd	Ordinary	31-12-21	100.00	100.00	-	-	Financial Intermediary Services
SBM Infrastructure Development Co Ltd	Ordinary	31-12-21	100.00	100.00	-	-	Line of Credit Management Services
SIC Capital Support Ltd	Ordinary	31-12-21	100.00	100.00	-	-	Fund Management
SIC Fund Management Ltd	Ordinary	31-12-21	-	100.00	-	-	Fund Management
SIC Management Services Company Limited	Ordinary	31-12-21	100.00	100.00	-	-	Management Services
State Investment Finance Corporation Limited	Ordinary	31-12-21	80.00	80.00	-	-	Investment
Sun Casinos Limited	Ordinary	31-12-21	100.00	100.00	-	-	Gaming
Grand Baie Casino Limited	Ordinary	31-12-21	100.00	100.00	-	-	Gaming

All the subsidiaries are incorporated in and their place of business is the Republic of Mauritius.

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10. Investments in subsidiaries measured at fair value through profit or loss (Contd)

- (ii) The Company meets the definition of an investment entity. Therefore, the Company does not consolidate its subsidiaries but rather recognise them as investments at fair value through profit or loss. The fair value of the investments is estimated by reference to the maintainable earnings, dividend yield, net assets value of the underlying assets, observable market data and indices of similar entities as appropriate.
- (iii) The Company receives income in the form of dividends, interest and director fees from its investments in unconsolidated subsidiaries, and there are no significant restrictions on the transfer of funds from these entities to the Company.
- (iv) The Board has decided to provide continuous financial support to some of its unconsolidated subsidiaries.
- (v) Subsidiaries are denominated in the following currencies:

	2021	2020
	Rs'000	Rs'000
Mauritian Rupee ("MUR")	1,916,315	1,557,460
United States Dollar ("USD")	36,100	36,100
	1,952,415	1,593,560

- (vi) The fair value measurement of the shares held by the Company in its subsidiaries is categorised into the following fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At 31 December 2021				
Investments in subsidiaries	-	1,537,252	415,163	1,952,415
At 31 December 2020				
Investments in subsidiaries	-	1,332,632	260,928	1,593,560

- (vii) The table below shows the changes in level 3 instruments

	Investments in subsidiaries measured at fair value through profit or loss	
	2021	2020
	Rs'000	Rs'000
Opening balance	260,928	415,532
Additions during the year	146,600	3,824
Disposals during the year	-	(24,275)
Fair value gains/(losses) during the year	7,635	(134,153)
Closing balance	415,163	260,928

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11. Investments in associates measured at fair value through profit or loss

	2021	2020
	Rs'000	Rs'000
At 01 January	1,117,691	2,002,161
Disposals during the year	(20,303)	(59,823)
Fair value gains/(losses) during the year	822,547	(824,647)
At 31 December	1,919,935	1,117,691

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11. Investments in associates measured at fair value through profit or loss (Contd)

(i) Details of the investment in the associates are as follows:

	Class of Shares held	Year end	Proportion of ownership				Activity
			Direct		Indirect		
			2021	2020	2021	2020	
			%	%	%	%	
Mauritius Duty Free Paradise Co Ltd	Ordinary	30-06-21	20.00	20.00	-	-	Distribution
Mauritius Shopping Paradise Co Ltd	Ordinary	31-03-21	43.35	43.35	-	-	Distribution
Mauritius Land Based Oceanic Park Ltd	Ordinary	31-12-21	63.00	63.00	-	-	Utilities
National Equity Fund	Preference	31-12-21	"	25.00	-	-	Financial Services
Pointe Coton Resorts Hotels Co Limited	Ordinary	31-03-21	28.54	28.54	-	-	Leisure and Entertainment
Port Louis Fund Ltd	Ordinary	30-06-21	39.28	39.28	-	-	Investment fund
Splendid Property Co Ltd	Ordinary	31-12-21	25.00	25.00	-	-	Real Estate
State Informatics Limited	Ordinary	31-12-21	20.00	20.00	-	-	ICT
Ebene Car Park Ltd	Ordinary	31-12-21	27.96	27.96	-	-	Real Estate

