Rating Rationale
CIEL Limited

Ratings

Facility/Instrument*	Amount (MUR Million)	Rating**	Remarks
Proposed Bond Issue III	500	**CARE MAU A+; Stable [Single A plus; Outlook: Stable]**	Assigned
Bank Facilities – Long Term/Short term	180	**CARE MAU A+; Stable/CARE MAU A1 [Single A plus; Outlook: Stable /A One]**	Reaffirmed
Long term Bond I	1,270	**CARE MAU A+; Stable [Single A plus; Outlook: Stable]**	Reaffirmed
Long term Bond II	1,530	**CARE MAU A+; Stable [Single A plus; Outlook: Stable]**	Reaffirmed

**Details of facilities/instruments in Annexure I*
***Complete definition of the ratings assigned are provided in Annexure II*

Rating Rationale

The rating assigned to the existing Bank Facilities of MUR 180 Million, Long Term Bond of MUR 1,270 Million and MUR 1,530 Million of CIEL Limited was reaffirmed. CRAF has also assigned CARE MAU A+; Stable rating to the proposed Bond issue of Mur 500 million of CIEL Limited. The proceeds of the Bond issue of MUR 500 million will be partly used to repay MUR 300 million (part of outstanding Bond issue of MUR 1,270 million) and partly to reduce the working capital utilization. Post the issuance of the Bond of MUR 500 million and repayment of MUR 300 million of outstanding Bond, CRAF will withdraw the rating assigned to the Bond issue of MUR 300 million.

The rating assigned to the existing Bank Facilities of MUR 180 Million, Long Term Bond of MUR 1,270 Million and MUR 1,530 Million of CIEL Limited was downgraded, from CARE MAU AA; Negative/ CARE MAU A1+ to CARE MAU A+; Stable/ CARE MAU A1 in December 2020, due to lower than expected profitability at both standalone and consolidated level – primarily due to closure of business during national lockdown in Q4FY20 resulting into a loss in majority of the clusters in FY20 and higher than envisaged debt at the Hotel cluster in order to fund loses arising out of closure of hotels due to the pandemic and subdued performance of its hotel property in Maldives.

The ratings continue to derive strength from established track record of CIEL group, experienced promoters, professional and highly qualified management team, presence across diverse business clusters (Textile, Finance, Healthcare, Hotel & Resorts, and Agro & Property), turnaround in performance of major dividend paying clusters (Textile, Finance, Agro and Healthcare) in H1FY21, expected dividend flow of from Textile, Agro & Property, Healthcare and Finance clusters, increase in stake to 100% in CIEL Textile and 20% in C-Care (Mauritius) Limited in July 2019 - which is expected to enhance dividend inflow from Textile & Healthcare clusters, huge land bank which can be monetized to reduce debt at group level and moderate financials.

The long-term rating is, however, tempered by CIEL being an investment company and its only source of revenue being dividend from group companies - contingent upon performance of various subsidiaries/associate companies amidst the pandemic, high debt level availed to finance acquisition and renovation in Hotel cluster, losses in the Hotel cluster (due to closure of hotels since March 2020, because of the pandemic) which in turn has impacted the financial performance of the group at the consolidated level in FY20 and H1FY21, market & political risks associated with operations in Africa and currency risk associated with Textile and Hotel clusters.

The ratings are sensitive to the ability of CIEL Limited to reduce debt at both standalone & consolidated level by monetizing its non-core/loss making assets, turnaround in the operational & financial performance of the Hotel cluster, any new debt funded acquisition or renovation and improvement in investment to debt ratio.

BACKGROUND

CIEL Limited (CIEL), an investment & holding company of CIEL group, is controlled and managed by the siblings of Mr. Adrien Dalais (holding more than 30% stake). CIEL is one of the largest industrial and investment groups based in Mauritius with operations in African and Asian countries. Apart from Mauritius, the CIEL group clusters are present in Maldives through the hotel industry, Tanzania and Kenya through the agricultural industry, Uganda and Nigeria through the healthcare sector, Kenya, Seychelles, Madagascar & Botswana through the finance industry and Madagascar, India and Bangladesh through the textile industry.

CIEL derives its revenue as dividend from the various group companies engaged in 5 diversified sectors - Textile, Finance, Hotel & Resorts, Healthcare and Agro & Property. The major companies of the group are CIEL Textile Limited, Aquarelle International Limited (textile; CARE MAU A; Stable), Aquarelle India Pvt. Ltd (textile; CARE BBB; Stable), CIEL Finance Limited [finance; CARE MAU A+; Stable], Bank One [bank; CARE MAU A+; Negative], C-Care (Mauritius) Ltd. (hospital; CARE MAU A; Stable/ CARE MAU A1), Alteo Limited (sugar; CARE MAU A; Stable), City and Beach Hotels (Mauritius) Limited – subsidiary of Sun Limited (hotel; CARE MAU A-; Under Credit Watch with Negative Implications). CIEL Textile is the major cash generating cluster of CIEL group. The group earned total revenue of around MUR 24 billion in FY20 (MUR 23 billion in FY19).

CIEL is a professionally managed company. It is governed by a 15-member Board of Directors comprising of 4 members from the Dalais family and several eminent industrialists and professionals. The strategic affairs of the company are looked after by Mr. Arnaud Dalais - Chairman of the group and his brother Mr. Jean-Pierre Dalais Group Chief Executive. Mr Arnaud Dalais' son is also actively involved in the family business. They are assisted by Mr. Jerome de Chasteauneuf (Executive Director; Group Finance Director) associated with CIEL group for more than 20 years and a team of experienced and qualified professionals.

CREDIT RISK ASSESSMENT

Long track record of the group & experienced promoters

Incorporated in 1948, CIEL is the investment & holding company of CIEL group. The promoters (the siblings of Mr. Adrien Dalais) have been engaged in sugar production in Mauritius since 1912, textile production since 1972, hotel industry since 1974 and finance business from 1992. CIEL derives its entire revenue as dividends from various group companies engaged in diversified sectors like Textile, Finance, Healthcare, Hotel & Resorts and Agro & Property. During FY20 and FY19, dividend received by CIEL Limited from its subsidiaries and associates was MUR 381 Million and Mur 343 Million respectively.

Professional and highly qualified management team

CIEL group has a highly qualified and experienced employee pool having vast experience in their related field. Improvement in CIEL's operational efficiency over the years can be attributed to its sound management team. Each vertical is managed by a CEO and team of professionals. CEO directly reports to the Chairman. The group has more than 35,000 employees comprising of professionals, skilled and semi-skilled workers distributed among the various business verticals.

