Rating Rationale
CIEL Limited

Ratings

Facility/Instrument	Amount (MUR Million)	Rating	Remarks
Bank Facilities – Long Term/Short term	180	**CARE MAU A+; Positive/CARE MAU A1 [Single A Plus; Outlook: Positive /A One]**	Rating reaffirmed with change in outlook from Stable to Positive
Long term Bond I	970	**CARE MAU A+; Positive [Single A Plus; Outlook: Positive]**	Rating reaffirmed with change in outlook from Stable to Positive
Long term Bond II	1,530	**CARE MAU A+; Positive [Single A Plus; Outlook: Positive]**	Rating reaffirmed with change in outlook from Stable to Positive
Long term Bond III	500	**CARE MAU A+; Positive [Single A Plus; Outlook: Positive]**	Rating reaffirmed with change in outlook from Stable to Positive

Rating Rationale

The ratings assigned to the bonds issue and bank facility of CIEL Limited ("CIEL"), has been reaffirmed at CARE MAU A+/ CARE MAU A1 with change in outlook from Stable to Positive. The change in outlook is in line with improvement in performance of Textile, Healthcare, Finance and Agro clusters of the group in H1FY22 and resumption of operations of hotel cluster in Q2FY22 due to opening of the international borders in Mauritius. The group has also been successful in reducing the debt at the consolidated level.

The ratings continue to derive strength from established track record of CIEL group, experienced & resourceful 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 FY21 & H1FY22, expected dividend flow from Textile, Agro & Property, Healthcare and Finance clusters, comfortable financial performance with low gearing & working capital utilization level, 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, high debt level availed to finance acquisition and renovation in Hotel cluster, losses in the Hotel cluster (due to closure of international borders from March 2020 to September 2021, because of the pandemic) which in turn has impacted the financial performance of the group at the consolidated level, market & political risks associated with operations in Africa and currency risk associated with Textile and Hotel clusters.

Rating Sensitivities:

Positive Factors - Factors that could, individually or collectively, lead to positive rating action/upgrade:

- Turnaround in the operational performance of Hotel Sector
- Reduction in debt at the group level
- Stability in the performance of Textile, finance, Agro & Healthcare sector

Negative Factors - Factors that could, individually or collectively, lead to negative rating action/downgrade:

- Dip in performance in Hotel Sector, Textile & Healthcare sector
- Any new debt funded acquisition
- Higher than projected debt level and lower than projected profitability at Consolidated level.

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 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 Textile, Finance, Hotel & Resorts, Healthcare and Agro & Property sector. CIEL group earned total revenue of MUR 18 billion in FY21 (MUR 21 billion in FY20). CIEL Textile is the major cash generating cluster of CIEL group. Major companies of the group are:

Name of the company	Sector	Rating
C-Care (Mauritius) Ltd	Healthcare	CARE MAU A+; Stable/A1+
Bank One	Bank	CARE MAU A+ (IS); Negative
CIEL Finance Limited	Finance	CARE MAU A+; Stable
Alteo Limited	Sugar & Property	CARE MAU A; Positive
City and Beach Hotels (Mauritius) Limited	Hotel	CARE MAU BBB+; Negative
Aquarelle India Pvt. Ltd	Textile	CARE BBB; Positive
CIEL Textile	Textile	Unrated
Sun Limited	Hotel	Unrated
CIEL Healthcare Limited	Healthcare	Unrated

CIEL is a professionally managed company. It is governed by a 16-member Board of Directors comprising of 5 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 FY21 and FY20, dividend received by CIEL Limited from its subsidiaries and associates was MUR 368 million and Mur 381 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 31,000 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 FY21 financials of the major group companies are as under: ***MUR Million***

Companies (FY21)	Business Vertical	Stake (%)	Turnover	PAT*	GCA	Dividend Pay out	Total Debt	Tangible Net worth	Overall gearing	Total debt/ GCA
CIEL Textile Ltd.	Textile	100	10,444	789	1,092	200	3,571	3,312	1.08	3.27
CIEL Finance Ltd.	Banking	75.10	3,782	925	855	79	515	4,221	0.17	0.83
Alteo Limited	Sugar/Agro	20.96	9,549	1,864	2,675	229	7,284	22,069	0.33	2.72
Ferney Limited	Land	71.06	47	(17)	(7)	0	12	3,707	0.01	0.01
Ebene Skies	Rentals	100	54	17	19	6	251	285	0.88	13.04
CIEL Healthcare Ltd.	Healthcare	53.03	2,995	330	504	-	657	791	0.83	1.21
C-Care (Mauritius) Ltd	Healthcare	87.49	2,519	281	404	268	355	541	0.65	0.88
Sun Limited	Hotels	50.10	528	(2,018)	(1,457)	-	8,796	2,659	3.31	-