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11. Investments in associates measured at fair value through profit or loss (Contd)

- (ii) The fair value of investments in associates are estimated by reference to the maintainable earnings, net assets value of the underlying assets, observable market data and indices of similar entities as appropriate.
- (iii) The Company receives income in the form of dividends and interest from its associates. There are no significant restrictions on the transfer of funds from these entities to the Company.
- (iv) Associates are denominated in the following currencies:

	2021	2020
	Rs'000	Rs'000
Mauritian Rupee ("MUR")	899,159	794,890
Euro ("EUR")	1,020,776	322,801
	1,919,935	1,117,691

- (v) The fair value measurement of the shares held by the Company in its associates is categorised into the following fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At 31 December 2021				
Investments in associates	-	80,091	1,839,844	1,919,935
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At 31 December 2020				
Investments in associates	-	73,819	1,043,872	1,117,691

- (vi) The table below shows the changes in level 3 instruments

	Investment in associates at fair value through profit or loss	
	2021	2020
	Rs'000	Rs'000
Opening balance	1,043,872	749,232
Disposals during the year	(20,303)	-
Transfer to Level 2 during the year	-	322,801
Fair value gains/(losses) during the year	816,275	(28,161)
Closing balance	1,839,844	1,043,872

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12. Investments at fair value through profit or loss

- (i) Investments measured at fair value through profit or loss constitutes of both investments in quoted and unquoted equities.

2021	Fair value through profit or loss		
	Quoted Rs'000	Unquoted Rs'000	Total Rs'000
At 01 January	924,771	2,272,454	3,197,225
Additions during the year	-	182,661	182,661
Disposals during the year	(51,658)	(19,744)	(71,402)
Fair value losses during the year	(17,882)	(215,905)	(233,787)
At 31 December	855,231	2,219,466	3,074,697

2020	Fair value through profit or loss		
	Quoted Rs'000	Unquoted Rs'000	Total Rs'000
At 01 January	1,158,256	2,268,895	3,427,151
Additions during the year	-	109,974	109,974
Transfer from deposit on investment	-	31,771	31,771
Disposals during the year	-	(14,588)	(14,588)
Fair value losses during the year	(233,485)	(123,598)	(357,083)
At 31 December	924,771	2,272,454	3,197,225

- (ii) Other investments at fair value through profit or loss are denominated in the following currencies:

Currency	2021	2020
	Rs'000	Rs'000
Mauritius Rupee ("MUR")	2,780,138	2,938,214
United States Dollar ("USD")	200,137	178,296
Euro ("EUR")	94,422	80,715
	3,074,697	3,197,225

- (iii) The fair value measurement of the shares held by the Company in the other investments at fair value through profit or loss is categorised into the following fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At 31 December 2021				
Investment fair value through profit or loss	855,232	854,626	1,364,839	3,074,697

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12. Investments at fair value through profit or loss (Contd)

	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
At 31 December 2020				
Investments fair value through profit or loss	924,411	1,080,465	1,192,349	3,197,225

(iv) The table below shows the changes in Level 3 instruments for the year ended 31 December:

	Fair value through profit or loss	
	2021 Rs'000	2020 Rs'000
Opening balance	1,192,349	898,035
Additions during the year	182,660	91,107
Transfers during the year	-	302,357
Disposals during the year	-	(14,589)
Fair value losses during the year	(10,170)	(84,561)
Closing balance	1,364,839	1,192,349

(v) Net change in investments at fair value through profit or loss:

	2021 Rs'000	2020 Rs'000
Investment in subsidiaries (Note 10)	200,816	(173,844)
Investment in associates (Note 11)	822,547	(824,647)
Financial assets at fair value through profit or loss (Note 12)	(233,787)	(357,083)
Net change on investments at fair value through profit or loss	789,576	(1,355,574)

13. Loans receivable

	2021 Rs'000	2020 Rs'000
Non-current		
Loans receivable from employees (Note 13(i))	2,800	4,071
Current		
Loans receivable from employees (Note 13(i))	785	814
Loans receivable from related parties (Note 13(ii))	14,607	11,009
	15,392	11,823

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13. Loans receivable (Contd)

- (i) The Company provides loans to employees which bear a fixed rate of interest and the monthly repayments are deductible from the employees' salaries.