Established group with presence across diverse business verticals

CIEL has interests across diverse business verticals like Textile, Finance, Healthcare, Hotel & Resorts and Agro & Property. The FY20 financials of the major group companies are as under: ***MUR Million***

Companies (FY20)	Business Vertical	Stake (%)	Turnover	PAT*	GCA	Dividend Pay out	Total Debt	Tangible Net worth	Overall gearing	Total debt/ GCA
CIEL Textile Ltd.	Textile	100	10,600	(29)*	338	331	4,508	2,880	1.57	13.36
CIEL Finance Ltd.	Banking	75.10	3,462	501	704	22	542	3,613	0.15	0.77
Alteo Limited	Sugar/Agro	20.96	8,287	254	982	172	7,527	15,336	0.49	7.66
Ferney Limited	Land	71.06	34	(20)	(12)	0	26	2,661	0.01	0.24
Ebene Skies	Rentals	100	48	12	14	5	261	274	0.95	2.95
CIEL Healthcare Ltd.	Healthcare	53.03	2,711	32*	189	-	807	422	1.91	4.27
C-Care (Mauritius) Ltd	Healthcare	87.49	1,992	42	189	-	415	505	0.82	2.20
Sun Limited	Hotels	50.10	5,058	(857)*	(80)	-	9,410	3,204	2.94	-

**Normalized for FY20/FY19 vis-à-vis Reported. PAT excluding the fair value reserve.*

Investment in group companies

As on June 30, 2020; CIEL had a total investment of MUR 13,068 million (MUR 14,141 million as on June 30, 2019) in its various business verticals. Value of investment of CIEL Limited has increased by 11% from Mur 13,068 Million on June 30, 2020 to Mur 14,492

Business Verticals	% of total investment	
	FY19	FY20
Hotels & Resorts	24	11
Agro & Property	22	24
Textile	29	33
Finance	20	20
Healthcare	5	12
Total Investment (Mur Million)	**14,141**	**13,068**
Total Debt (CIEL-Standalone) (Mur Million)	**2,720**	**2,968**
Investment/Debt ratio	**5.20**	**4.40**

Million on December 31, 2020, mainly due to an increase in the share price of C-Care and Alteo by 76% and 37% respectively.

Consistent flow of dividends from various group companies

CIEL's revenue is dividends declared by group companies engaged in different business verticals:

Dividend Income from Companies	Business Verticals	Amount of dividend received (Mur Million)				
		FY16	FY17	FY18	FY19	FY20
CIEL Textile Limited	Textile	186	172	253	112	331
CIEL Finance Limited	Finance & Banking	46	54	54	72	16
Alteo Limited	Agro/Sugar/Land	53	55	52	45	43
Ferney Limited & Ebene Skies	Property	51	42	42	33	-
Sun Limited	Hotels & Resorts	-	-	43	65	-
C-Care (Mauritius) Ltd	Healthcare	-	-	-	-	-
CIEL Corporate Services & others		-	75	0		4
Total		**336**	**398**	**444**	**327**	**394**

Over last few years, 45-55% of the total dividend has been paid by CIEL Textile. In FY20, CTL paid a total dividend of MUR 331 Million.

Performance of major dividend paying companies (CIEL Textile, CIEL Finance, Alteo and C-CARE); and Sun Limited was impacted by national lockdown due to COVID-19 pandemic in Q4FY20

Textile- CIEL Textile Limited (CTL; 100% subsidiary of CIEL) is one of the major dividend streams for CIEL Limited. CTL is a world-renowned corporate player in the textile and garments industry. It has 19 production units spanned across Mauritius (7), Madagascar (6), India (5) and Bangladesh (1). With production capacities of around 34 million garments and approximately 36 million garments exported annually (FY19), CTL's main export markets are in Europe, India, South Africa and USA. CTL offers a variety of products under 3 clusters – Woven (Aquarelle), Fine knits (Tropic Knits & CDL) and Knitwear (Floreal). Woven produces formal, casual and ladies Shirts. Fine Knits produces jersey wear garments, T-shirt, Polo Shirts, and cotton sweaters. Knitwear produces sweaters and wool spinning. CTL operates on a back-to-back order basis. The major customers of Ciel Textile group are various renowned international brands are Tommy Hilfiger, Marks & Spencer, Celio, Woolworths, Decathlon, Levi's, Wooltex, J.Crew, Debenhams, Edgars, Bierly, etc.

In FY20, C.U. of most of the production units was down to 75% due to lockdown in Mauritius from March – May 2020 and lower order book position due to impact of COVID -19 in European and USA market. The Financials of CTL is as under:

CIEL Textile Ltd. (MUR Million)	FY18	FY19	FY20	H1FY20	H1FY21
Revenue	10,944	12,151	10,600	6,385	5,403
EBIDTA	759	1,025	517	621	614
Interest	136	182	203		
PBT	360	548	(35)*		
PAT	317	453	(29)*	302	249
GCA	591	788	338*		
Dividend Paid	286	127	331		
Total Debt:	3,901	4,238	4,508		

CIEL Textile Ltd. (MUR Million)	FY18	FY19	FY20	H1FY20	H1FY21
Long Term	109	256	251		
Short Term	3,792	3,982	4,257		
Cash & cash equivalents	429	377	649		
Tangible Net worth	3,973	4,279	2,880		
EBIDTA margin	6.94%	8.44%	4.88%		
PAT margin	2.90%	3.73%	N.M.	4.73%	4.61%
Gearing	0.98	0.99	1.57		
Total Debt/GCA	6.60	5.38	13.36		
Total Debt/EBIDTA	5.14	4.13	8.72		
Interest coverage (EBIDTA/Interest)	5.58	5.63	2.55		

***Normalized for FY20 vis-à-vis Reported. Reported PAT was Mur (655) million and PBT was Mur (662) Million*

In FY20, CTL posted lower revenue and profitability due to closure of the factories in all the segments due to lockdown, significant drop in demand for formal shirts in the international market and insolvencies of the big brands in the retail industry (Liquidation/Chapter 11 filed by the retail players in USA and Europe) in Q4FY20. Closure of factories in Q4FY20 and lower orders wiped out the entire profit posted by the company in 9MFY20. The loss in Q4FY20 was somewhat minimized by the better performance of the Madagascar unit.

Post de-confinement in H1FY21, CTL posted an EBITDA of Mur 614 Million against the total revenue of Mur 5,403 Million. CTL booked a PAT of Mur 249 Million for H1FY21, recording a decline of 17.5% compare to H1FY20 which is mainly due to closure cost amounting to Mur 91 Million of one of the factories. The challenges of Q4FY20 continues to prevail in H1FY21 with Sales volumes remain a challenge in the Woven segment with the drop in demand for shirts and margins were under pressure with the high price of raw materials.

However, CTL's order book has improved in H1FY21 compare to Q4FY20, with higher margin. The company has achieved its manufacturing efficiencies providing strong sales dynamics and meeting good customer satisfaction. The factory in India has gained momentum in H1FY21.