**Normalized for FY21 vis-à-vis Reported. PAT excluding the fair value reserve.*

The H1FY22 and H1FY21 financial summary of the major group companies are as under: ***MUR Million***

Companies (FY21)	Business Vertical	Stake (%)	Turnover		EBITDA		PAT		Total debt	
			H1FY22	H1FY21	H1FY22	H1FY21	H1FY22	H1FY21	H1FY22	H1FY21
CIEL Textile Ltd.	Textile	100	7,423	5,403	660	523	345	249	3,603	3,150
CIEL Finance Ltd.	Banking	75.10	2,228	1,798	812	601	369	225	503	521
Alteo Limited	Sugar/Agro	20.96	6,093	5,232	2,631	2,247	1,346	1,106	6,602	6,139
Ferney & Ebene Skies	Land/Rental	71.06	58	59	7	(18)	143	88	242	256
CIEL Healthcare Ltd.	Healthcare	53.03	1,646	1,588	467	310	264	173	643	798
Sun Limited	Hotels	50.10	1,855	283	367	(354)	(109)	(1,097)	7,300	10,704

Investment in group companies

As on June 30, 2021; CIEL had a total investment of MUR 18,587 million the value of which has increased to MUR 21,100 million as at December 31, 2021 (MUR 13,068 million as on June 30, 2020) in its various business verticals.

Business Verticals	% of total investment		
(Mur Million)	FY19	FY20	FY21
Total Investment	14,141	13,068	18,586
Total Debt (CIEL-Standalone)	2,720	2,968	3,203
Investment/Debt ratio	5.20	4.40	5.80

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)				
		FY17	FY18	FY19	FY20	FY21
CIEL Textile Limited	Textile	172	248	113	331	200
CIEL Finance Limited	Finance & Banking	54	62	72	16	60
CIEL Agro & Property Limited*	Agro/Sugar/Land	96	87	77	29	47
Sun Limited	Hotels & Resorts	-	43	65	-	-
C-Care (Mauritius) Ltd	Healthcare	-	-	-	-	54
Others		77	4	-	5	7
Total		**399**	**444**	**327**	**381**	**368**

** CIEL Agro & Property Limited derives its revenue as dividend income from Alteo Limited, Ferney Limited and Ebene Skies.*

Over last few years, 45-55% of the total dividend has been paid by CIEL Textile. In FY21, CTL paid a total dividend of MUR 200 million.

Significant turnaround in performance of major dividend paying companies (CIEL Textile, Alteo, CIEL Finance and CIEL Healthcare) in H1FY22 & FY21 vis-à-vis FY20 barring Sun Limited – impacted by closure of international borders from March 2020 to September 30, 2021

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 31 million garments exported annually (FY21), 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 FY21, fine knits and knitwear operated at more than 90% capacity due to higher demand for T shirts and sweaters, woven cluster operated at 70-80% capacity due to lower demand for formal shirts in the international market. The Financials of CTL is as under:

CIEL Textile Ltd. (MUR Million)	FY19	FY20 (restated)	FY21
Revenue	12,151	10,390	10,444
EBIDTA	1,025	548	1,321
Interest	182	148	139
PBT	548	(65)*	893*
PAT	453	(29)*	789*
GCA	788	338*	1,092*
Dividend Paid	113	331	200
Total Debt:	4,238	4,508	3,540
Long Term	256	251	189
Short Term	3,982	4,257	3,380
Cash & cash equivalents	377	649	701

CIEL Textile Ltd. (MUR Million)	FY19	FY20 (restated)	FY21
Tangible Net worth	4,279	2,880	3,312
EBIDTA margin	8.44%	4.88%	11.35%
PAT margin	3.73%	N.M.	7.56%
Gearing	0.99	1.57	1.08
Total Debt/EBIDTA	4.13	8.72	3.01
Interest coverage (EBIDTA/Interest)	5.63	2.55	8.53

***Normalized for FY21/20 vis-à-vis Reported.*

In FY21, CTL posted a similar revenue and significant increase in profitability due to a higher demand for casualwear led by online retail clients, good order book at good margins in Knits & Knitwear segments (however, lower demand for formal shirts) and depreciation of Mauritian rupee.