As per Management, no credit risk is associated with these facilities as the majority of these employees are still in employment with the Company and any provision on the amounts receivable from the employees who are no longer working with the Company as at reporting date will have an immaterial impact on these financial statements.

- (ii) The Company provides loans to its related parties which are interest free in nature and repayable on demand. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations. The related parties will ensure that it has sufficient cash reserves to ensure that no event of default occurs in the foreseeable future. As a result, no loss allowance has been recognised based on 12-month ECL, since no event of default is anticipated.

14. Other receivables

	2021	2020
	Rs'000	Rs'000
Dividend receivable (Note 14(i))	12,000	25,900
Directors' fees receivable (Note 14(ii))	851	360
Fixed deposits (Note 14(iii))	379,871	500,000
Others (Note 14(iv))	3,547	11,245
	396,269	537,505

- (i) During the year ended 31 December 2021, the Company earned a total dividend income amounting to Rs. 83,490,000 (2020: Rs. 92,340,000) from its investees out of which an amount of Rs. 12,000,000 (2020: Rs. 25,900,000) was still receivable as at the reporting date. Subsequent to the reporting date, the dividends were fully received by the Company.
- (ii) The Company earns directorship fees through its representation of directors in investee companies. During the year ended 31 December 2021, the Company earned a total director's fee income amounting to Rs. 5,380,133 (2020: Rs. 5,358,000) out of which Rs. 851,000 (2020: Rs 360,000) was still receivable as at reporting date.
- (iii) The Company holds fixed deposits with banking institutions. The associated credit risk is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. The fixed deposits have maturity terms within one year.
- (iv) Others include other miscellaneous amounts which are receivable as at reporting date. Any provision on the remaining balance will have an immaterial impact on the financial statements.

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15. Stated capital

	2021	2021
	Number of shares	Rs'000
Authorised, issued & fully paid		
Ordinary shares of Rs 10 each	8,500,100	85,000
	2020	2020
	Number of shares	Rs'000
Authorised, issued & fully paid		
Ordinary shares of Rs 10 each	8,500,100	85,000

16. Retirement benefit obligations

	2021	2020
	Rs'000	Rs'000
Amount recognised in the statement of financial position:		
Defined pension plan	60,624	91,740
Amount charged to profit or loss:		
Defined pension plan	3,866	4,042
Amount credited/(charged) to other comprehensive income:		
Defined pension plan	33,295	(62,591)

- (i) The Company contributes to a defined benefit pension plan. The plan is a final salary plan, which provides benefits to the employees in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on employees' length of service and their salary in the final year leading up to retirement.
- (ii) The assets of the fund are held independently and administered by the State Insurance Company of Mauritius Ltd ("SICOM"). The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.
- (iii) The amounts recognised in the statement of financial position are as follows:

	2021	2020
	Rs'000	Rs'000
Present value of funded obligations	126,611	155,364
Fair value of plan assets	(65,987)	(63,624)
Liability in the statement of financial position	60,624	91,740

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16. Retirement benefit obligations (Contd)

(iv) The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follows:

	2021	2020
	Rs'000	Rs'000
At 01 January	91,740	26,791
Total expenses charged to profit or loss	3,866	4,042
Other comprehensive income change	(33,295)	62,591
Contributions paid	(1,687)	(1,684)
Balance at 31 December	60,624	91,740

(v) The movements in the defined benefit obligations over the year is as follows:

	2021	2020
	Rs'000	Rs'000
At 01 January	155,364	87,817
Current service cost	2,633	3,304
Interest expense	3,418	4,742
Actuarial (gain)/loss	(31,601)	64,331
Benefits paid	(3,203)	(4,830)
At 31 December	126,611	155,364

(vi) The movements in the fair value of the plan assets of the year is as follows:

	2021	2020
	Rs'000	Rs'000
At 01 January	63,624	61,027
Return on plan assets	1,392	3,231
Contributions by plan participants	843	821
Contributions by the employer	1,688	1,643
Benefits paid	(3,253)	(4,838)
Asset gain	1,693	1,740
At 31 December	65,987	63,624