CTL expects a positive FY21, due to good order book position for next few months of operation for all its units (as on November 2020) at higher margin, improvement in front-end strategies implemented across all segments and increased focus on manufacturing efficiencies in the region and appreciation of USD vis-a-vis Mur, and stable USD & Rand (South African currency).

Finance – CIEL Finance Limited ("CFL" rated CARE MAU A+; Stable), is the investment holding company for the finance sector of CIEL group. Incorporated in February 2013, it is engaged in banking, fiduciary services, private equity investment and asset management services. CIEL holds 75.1% stake in CFL and Amethis Africa Finance Limited holds the balance 24.9% stake. Amethis Africa Finance Limited is one of the leading investment fund managers dedicated to the African continent led by a team of experienced investors and bankers.

In 1992, CIEL group ventured into the financial sector by setting up Investment Professionals Limited (IPRO), which is engaged in providing regional investment services and it focuses on listed entities in

Sub-Saharan Africa, India and Mauritius. Mauritius International Trust Company Limited (MITCO) is another subsidiary of CFL which is one of the major players in the offshore sector of Mauritius.

In 2008, CIEL made an entry into the banking sector through acquisition of First City Bank Limited (now renamed as Bank One) in a joint venture with I&M Bank of Kenya. Bank One (rated CARE MAU A+ (IS) Stable) is among the fastest growing banks in Mauritius. In 2014, CFL acquired controlling stake in BNI Madagascar, oldest and the second largest commercial bank of Madagascar.

CFL also owns 39.67% of stake in KIBO Fund LLC (KIBO I) and 8.3% of KIBO Fund II. KIBO Capital Partners is in the process of fund-raising for a new private equity fund namely, The KIBO Fund III LP, with a target size of US$ 125 Million to invest in fast growing, mid-sized companies (KIBO III). The principal activity of these funds is to make private equity and equity-related investments in companies located in Sub-Saharan Africa and in the islands of the Indian Ocean.

KIBO I had a fund size of EURO 29 Million and investment in 6 companies. Till date, KIBO has exited most of its investments and has received around Euro 26 million, which had been utilized for repayment of capital received from its shareholders including CFL and this has been used by CFL to repay part of the capital received from CIEL and Amethis. KIBO has written off completely the investment in 2 companies but expects to receive part amount by end of FY2021. The Fund has been put in liquidation under Section 290 of the Companies Act.

KIBO II has a fund size of USD 62.6 Million with investment in 11 companies. CFL holds 8.3% stake in KIBO II. Other investors are IFC from the World Bank Group (18.4%), African Development Bank (20%), DEG (a member of KfW Bankengruppe – KfW banking group of Germany) 20%, etc. KIBO II is projected to mature in FY24 and FY25, and the proceeds will be utilized for refund of the capital received from its shareholders, including CFL. KIBO Fund II is already profitable and CFL has track record of exiting from the majority of KIBO Fund I funds at profit.

In FY20, CFL's standalone posted a profit after tax of Mur 103 Million and Total income of Mur 203 Million. Dividend from various group companies is the major source of income of CFL. Revenue has increased steadily up to FY19 with a decrease of 14% in FY20 mainly due to non-distribution of dividend by Bank One Limited. Dividend income from BNI Madagascar has increased significantly over the last 3 years with an increase of 28% in FY20 (16% in FY19) amounting to Mur 170 Million. EBIDTA level & margin has remained stable with the decrease in expenses by 26% in FY20. With decrease in revenue, PAT & GCA also witnessed a decrease of around 15% compared to FY19.

In H1FY21, CFL on a consolidated level posted a PAT of MUR 225 million (MUR 488 million in H1FY20). The Financials of CFL is as under:

For the year ended as on	**FY18**	**FY19**	**FY20**	**H1FY20**	**H1FY21**
Total Income	2,611	2,853	3,462	1,663	1,798
EBITDA	805	894	1295	538	469
Depreciation	185	159	204		
Interest	17	16	30		

For the year ended as on	FY18	FY19	FY20	H1FY20	H1FY21
PAT	724	631	501	488	225
Gross Cash Accruals (GCA)	908	789	704		
Tangible net worth	3,224	3,343	3,613		
Total debt	205	211	542		
Key Ratios					
EBITDA/Total income (%)	30.8	32.9	37.2		
PAT/Total income (%)	27.7	22.1	14.5	29.34%	12.51%
Overall gearing ratio	0.06	0.06	0.15		
Interest coverage (EBIDTA/Interest)	47.35	55.88	43.17		
Total Debt/ EBITDA	0.25	0.24	0.42		

Agro - CIEL owns 20.96% stake of Alteo Limited (Alteo; CARE MAU A; Stable). Alteo, through its different subsidiaries, operates sugar factories in Mauritius, Kenya and Tanzania and a coal & bagasse-based power plant (41 MW) in Mauritius. It is also engaged in an ongoing high-end residential development project through Anahita Estates Limited in Mauritius.

Alteo produced 112,748 MT of sugar in FY19/20 (Sugar production in Mauritius – 331,105 MT for year ended Dec 2019). Alteo owns 3 sugar factories in Mauritius (1.7 million tonnes annual crushing capacity), TPC Limited in Tanzania (1.4 million tonnes annual crushing capacity) and Transmara Sugar Company Limited in Kenya (0.6 million tonnes annual crushing capacity). In FY19, the sugar mills in Mauritius and Tanzania operated at 80-85% the sugar mill in Kenya operated at 65%.

In Mauritius, Alteo has a land bank of 19,000 hectares spread across the island of Mauritius worth around MUR 15 billion. 8,000 hectares of the land bank is in form of forest reserve while the remaining 11,000 hectares are used for cultivation of sugar and yields around 90,000 -100,000 tonnes of raw sugar.

The company procures 80% of the sugar cane required from its own land and balance 20% from farmers.

In Mauritius, sugar purchase is governed by the Mauritius Sugar Syndicate. The Syndicate buys entire sugar produced by the various mills of Mauritius and resells it internationally (primarily in Europe). The sugar price after witnessing a low of MUR 8,800 per ton in FY18 has witnessed improvement in FY19. The final sugar price communicated by the MSS for 2019-20 crop in June 2020 was MUR 11,383 per ton (i.e. an increase of 31% compared to the previous year). For FY20-21 crop, the intermediary price has been fixed by MSS at MUR 12,000 per ton. However, based on the current trend, the final price is expected to be higher.