In H1FY22, CTL posted significant increase in PAT due to the higher sales volume majorly because of the higher demand for casualwear led by online retail clients, good order book at good margins in Knits & Knitwear segments and turnaround in Woven segment (however, lower demand for formal shirts). Increased EBIDTA due to the improved sales margins as well as favourable exchange rate movement has helped holding inflationary pressures arising from prices of raw material, energy and logistics costs. In H1FY22, CTL posted an increase in EBITDA of 26% from MUR 523 million in H1FY21 to MUR 660 million. CTL's order book has increased in Q2FY22 compared to Q1FY22, with higher margin, specifically from the USA.

As the world is slowly resuming to office, woven segment is experiencing a notable revenue growth and a significant turnaround due to the increase in demand for shirts, mainly from US and UK market.

CTL expects a stable FY22, due to good order book position for next few months of operation for all its units (as on December 2021) 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 8.3% of KIBO Fund II. 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.

CIEL Finance had 40% stake in KIBO I with the 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 9 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 FY21, CFL's standalone posted a profit after tax of Mur 121 million and Total income of Mur 253 million. Dividend from various group companies is the major source of income of CFL. Revenue increased by 16% in FY21 with the increase of dividend income from BNI Madagascar and MITCO. EBIDTA level & margin has improved by 12% in FY21. With the increase in revenue, PAT & GCA also witnessed an increase of around 18% compared to FY20. CFL has paid a dividend of Mur 79 million in FY21.

In H1FY22, CFL posted an increase in EBITDA of 35% from MUR 601 million in H1FY21 to MUR 812 million. Despite of Impairment provisions made by BNI Madagascar amounted to MUR 265 million, the bank posted a relatively higher banking income in H1FY22. Reversal of provision for Bank One led to an improved operational performance of the bank in H1FY22. This has collectively led to an increase in PAT of CFL by 64% from MUR 225 million in H1FY21 to MUR 369 million in H1FY22.

CIEL Finance Ltd (MUR Million)	**FY19**	**FY20**	**FY21**
Total Income	2,853	3,462	3,782
EBITDA	890	984	1,367
Depreciation	159	204	246
Interest	16	22	25
PAT	630	501	608
Gross Cash Accruals (GCA)	789	704	855
Tangible net worth	3,343	3,613	3,796
Total debt	180	515	515
Key Ratios			

CIEL Finance Ltd (MUR Million)	FY19	FY20	FY21
EBITDA/Total income (%)	32.9	37.2	33.5
PAT/Total income (%)	22.1	14.5	16.1
Overall gearing ratio	0.06	0.15	0.84
Interest coverage (EBIDTA/Interest)	55.88	43.17	38.06
Total Debt/ EBITDA	0.24	0.42	0.41

Agro - CIEL owns 20.96% stake of Alteo Limited (Alteo; CARE MAU A; Positive). 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.

In 2020-2021, Alteo produced 105,000 tonnes of raw sugar of which 40,000 tonnes come in the form of plantation white sugar for refining, while direct consumption sugars or special sugars account for 65,000 tonnes (Sugar production in Mauritius – 270,875 MT for year ended Dec 2020). Alteo owns 3 sugar factories in Mauritius (1.45 million tonnes annual crushing capacity), TPC Limited in Tanzania (1.4 million tonnes annual crushing capacity) and Transmara Sugar Company Limited in Kenya (1.2 million tonnes annual crushing capacity). In FY20-21, the sugar mills in Mauritius and Tanzania operated at 80-85%.

In Mauritius, Alteo has a land bank of 15,300 hectares spread across the island of Mauritius worth around MUR 15 billion. 4,300 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 130,000-150,000 tonnes of raw sugar and 60,000 tonnes of special 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 ("MSS"). The Syndicate buys entire sugar produced by the various mills of Mauritius and resells it internationally (primarily in Europe). The prices of sugar per ton and byproducts are determined by the MSS.