(vii) The amounts recognised in profit or loss are as follows:

	2021	2020
	Rs'000	Rs'000
Current service cost	2,633	3,303
Employee contributions	(844)	(821)
Fund expenses	51	49
Interest expense	2,026	1,511
Total included in employee benefit expense	3,866	4,042

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For the year ended 31 December 2021

16. Retirement benefit obligations (Contd)

(iv) The amounts recognised in other comprehensive income are as follows:

	2021	2020
	Rs'000	Rs'000
Remeasurement on the net defined benefit liability:		
Liability experience losses	31,602	(64,331)
Actuarial gain	1,693	1,740
	33,295	(62,591)

(v) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2021	2020
	%	%
Government securities and cash	55.10	56.30
Loans	2.70	3.00
Local equities	12.10	10.10
Overseas bonds and equities	29.60	30.10
Property	0.50	0.50
	100.00	100.00

(vi) The principal actuarial assumptions used for the purposes of the actuarial valuations were:

	2021	2020
	%	%
Discount rate	4.80	2.20
Future salary growth rate	3.00	2.00
Future pension growth rate	2.00	1.40

The discount rate is determined by reference to market yield on bonds.

(vii) Sensitivity analysis on defined benefit obligations at end of the reporting date:

	Increase	Decrease
31 December 2021	Rs'000	Rs'000
Discount rate 1% lower/higher	19,600	15,800
Expected salary growth 1% increase/decrease	7,500	6,500
Life expectancy 1 year increase/decrease	3,500	3,500

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16. Retirement benefit obligations (Contd)

	Increase	Decrease
31 December 2020	Rs'000	Rs'000
Discount rate 1% lower/higher	28,000	21,900
Expected salary growth 1% increase/decrease	10,000	8,600
Life expectancy 1 year increase/decrease	5,300	5,300

- An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of the reporting period.
- The sensitivity above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of reporting period.
- The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.
- There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years other than the change in discount rate.
- The defined benefit pension plan exposes the Company to actuarial risks, such as longevity risk, salary risk, interest rate risk and market (investment) risk.
- The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

17. Deferred tax liability

Deferred income tax is calculated on all temporary differences under the liability method at 17% (2020: 17%).

There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax liabilities when the deferred income taxes relate to the same fiscal authority on the same entity. The following amounts are shown in the statement of financial position:

	2021	2020
	Rs'000	Rs'000
Deferred tax asset	(9,338)	(13,367)

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For the year ended 31 December 2021

17. Deferred tax liability (Contd)

The movement on deferred income tax account is as follows:

	2021	2020
	Rs'000	Rs'000
At 01 January	(13,367)	(863)
Movement in profit or loss	(1,631)	(1,864)
Movement in other comprehensive income	5,660	(10,640)
At 31 December	(9,338)	(13,367)

Deferred tax liabilities, deferred tax credit in the profit or loss are attributable to the following items:

	At 01 January	Charged to	Credited to	At 31 December
	2021	profit or loss	other comprehensive	2021
	Rs'000	Rs'000	income	Rs'000
			Rs'000	
Deferred income tax				
Accelerated tax depreciation	2,228	(1,261)	-	967
Retirement benefit obligations	(15,595)	(370)	5,660	(10,305)
Net deferred tax liabilities	(13,367)	(1,631)	5,660	(9,338)

	At 01 January	Charged to	Credited to	At 31 December
	2020	profit or loss	other comprehensive	2020
	Rs'000	Rs'000	income	Rs'000
			Rs'000	
Deferred income tax				
Accelerated tax depreciation	3,691	(1,463)	-	2,228
Retirement benefit obligations	(4,554)	(401)	(10,640)	(15,595)
Net deferred tax liabilities	(863)	(1,864)	(10,640)	(13,367)

18. Income tax

Statement of financial position

	2021	2020
	Rs'000	Rs'000
At 01 January	(118)	(231)
Provision for CSR	-	19
Under/(over) provision	86	145
Paid during the year	-	(51)
At 31 December	(32)	(118)

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Notes to the financial statements