Alteo has a bagasse/coal-based power plant (41 MW). Power Purchase Agreement is with Central Electricity Board (CEB), renewed in December 2018 for 5 years. The financials of Alteo is as under:

Alteo (MUR Million)	FY18	FY19	FY20	H1FY20	H1FY21
Turnover	8,176	8,997	8,287	4,482	5,232
EBIDTA	2,303	2,104	2,046	1,187	2,247
Interest	480	525	512		
PBT	1,174	920**	834**		
PAT	702	544**	254**	329	1,106

Alteo (MUR Million)	FY18	FY19	FY20	H1FY20	H1FY21
GCA	1,506	1,274	982		
Dividend Paid	248	213	172		
Total Debt:	6,590	6,901	7,527		
Cash & cash equivalents	369	536	1,017		
Tangible Net worth	17,249	15,518	15,336		
Gearing	0.38	0.44	0.49		
Total Debt/EBIDTA	2.86	3.28	3.68		
Total Debt/GCA	4.37	5.42	7.66		
Interest coverage (EBIDTA/Interest)	4.80	4.01	4.00		

**includes one-time income of MUR 137 arising on account of gain on disposal of land*
*** Normalized for FY20 vis-à-vis Reported. Reported PAT was Mur 222 million / Normalized for FY19 vis-à-vis Reported. Reported PAT was Mur (1,082) million*

Alteo's turnover and EBIDTA was almost at the similar levels in FY20 due to rising sugar prices in Mauritius, better performance in Tanzania and higher losses from Kenyan operations (poor factory efficiency led to higher losses in June 2020). The performance has improved significantly in H1FY21 over H1FY20 due to significant improvement in the performance of the sugar sector in Mauritius (due to higher sugar prices, lower operational cost and higher special sugar orders), Tanzania and Kenya. The sugar prices increased in Mauritius due to higher prices in E.U. and depreciation of MUR vis-à-vis Euro. In Tanzania, the sugar price has also increased in the domestic market. In Kenya, higher production and better domestic prices since July 2020 has led to marked improvement in profitability.

Kenyan and Tanzanian are expected to post a good year with the increase in production and sales volume of sugarcane in line with the demand of the same. A higher sugar cane availability and better market conditions benefited the Kenyan sugar operations in FY20.

The sugar cluster in Mauritius will continue to rely on favourable exchange rates between the MUR and the EURO, as well as favourable conditions on the world and EU markets to drive sugar prices upwards and deficit of sugar in European market. Two main factors continue to impact the price of sugar:

1. Crude oil prices, which heavily influence how much ethanol Brazil produces and thus the volume of sugar produced;

2. Low output (beet root production) from European producers, thus increasing the European demand for imports and driving prices up.

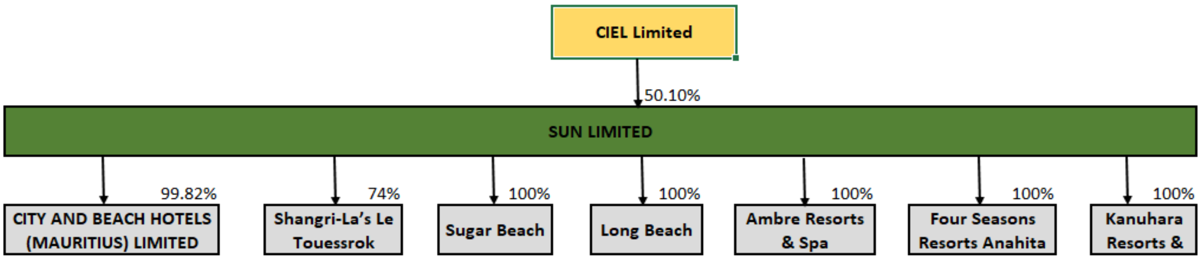
Thus, sugar prices on the world and European markets have seen an increase and the prices are expected to remain favorable over next few years. Higher sugar prices coupled with steady revenue from land sales Alteo's profitability is expected to improve going forward. Profitability of Tanzanian operations is expected to improve with better performance. In FY22, Anahita estates (Alteo's real estate wing) is expected to be profitable post completion of its projects. In FY23-24, Alteo will receive Mur 435 million from Anahita estates in the form of capital reduction (share buyback by Anahita - since entire land of Anahita was transferred against shares). Alteo Energy is a consistent profitable company and with steady operational performance and confirmed PPA. Alteo is also in the process of selling its non-core land in order to generate cash.

Property - Ferney Limited, owns 3,063 hectares of land of which 1,087 hectares are under cane cultivation and the rest forest land. In FY19, it sold a part of land for Mur 107 million and paid dividend of Mur 30 million. Ferney has plans to sell around 100 hectares of land and generate approx. MUR 110 million over next 2 years.

Ferney Limited jointly with GoM is the main sponsor of La Vallee de Ferney - a 200 hectares nature reserve sheltering a unique biodiversity of over 15,000 plant and approximately 200 endemic birds.

Ebene Skies Limited owns Ebene Skies building – which represents office space of 7,800 Square meters. It is rented to various companies of CIEL. It collects annual rental of MUR 50 million.

Hotel - In February 1983, CIEL group created a company called Sun Limited (formerly known as Sun Resorts Limited). CIEL Limited owns 50.10% of SUN Limited, which is one of the leading hotels, leisure and real estate group in the Indian Ocean, owning and/or managing six resorts in Mauritius under different subsidiaries - Four Seasons Resort (5* Luxury), Shangri-La's Le Touessrok (5* Luxury), Long Beach (5*), Sugar Beach (5*), La Pirogue (4*) (City and Beach Hotels (Mauritius) Limited owning La Pirogue is rated CARE MAU A-; Under Credit Watch with Negative Implication), Ambre (4*) and one resort in Maldives (Kanuhura - 5* Luxury).The current shareholding structure is as follows:



In 2014, a new business model was rolled out and Sun Limited & its subsidiaries adopted the strategy for renovation of its existing hotels (commenced in FY15 and completed by FY18), partnering with international hotel operators, providing professional hospitality services (IT, laundry, linen, retail stores selling souvenirs), setting up in-house Tour operators and centralizing various support functions for all hotels (finance, IT, Human resource, supply chain management of food & beverage to all hotels and souvenirs in various retail shops, etc.) for cost cutting. The group has implemented all these strategies and is set to benefit in future years. SUN has marketing offices in London, Paris and Frankfurt and representations in Milan, Madrid, India, China, and Japan.

For FY20 group ADR for the 9 months operation (July 2019 to 19 March 2020 - post which all the properties of Sun Limited were closed due to lockdown) was Mur 10,709 with an occupancy of 73%

(71% occupancy for FY19). Sun Limited was profitable in 9MFY20. However, losses in Q4FY20 has wiped out the entire profit earned in 9MFY20. The financials of Sun Limited is as under:

For the year ended 30th June	2018	2019	2020	H1FY20	H1FY21
	Audited				
Turnover	6724	6,730	5,058	3,461	683
EBIDTA	1,290	1,260	1,029	812	(354)
Interest	464	455	1,092	294	(477)
PBT	280	237*	(788) *	132	(1,187)
PAT	194	40*	(827) *	96	(1,052)
GCA	740	746	(80)		
Dividend Paid	87	130	-		
Total Debt:	8,783	8,453	9,410		
Long Term	8,108	7,454	6,254		
Short Term	675	999	3,156		
Tangible Net worth	5,399	6,910	3,204		
Gearing	1.18	1.22	2.94		
Total Debt/EBIDTA	6.81	6.71	9.14		

** Normalized for FY20 vis-à-vis Reported. Reported PAT due to IFRS 9 impact was Mur (1,803) million; Normalized for FY19 vis-à-vis Reported. Reported PAT due to IFRS 9 impact was Mur (1,886) million*
*** Hotel Industry in Mauritius is seasonal with major revenue and profit being generated in Q2 and Q3.*

In FY20, Sun's revenue was Mur 5,058 Million, posting a decline of 25% over FY19. In FY20, EBIDTA amounted to Mur 1,029 Million (Mur 1,260 Billion in FY19). Net Debts (excluding lease liabilities) stood at Mur 9,410 Million (Mur 8,453 Million for FY19), partly due to an increase of Mur 650 million arising from the revaluation loss of the foreign-denominated debt triggered by the denomination of the Mauritian rupee. This in conjunction with the losses in the company and impairment under IFRS -9, resulted in an increase in gearing from 1.22x to 2.94x.

All the resorts of the company were closed for the quarter ended September 2020. Some of the resorts have become the quarantine centre, generating minimal revenue for the company. The company has opened the Maldives resort from November 2020.

In H1FY21, Sun Limited posted an EBIDTA of Mur (354) Million against the EBIDTA of MUR 812 Million for FY19. Because of the depreciation of the Mauritian currency and of a minimal foreign currency revenue base during the quarter, Sun booked a cash flow hedge loss of Mur 126 million, resulting in a net loss of Mur (1,052) Million for H1FY21.

Further to an announcement dated 7 October 2020, Sun disclosed that it sought the support of the Mauritius Investment Corporation Ltd ("MIC"), to mitigate the negative financial impact of COVID-19. Two of the Sun's wholly owned subsidiaries, namely Anahita Hotel Limited (owning Four Seasons Resort Mauritius at Anahita) and Long Beach Resort Ltd (owning Long Beach Resort) signed a binding term sheet, pursuant to which MIC committed to subscribe to redeemable and convertible secured bonds, totalling Mur 3,100 million. The management has informed that they will receive the MIC money in 2 tranches of MUR 1,100 million and MUR 2,000 million.

In November 2020, Sun Limited had a bond repayment of Euro 54 million (MUR 2,500 million). The company has repaid Euro 30 million (MUR 1,400 million) to the Bond holders by utilizing its existing cash balance of MUR 400 million and funds from group companies and banks (to be repaid out of MIC funding). The balance amount has been restructured by the Bond holders.

Healthcare - CIEL Healthcare (53.03% subsidiary of CIEL), operates and manages assets in the healthcare sector in Mauritius and across Sub-Saharan Africa. Its main investment and major revenue generating asset is C-Care (Mauritius) Limited (CARE MAU A; Stable/CARE MAU A1), which owns Clinique Darné and Wellkin hospital in Mauritius. In 2019, CIEL and CIEL Healthcare, acquired 28.89% stake of Fortis Healthcare International Limited in C- Care. As on July 2019, CIEL's direct shareholding in C-Care is 20.08% and CIEL Healthcare's holding is 67.41%.

In January 2017, C-Care acquired the assets of Apollo Bramwell Hospital (renamed as Wellkin Hospital), a 112 bed multi-specialty Hospital with operational losses. During the last 2 years, C- Care has been successful in converting Wellkin Hospital from a loss-making hospital to profit making, by way of cost reduction and increase in occupancy of the hospital. The financials of C-Care:

C-Care (MUR Million)	2018	2019	2020	H1FY20	H1FY21
	Audited				
Turnover	1,741	1,909	1,992	987	1,198
EBIDTA	128	189	279	155	272
PAT	(19)	98	42	58	180
GCA	85	189	189	120	241
Total Debt	467	456	415		
Cash & cash equivalents	152	124	147		
Tangible Net worth	387	506	505		
Gearing	1.21	0.90	0.82		
Dividend	-	-			
Interest coverage (times)	4.78	9.73	9.56		
Total debt/ EBITDA	3.65	2.41	1.49		

C-Care's revenue in FY20 improved by 4.3% to MUR 1,992 million from MUR 1,909 million in FY19 on account of improvement in average number of days per patient in Wellkin, steady occupancy and increase in outpatients in both Wellkin and CD. EBIDTA remained at the same level due to higher level of operational cost. Interest coverage and Total debt/EBIDTA stood at 9.56x (FY19: 9.73x) and 1.49x (FY19: 2.41x) respectively. In FY20 C-Care posted a PAT of MUR 42 million (FY19: 98 million) and a GCA of MUR 189 million (FY19: MUR 189 million). PAT was lower mainly due to the adoption of IFRS16 (MUR 35 million lower PAT attributable to change in accounting policy) and impairment of receivables (MUR 49 million) recognized because of adoption of IFRS 9 and deterioration of economic outlook due to COVID-19. Overall gearing ratio improved from 0.90x as on June 30, 2019 to 0.82x as on June 30, 2020 due to scheduled repayment of the MUR 450 million term loan and lower working capital borrowings.

In H1FY21 (July-Dec 2020), C-Care posted an EBIDTA of MUR 272 million (MUR 155 million in H1FY20) and PAT of MUR 180 million (MUR 58 million in H1FY20).

Wellkin Hospital achieved an average occupancy of 62% for FY20 (FY19: 68%). The deterioration in occupancy from FY19 is due to the COVID-19 pandemic and related lockdown to contain spread of the virus which motivated patients to defer low-priority visits to the hospital. Wellkin's average occupancy for the period July-September 2020 has improved to 65%. Likewise, Clinique Darne's ("CD") average occupancy for FY20 stood at 71%, slightly lower than 78% for FY19, and occupancy improved to 75% for the period July- September 2020. Both Wellkin and CD remained profitable in FY20.