For the year ended 31 December 2021

18. Income tax (Contd)

Statement of profit or loss

	2021	2020
	Rs'000	Rs'000
Provision for CSR	-	19
Under provision	86	145
Deferred tax movement (Note 17)	(1,631)	(1,864)
Tax credit	(1,545)	(1,700)

The tax on the company's profit before taxation differs from the theoretical amount that would arise using the basic tax rate of the company as follows:

	2021	2020
	Rs'000	Rs'000
Profit/(loss) before taxation	1,044,441	(1,402,025)
Tax calculated at a rate of 17% (2020: 17%)	177,555	(238,344)
Tax effect of:		
Expenses not deductible for tax purposes	(194,461)	220,866
Income not subject to tax	15,275	15,614
Under provision	86	145
Provision for CSR	-	19
Tax credit	(1,545)	(1,700)

19. Other payables

	2021	2020
	Rs'000	Rs'000
Payable to Government of Mauritius under ISP (Note 29)	3,100	3,978
Other payables (Note 19(i))	83,306	81,931
	86,406	85,909

- (i) The carrying amounts of other payables approximate their fair value.
- (ii) The amount payable to Government of Mauritius is in respect of the Investment Support Programme ("ISP") and represents cash held by the Company in a fiduciary capacity and is non-interest bearing.

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Notes to the financial statements

For the year ended 31 December 2021

20. Other liabilities

	2021	2020
	Rs'000	Rs'000
Non-current		
Guibies Properties Ltd (Note 20(i))	431,005	431,005
Yihai International Investment Ltd (Note 20(ii))	45,000	45,000
	476,005	476,005
Current		
Interest payable on Bonds (Note 21(i))	11,806	11,806
Interest payable on Line-Of-Credit (Note 21(ii))	4,789	4,373
	16,595	16,179
Total	492,600	492,184

- (i) The amount payable is in respect to the transfer of land from Guibies Properties Ltd (“GPL”) for the JV Smart City Project. The amount payable is interest free, unsecured and with no specific repayment terms.
- (ii) The amount due to Yihai International Investment Ltd represents amount payable upon completion of Phase 1 of the JV Smart City Project.

21. Borrowings

	2021	2020
	Rs'000	Rs'000
Non-current		
<i>Bonds:</i>		
SBM Bank (Mauritius) Ltd	500,000	500,000
MauBank Ltd	200,000	200,000
<i>Line of credit:</i>		
Bank of Mauritius	1,000,000	1,000,000
Total	1,700,000	1,700,000
Current		
Bank overdrafts	227	35,264

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21. Borrowings (Contd)

- (i) Bonds held by the SBM Bank (Mauritius) Ltd and Maubank Ltd carry an annual interest rate of 5.85% per annum and have a maturity date of 17 September 2023. As security, the Company has pledged its shares owned in various investee companies. The Company has incurred a total interest expense of Rs. 40,950,000 (2020: Rs. 40,950,000) on the bonds during the year under review out of which an amount of Rs. 11,806,013 (2020: Rs. 11,806,813) was payable as at reporting date.
- (ii) During the year ended 31 December 2020, the Company was granted a line of credit facility by the Bank of Mauritius amounting to Rs. 1,000,000,000. The line of credit carries interest an annual rate of 1.90%. The loan is supported by a letter of comfort from the Government. The Company incurred a total interest expense of Rs. 18,973,972 (2020: Rs. 4,372,603) during the year under review out of which an amount of Rs. 4,789,041 (2020: Rs. 4,372,603) was payable as at reporting date.