Subdued financial performance in FY20

Consolidated Performance: CIEL Limited (Consolidated) FY20 results were impacted by non-cash impairment and related tax charges of MUR 2,130 million (MUR 2,496 for FY19) million at the level of subsidiaries and associates undertaking (in line with Provisioning of financial assets under IFRS 9 implemented in FY20 & FY19). This resulted from management's annual impairment tests of specific assets and investments at cluster level which led to a Group reported loss of MUR 2,163 million (MUR 1,189 million in FY19). However, CIEL Limited's (Consolidated) free cash flow, in various subsidiaries and associates, was not impacted by the impairment. Accordingly, CRAF has re-adjusted the non-cash impairment and related tax charges of MUR 2,130 million (Mur 2,496 million in FY19) on impairment of goodwill and non- financial assets and has done the analysis on the Normalized PAT of CIEL Limited (Consolidated). Analysis for Sun, Alteo & CIEL Healthcare was also done based on normalized PAT & GCA. CIEL Limited's (Consolidated) normalized Loss stood at MUR 32 million (Profit of MUR 1,307 million in FY 19) after excluding the non-cash impairment and related tax charges. Below is a reconciliation from Reported loss to normalized PAT:

Particulars	FY18	FY19 (Reported)	FY20 (Reported)
EBIDTA	**2,953**	**3,443**	**3,292**
Less: Impairment of Goodwill	-	2,078	1,913
Less: Depreciation	1,166	1,216	1,516
Less: Interest Cost	781	813	937
Less: Ineffective portion of cash flow hedge	-	-	369
Less: Lease Liabilities	-	-	283
Less: Reorganisation cost	-	-	108
Add: Share of result of JV and Interest income	299	193	(19)
Add: Share of result of associate(including impairments at Alteo and HNL level)	74	(283)	(93.2)
Less: Tax	288	436	215
Reported Profit after Tax	**1,091**	**(1,189)**	**(2162)**
Add: Impairment for Goodwill (including impairment in associates)		2,496	2130
Normalised Profit/(Loss) After Tax	**1,091**	**1,307**	**(32)**

CIEL Limited (Standalone) derives its revenue as dividends from the various group companies engaged in 5 diversified sectors - Textile, Agro & Property, Finance, Hotel & Resorts and Healthcare.

The performance of and dividend paid by all these clusters are as under: **Mur Million**

Particulars	Stake (%)	Revenue		PAT*		Dividend paid		Total Debt	
		FY20	FY19	FY20	FY19	FY20	FY19	FY20	FY19
CIEL Limited (Consolidated)		**21,923**	**24,206**	**(32)***	**1,307***	**385**	**347**	**18,506**	**17,233**
Textile (CIEL Textile)	100.0	10,600	12,151	(29)*	453	331	127	4,508	4,238
Finance (CIEL Finance Limited)	75.1	3,462	2,853	501	631	22	72	542	211
Healthcare (mainly C-CARE)	53.0	2,711	2,495	32*	49*	0	0	807	833
Agro & Property (Ferney & Ebene Skies)	71.1	82	89	(8)	46	5	31	287	297
Hotels & Resorts (Sun Limited)	50.1	5,058	6,730	(857)*	40*	-	130	9,410	8,453
CIEL Limited (Standalone)		**381**	**343**	**165**	**156**	**135**	**347**	**2,968**	**2,720**
Not Consolidated									
Alteo Limited (Associate)	20.96	8,287	8,997	254	544	172	213	7,527	6,901

**Normalized for FY20/ FY19 vis-à-vis Reported.   PAT is excluding fair value reserve*

CIEL Limited (Consolidated) derives around 65% of its PAT from textile, healthcare, property and finance cluster. Hotel cluster accounts for 50% of the total debt. Around 95% of the debt in textile is short-term working capital backed by inventory and receivables. As on June 30, 2020, CIEL Limited (Consolidated) had a cash balance of Mur 1,416 million (Mur 1,712 million in June 2019).

In H1FY21, CIEL at the consolidated level booked a loss of MUR 450 million (Profit of MUR 795 million in H1FY20) on a turnover of MUR 9,147 million (MUR 12,906 million in H1FY20).

Standalone Performance: CIEL Limited (Standalone) derives its revenue as dividends from the various group companies engaged in 5 diversified sectors - Textile, Agro & Property, Finance, Hotel & Resorts and Healthcare. In FY20, CTL posted lower revenue and profitability due to closure of the factories due to lockdown. In FY20, CFL achieved a revenue of Mur 3,462 million (Mur 2,853 million in FY19) and PAT of Mur 501 million (Mur 630 million in FY19). While Bank One paid nil dividend in FY20 due to higher provisions, the same was offset by higher dividend from BNI Madagascar due to its strong performance. In FY20, CIEL Healthcare has posted a PAT of MUR 32 million primarily due to better performance of C-CARE. C-Care (Mauritius) Limited has achieved a PAT of Mur 42 million in FY20 (Mur 116 million in FY19). In FY20, Alteo posted a PAT of MUR 254 million (MUR 1,082 million loss in FY19) with the total turnover of MUR 8,287 million. Sugar sector of Alteo contributes to around 20% of the total revenue. In FY20, Sun Limited posted revenue of Mur 5,058 Million, EBIDTA of MUR 1,029 million and normalised loss of MUR 857 million.

Going forward, CARE Ratings (Africa) Private Limited expects reduction of debt at consolidated level by way of monetization of non-core/loss making assets. Deterioration of EBIDTA at consolidated level, lower than projected dividend payment by the subsidiaries and any increase in debt will be a negative rating sensitivity.

CIEL Limited is planning to raise a Bond of MUR 400-500 million and utilize the proceeds to repay the bond due in FY21 and maintain adequate liquidity.

Industry Risk

Textile Industry

The textile industry, being an important pillar of the Mauritian economy that directly employs over 35,000 workers and generates around MUR 3.3 billion of exports per annum, makes up around 29% of the manufacturing sector. Mauritius is one of the largest fully fashioned knitwear producers, the 3rd largest exporter of pure new wool products, and Europe's 4th largest supplier of T-shirts.

While the main exports were destined to the European continent and USA traditionally, since the last few years exports to the South African market have been constantly increasing. The Mauritian textile industry is now a vertically integrated supplier of designer garments supplying to internationally renowned brands such as Topshop, Topman, River Island, Levi's, Le Chateau, Foschinis, Burton UK, Devred, Guess, Hackett, Massimo Dutti, Naf Naf, Orvis, Peeble Beach, Puma, Calvin Klein, Woolworths, Ecko, Abercrombie & Fitch, Tommy Hilfiger, Victoria's Secret, etc. The industry, however, is characterized by low barriers to entry and hence low margins, in addition to heavy competition from countries like China, Bangladesh, India and Sri Lanka.

However, with appreciation of USD, EUR and Rand (South African currency) vis-a-vis Mur in FY20-21 for major part of the year, will enable textile companies to post better performance in FY21.

Hotel Industry

Tourism which is considered the third pillar of the economy of Mauritius after the E.P.Z. manufacturing sector and Agriculture, contributes significantly to economic growth and has been a key factor in the overall development of Mauritius. In the past two decades tourist arrivals increased at an average annual rate of 9 % with a corresponding increase of about 21% in tourism receipts.

Since March 20, 2020, Government of Mauritius has restricted the country's air access and has imposed a curfew-like lockdown till June 1, 2020 to limit spreading of the novel Coronavirus. As a result, hotels have suspended their operations for an indeterminate period (until air access restrictions are lifted) to cut down variable costs because air travel restrictions meant that there would be no tourist arrival and hence minimal revenue to the hotels until normal air access is restored.

Post lockdown since March 2020, the hotel sector has gone for salary cuts for high-cost employees, got assistance from Govt in the form of Wage Assistance Scheme and funds from MIC in the form of quassi equity to repay its debt and fund the losses till reopening of borders. The hotels are reopening for local residents at a cheaper rate in order to benefit from some additional cashflow.

The hotel industry of Mauritius is expected to post loss till full-fledged re opening of borders by the Govt and inflow of tourists from Europe and other countries.

Agro Sector

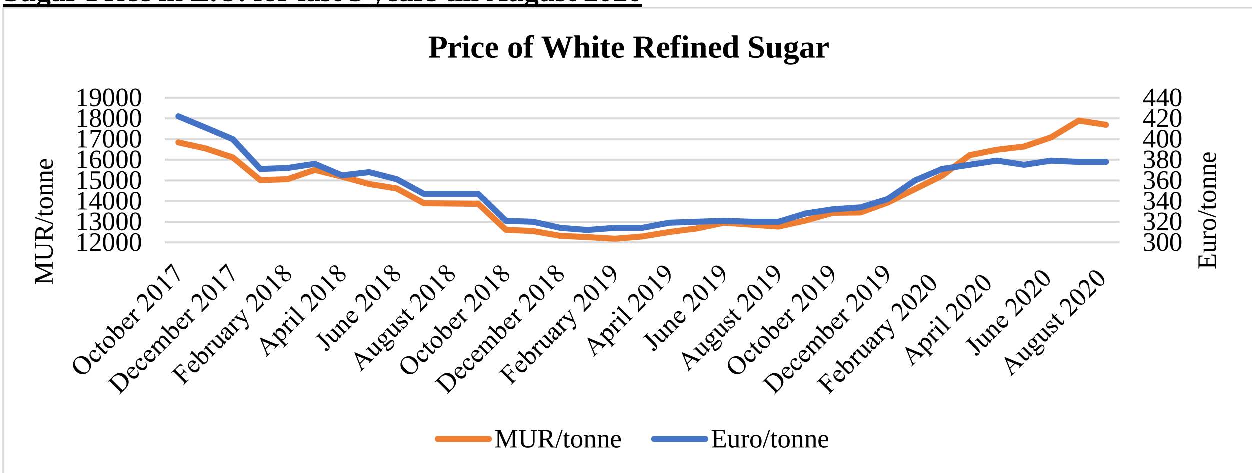
Mauritius produces 310,000-310,000 tons of sugar per annum and exports majority of the production in E.U. Domestic consumption of sugar is about 40,000 tons per year (75% imported). Sugar industry contributes to around 5% of the total GDP of the country. The success of the sugar industry in Mauritius was due to the preferential trade agreements with UK and European Union (EU). However, Sugar production quotas for the European Union market were abolished as from September 30, 2017. Between the years 2007-2017, sugar prices were relatively high ranging between MUR 13,000 - 18,000. The highest sugar price was recorded in 2007-08 at MUR 18,620 per tons. FY18-19 recorded the lowest price of sugar at MUR 8,700 per tons.

Sugar sales for the 2019-20 crop took place under improved market conditions, after two consecutive years of direly depressed prices. As world supply (falling from 176 M mt in 2018-19 to 172 M mt in 2019-20) fell short of demand in 2019-20, the deficit was estimated by the International Sugar Organization (ISO) in September 2019 at 4.76 M tons for the October 2019 – September 2020 campaign, compared with global surpluses of 8.49 M mt in 2017-18 and 1.81 M mt in 2018-19 campaign. The estimated deficit increased during the course of the year and was estimated at 9.44 MT in February 2020. The prices started improving since then.

In the EU market, beet sugar production has decreased to 17.63 M mt in 2018 from 21.32 M mt in 2017 mainly due to unfavourable weather conditions and stock supplies became less abundant. A second consecutive year of subdued production, estimated at 17.36 M mt in 2019, because of weather and 9% overall decline in acreage under beet cultivation, increased pressure on stocks, and consequently market prices. This pushed up the average price of white sugar prevailing in the EU market compared to the global prices in 2019-20.

Accordingly, Sugar prices for the 2019-20 crop was higher as compared to the last two years. The final sugar price communicated by the MSS for 2019-20 crop in June 2020 was MUR 11,383.65 per ton (i.e. an increase of 31% compared to the previous year – MUR 8,685.60 per ton).

Sugar Price in E.U. for last 3 years till August 2020



The average monthly price of white refined sugar in September 2020 has improved to EUR 370 per ton sugar (compared to EUR 320 in the previous year). Given the consequential favourable market prices, coupled with the strong EUR, having attained a peak of (1 Euro = Mur 47 as on sept 30, 2020 vis-à-vis 1 Euro = MUR 39 as on Feb 28, 2020), the EU is expected to remain the most attractive destination for 2020-21 sugar crop.

International raw sugar price (known as sugar no.11) is projected to reach USD 342/t (MUR 16,000) in 2025 and white sugar price to reach USD 425/t (MUR 19,900) in 2025. The global sugar production is projected to recover from the current dip and expand by 15%, from 176 Mt in the base period to 203 Mt by 2029. Mauritian cane producers have to make the most of the year to optimize production and sell on the international market. (Source:- OECD-FAO Agricultural Outlook).

Finance Sector

The financial sector contributes to a significant 11.7% of the GDP of Mauritius. Mauritius has a well-developed financial system. Basic financial sector infrastructures, such as payment, securities trading and settlement systems, are modern and efficient, and access to financial services is high, with more than one bank account per capita. As an internationally recognized jurisdiction of repute, the Mauritius IFC is home to a number of international banks, legal firms, corporate services, investment funds and private equity funds. Strongly bearing in mind, its political, social and economic stability and regulatory framework, the Mauritius IFC offers a certainty to global investors to look up for Africa as an investment destination. Nonetheless, the government took numerous measures to safeguard its reputation as an international financial center, mainly in terms of tax holidays to firms operating in the financial sector looking to set up locally.

Prospects

The prospects of the company depend upon its ability to improve profitability in textile, hotel & agro vertical, reduction of debt at group level and consistent dividend pay-out by textile, healthcare, agro & property and finance verticals. The rating is sensitive to the company's ability to sell some non-core assets and utilize the funds in reduction of debt at the consolidated level.