22. Cash and cash equivalents

	2021	2020
	Rs'000	Rs'000
MUR	488,294	627,085
EUR	375	17,881
USD	1,419	452
	490,088	645,418

	2021	2020
	Rs'000	Rs'000
Cash and cash equivalents		
Cash in hand and at bank	486,988	641,440
Cash held on behalf of Government of Mauritius for ISP scheme (Notes 19 and 29)	3,100	3,978
Cash at bank and in hand	490,088	645,418

23. Interest income

	2021	2020
	Rs'000	Rs'000
Interest income on staff loans	239	335
Interest income on fixed deposits	4,043	5,381
	4,282	5,716

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24. Interest expense

	2021	2020
	Rs'000	Rs'000
Interest on bonds (Note 21 (i))	40,950	40,950
Interest on line-of-credit (Note 21 (ii))	18,974	4,372
	59,924	45,322

25. Other income

	2021	2020
	Rs'000	Rs'000
Management fees	2,020	1,990
Rental income	2,052	2,674
Directorship fees	5,382	5,358
Other miscellaneous income	947	643
	10,401	10,665

26. Employee benefit expenses

	2021	2020
	Rs'000	Rs'000
Wages and salaries, including termination benefits and social security costs	36,716	32,438
Pension costs - defined benefit plans	3,866	4,042
	40,582	36,480

27. Dividends

	2021	2020
	Rs'000	Rs'000
Dividend declared and paid during the year	-	35,000
	Rs	Rs
Dividend per share	-	4.12

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28. Related party transactions

	Utilities and licences paid to Rs'000	Secretarial fees Rs'000	Dividend income Rs'000	Remuneration Rs'000	Amounts owned by related parties Rs'000	Amounts owned to related parties Rs'000
31 December 2021						
Subsidiaries	-	1,725	12,000	-	9,007	431,005
Associates	-	-	11,826	-	5,500	-
Directors and key management personnel	-	-	-	9,670	-	-
Enterprises with common directors	-	-	-	-	-	3,978
31 December 2020						
Subsidiaries	-	1,208	10,000	-	5,509	431,005
Associates	-	-	9,345	-	5,500	-
Directors and key management personnel	-	-	-	9,627	-	-
Enterprises with common directors	-	-	-	-	-	3,978
Related bodies	692	-	-	-	-	-

Outstanding balances at reporting date are unsecured, interest-free, repayable on demand and settlement occurs in cash.

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29. Investment support program (ISP)

In 2009, Government introduced the Mechanism for Transitional Support for the Private Sector ("MTSP") under the Additional Stimulus Package ("ASP") to assist firms facing difficulties in the context of the world's economic crisis by way of: equity support, liquidity/working capital including guarantee for bank support, asset purchase, swap or lease back for asset rich but cash poor enterprises.

In August 2010, the MTSP was renamed Economic Restructuring and Competitiveness Program ("ERCP") which took over the role of MTSP.

Following the 2012 Budget Speech, the Vice Prime Minister and Minister of Finance and Economic Development announced the setting up of the National Resilience Fund ("NRF"), which in turn took over the role and responsibilities of ERCP.

Government of Mauritius ("GOM") as such is not in a position to enter into agreement with individual beneficiaries. Therefore, the State Investment Corporation Limited is assisting the enterprises affected by the financial slowdown, on behalf of Ministry of Finance, Economic Planning and Development ("MOFED"), in terms of equity, debentures, loans and working capital. It has the responsibility for disbursing to the beneficiaries and receiving the repayment from the later. SIC also acts as Guarantor on behalf of the Government of Mauritius. Agreements are signed between the beneficiary clients and SIC.

As at date several schemes under the ISP programme (*formerly RWG programme*) have been introduced by the Government and SIC has been entrusted with the management and implementation of the different schemes set up by Government. The different schemes under the ISP programme are as follows:

- Stimulus Package
- Leasing Modernisation Scheme
- Export Credit Insurance Scheme
- ERCP Credit Financing Scheme
- Planters Harvest Scheme
- Import facility
- Direct support under stimulus package
- Technopreneurship Scheme
- Women enterprise Scheme
- ICT Centre of excellence

The State Investment Corporation Limited does not bear any credit risk of the funds' beneficiaries given its fiduciary role in the schemes under ISP. Further, SIC does not bear any risk in relation to the guarantees they provide to the beneficiaries as the Government of Mauritius guarantees all the schemes and indemnifies SIC against any losses incurred in relation to the ISP schemes as stated in the memorandum of understanding (MOU) section 6, paragraph 2, where MOFED has agreed to "guarantee", make good and cover all losses/defaults incurred by SIC".