FINANCIAL PERFORMANCE

Standalone Financial performance of CIEL Limited *MUR Million*

For the year ended as on June 30,	**2018**	**2019**	**2020**
	Audited		
Total operating income	453	343	381
EBIDTA	370	265	306
Interest	98	109	144
PBT	273	157	166
PAT	273	156	165
Gross Cash Accruals (GCA)	273	156	165
Dividend paid/proposed	328	347	135
Financial Position			
Equity share capital	4,877	4,989	5,161
Tangible net worth	13,952	11,660	10,120
Total debt	2,310	2,720	2,968
- Long term debt	1,970	2265	2487
- Short term debt	339	455	481
Investment in Subsidiaries/Associates	16,208	14,141	13,068
Cash & Bank balances	2	319	26
Key Ratios			
Profitability (%)			
PBILDT / Total operating income	81.82	77.26	80.31
PAT (after deferred. tax) / Total income	60.26	45.37	42.91
RONW	2.90	1.83	1.47
Solvency			
Long Term			
Debt equity ratio	0.12	0.19	0.25
Overall gearing ratio	0.17	0.23	0.29
Interest coverage (times)	3.77	2.42	2.13
Total Debt/EBIDTA	6.12	10.26	9.70
Total debt/ GCA	8.46	17.45	17.98
Liquidity			
Current ratio	0.33	0.70	0.08

Consolidated financial performance of CIEL Limited (Consolidated) *MUR Million*

For the year ended as on June 30,	**2018**	**2019***	**2020***	**H1FY20**	**H1FY21**
		Audited		**Provisional**	
Total Income	22,985	24,206	21,923	12,906	9,147
EBIDTA	2,953	3,443	3,292	2,044	986
Depreciation	1,166	1,216	1,516	729	748
Interest	781	813	937	538	685
Reported PAT	1,090	(1,189)	(2,163)	795	(450)
Normalized PAT	1,090	1,307	(32)	-	-
Gross Cash Accruals (GCA)	2,256	2,105	1,484	1,301	1,649
Dividend	328	347	135		
Net Cash Accruals	1,928	(321)	(782)		
Equity share capital	4,877	4,989	5,161		
Tangible net worth	17,960	17,660	13,528		
Cash and Cash Equivalents (non-banking segment)	*1,091*	*1,712*	*1,416*		
Total debt	16,187	17,233	18,323		
Long term debt	*11,083*	*11,493*	*10,460*		
Short term debt	*5,104*	*5,740*	*7,863*		
Key Ratios					
EBIDTA / Total operating income	13.06	14.23	15.02	15.84%	10.78%

For the year ended as on June 30,	2018	2019*	2020*	H1FY20	H1FY21
	Audited			Provisional	
PAT / Total income	4.50	5.96	-0.14		
Debt equity ratio	0.62	0.65	0.77		
Overall gearing ratio	0.90	0.98	1.35		
Interest coverage (times)	3.78	4.24	3.51		
Total debt/ GCA	7.17	8.19	12.34		
Current ratio	1.05	1.09	1.02		

**Normalized for FY20/FY19 vis-à-vis Reported.*

<u>Adjustments</u>

1. Tangible net worth is calculated by netting off revaluation reserve and intangible assets from total equity.
2. Gross Cash Accruals (GCA) is calculated as PAT+ Depreciation + deferred tax+ other non-cash expenditure.
3. Overall Gearing ratio is calculated as total debt (long term and short-term debt)/Tangible Networth.
4. Net Sales includes revenue from Textile, Hotel, and Healthcare & Banking.
5. Total operating Income includes revenue from others (Management fees/Interest Income, rental income, etc.)
6. Non-Operating Income excludes Share of profits from JVs & Associates which contribute to the profit line of the group.
7. Equity share capital is calculated by deducting treasure shares and adding back redeemable shares to stated capital.

Rating History *MUR Million*

Name of the Instrument/ Facilities	Current ratings		Rating History			
	Amount	Rating	2019-2020	2018-2019	2017-2018	2016-2017
Proposed Bond Issue	**500**	**CARE MAU A+; Stable**	-	-	-	-
Bank Facilities – Long Term/Short term	**180**	**CARE MAU A+; Stable/ CARE MAU A1**	CARE MAU AA; Negative / CARE MAU A1+	CARE MAU AA; Stable / CARE MAU A1+	CARE MAU AA; Stable / CARE MAU A1+	CARE MAU AA; Stable / CARE MAU A1+
Long term Bond I	**1,270**	**CARE MAU A+; Stable**	CARE MAU AA; Negative	CARE MAU AA; Stable	CARE MAU AA; Stable	-
Long term Bond II	**1,530**	**CARE MAU A+; Stable**	CARE MAU AA; Negative	-	-	-
Long term Bond	**1,000.05**	**-**	Withdrawn (fully repaid)	CARE MAU AA; Stable	CARE MAU AA; Stable	CARE MAU AA; Stable

Annexure I
Details of Instrument

Details of Bank Facilities

Banker / lender	Type of facility	Amount (MUR Million)
Mauritius Commercial Banks	Overdraft	180.00
Grand Total		**180.00**

Long term Bond I

Particulars	Amount (MUR Million)	Repayment (MUR Million)
Long term Bond (Issued in Jan. 2018)	1,270	FY21 – 300 FY23 –380 FY25 - 300 FY28 – 290

Long term Bond II

Particulars	Amount (MUR Million)	Repayment (MUR Million)
Long term Bond (Issued in July-Sept 2019)	1,530	FY26 - 400 FY27 - 400 FY29 - 100 FY30 - 530 FY34 - 100

Long term Bond III

Particulars	Amount (MUR Million)	Repayment (MUR Million)
Long term Proposed Bond Issued	500	FY31 - 250 FY36 - 250

Annexure II

Long /Medium-term Instruments

Symbols	***Rating Definition***
CARE MAU AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry very low credit risk.
CARE MAU A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry moderate credit risk.
CARE MAU BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE MAU AA to CARE MAU C. The modifiers reflect the comparative standing within the category. A suffix of '(SO)' may be added to the rating indicating that the instrument / facility is a "Structured Obligation". A prefix of 'Provisional' may be added to a 'SO' rating indicating that the rating is subject to completion of certain conditions.

Rating Outlook

The rating outlook can be ‘Positive’, ‘Stable’ or ‘Negative’.

A ‘Positive’ outlook indicates an expected upgrade in the credit ratings in the medium term on account of expected positive impact on the credit risk profile of the entity in the medium term.

A ‘Negative’ outlook would indicate an expected downgrade in the credit ratings in the medium term on account of expected negative impact on the credit risk profile of the entity in the medium term.

A ‘Stable’ outlook would indicate expected stability (or retention) of the credit ratings in the medium term on account of stable credit risk profile of the entity in the medium term.

Rating Symbols

Short term Instruments

Symbols	**Rating Definition**
CARE MAU A1	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU A2	Instruments with this rating are considered to have strong degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU A3	Instruments with this rating are considered to have moderate degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry higher credit risk as compared to instruments rated in the two higher categories.
CARE MAU A4	Instruments with this rating are considered to have minimal degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry very high credit risk and are susceptible to default.
CARE MAU D	Instruments with this rating are in default or expected to be in default on maturity.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE MAU A1 to CARE MAU A4. The modifiers reflect the comparative standing within the category.