In prior years, cash received under each scheme were not refunded to Ministry of Finance, Economic Planning and Development ("MOFED"). There were no obligations to remit the funds. In the absence of the pass-through arrangements, an asset and a corresponding liability were recognised in the financial statements representing amount receivable from beneficiaries and amount payable to MOFED respectively.

However, an agreement has been reached between the parties in 2013 and SIC now has the obligation to refund the cash flows on a regular basis. This is effective as from 01 January 2013.

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29. Investment support program (ISP) (Contd)

During the year ended 31 December 2015, SIC had made refunds and provided in regular returns to the MOFED as required per the agreement.

The formalisation of the contractual terms regarding the remittance of cash has resulted in the derecognition of the assets and liabilities relating to the various schemes.

The Ministry of Finance and Economic Development, Investment Support Programme (“ISP”) Limited and The State Investment Corporation Limited entered into an agreement on 25 October 2019 with regards to the implementation of the various schemes and programmes following budgetary measure 2019-2020.

30. Cash flow information

Net debt reconciliation

	2021	2020	
	Rs'000	Rs'000	
Net debt			
Repayable after one year			
- Borrowings	1,700,000	1,700,000	
Repayable within one year			
- Interest payable	16,595	16,178	
Total	1,716,595	1,716,178	
	Repayable after	Repayable within	Total
	after 1 year	within 1 year	Total
	Rs'000	Rs'000	Rs'000
Net debt as at 01 January 2021	1,700,000	16,178	1,716,178
Cash flows:			
Repayment of interest expense	-	(59,507)	(59,507)
Non-cash movements:			
Interest expense	-	59,924	59,924
Net debt as at 31 December 2021	1,700,000	16,595	1,716,595

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30. Cash flow information (Contd)

Net debt reconciliation (Contd)

	Repayable after after 1 year Rs'000	Repayable within within 1 year Rs'000	Total Rs'000
Net debt as at 01 January 2020	700,000	11,806	711,806
Cash flows:			
Proceeds from loan	1,000,000	-	1,000,000
Repayment of interest expense	-	(40,950)	(40,950)
	1,000,000	(40,950)	959,050
Non-cash movements:			
Interest expense	-	45,322	45,322
Net debt as at 31 December 2020	1,700,000	16,178	1,716,178

31. Contingent liabilities

As at 31 December 2021, the Company had contingent liabilities in respect of the following:

- Corporate Guarantees amounting to Rs 2.1 M, through the ISP Committee including import loans, have been given on behalf of the Government relating to the Investment Support Program. These loans are backed by government guarantee to the SIC.
- In the prior financial year ended 31 December 2020, following the impact of COVID-19, the Government introduced business support schemes granted by commercial banks with the Company guarantee between 50% and 60% of loan amounts provided by banks. As at 31 December 2021, an amount of Rs 5.4 billion (2020: Rs 2.8 Billion) had been disbursed by banks. In case of default, the banks would initiate recovery procedures and any amount not recovered would be claimed from the Company. Total amount guaranteed was between Rs 2.7 billion to Rs3.3 billion at 31 December 2021. These guarantees are backed by a letter of comfort from the Government.

32. Events after the reporting date

The Company has evaluated all events subsequent through the date of these financial statements that were available to be issued and determined that the subsequent events that require disclosures are as follows:

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32. Events after the reporting date (Contd)

- (i) In February 2022, a military conflict arose between Russia and Ukraine, with the latter being supported by countries in the NATO alliance as well as others around the globe, including imposition of financial and trade sanctions against Russia. Although the length, impact and outcome of the ongoing military conflict in Ukraine is highly unpredictable, this conflict could lead to significant market and other disruptions, including significant volatility in commodity prices, supply of energy resources, instability in financial markets, supply chain interruptions, political and social instability, changes in consumer or purchaser preferences as well as increase in cyberattacks and espionage.
- (ii) The COVID-19 pandemic impacts remain uncertain post the reporting date. While it is impossible to know how long the current environment will last, as COVID-19 is subject to rapid changes, updated facts and circumstances continue to be monitored as new information becomes available.

Except for the above, there have been no material events since the end of the reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 December 2021.

33. Ultimate shareholder

The ultimate shareholder of the Company is the Government of Mauritius.