The sugar price after witnessing a low of MUR 11,384 per ton in FY19 has witnessed improvement in FY20. For FY21-22 crop, the indicative price has been fixed by MSS at MUR 14,750 per ton. However, based on the current trend, the final price is expected to be higher. The financials of Alteo is as under:

Alteo (MUR Million)	FY19	FY20	FY21
Turnover	8,997	8,287	9,549
EBIDTA	2,104	2,046	3,764
Interest	525	512	477
PBT	920**	834**	2,693
PAT	544**	254**	1,864
GCA	1,274	982	2,675
Dividend Paid	213	172	229
Total Debt:	6,901	7,527	7,284
Cash & cash equivalents	536	1,017	532
Tangible Net worth	15,518	15,336	22,069
Gearing	0.44	0.49	0.33
Total Debt/EBIDTA	3.28	3.68	1.94

Alteo (MUR Million)	FY19	FY20	FY21
Total Debt/GCA	5.42	7.66	2.72
Interest coverage (EBIDTA/Interest)	4.01	4.00	7.89

** *Normalized for FY21/20/19 vis-à-vis Reported.*

Alteo's Mauritian activities largely benefitted from the strengthening of sugar prices – resulting from an increased global sugar deficit coupled to tighter management costs, the depreciation of the Mauritian Rupee versus the Euro and the US Dollar – as well as from an increase in the production and sale of special sugars.

In Tanzania, Alteo's operations improved on last year's already good performance with even higher profits that can be explained by a higher production of sugar, better prices on the domestic market as well as a favourable consumable biological asset fair value movement compared to FY20.

Kenyan operations are benefitted by the better domestic prices, improved factory reliability and stabilized sugar cane availability, leading to higher production and sales volumes.

Alteo's performance has improved significantly in H1FY22 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. PAT for the period has increased from 1,106 million in H1FY21 to MUR 1,346 million in H1FY22.

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 FY21.

Sugar cluster in Mauritius will continue to rely on favourable exchange rates between the MUR and 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 sugar price:

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.

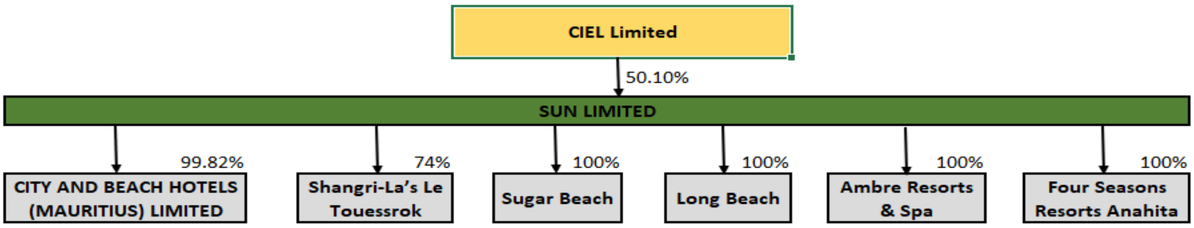
Thus, sugar prices on the world and European markets have seen an increase and the prices are expected to remain favorable over next few years. Higher sugar prices coupled with steady revenue from land sales Alteo's profitability is expected to improve going forward. Profitability of Tanzanian operations 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 1,288 hectares are under cane cultivation and the rest forest land. The land is being developed as Smart City project. 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*) and City and Beach Hotels (Mauritius) Limited owning La Pirogue (rated CARE MAU BBB+; Negative), Ambre (4*).



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.

Sun Limited (MUR Million)	FY19	FY20	FY21
Turnover	6,730	5,058	528
EBIDTA	1,260	923	(554)
Interest	455	915	530
PBT	237*	(1,013) *	(1,998)*
PAT	40*	(1,040) *	(2,018)*
GCA	746	(80)	(1,457)
Dividend Paid	130	-	-
Total Debt:	8,862	9,410	8,796
Tangible Net worth	6,910	3,204	2,659
Gearing	1.22	2.94	3.31
Total Debt/EBIDTA	6.71	9.14	-

** Normalized for FY21/FY20 vis-à-vis Reported.*

Sun was majorly impacted by the Covid-19 pandemic due to border closures resulting in no tourist arrivals during FY21. Sun secured marginal income of MUR 528 million during the financial year through quarantine and local market activities. Consequently, Sun posted a loss in FY21.

Sun Limited implemented several measures, to minimize the cash flow leakage, such as the close monitoring of the debtors' collection and renegotiation with main suppliers to extend credit terms. It also reduced its operational costs by 62.5% in FY21. It also took the following measures in FY21: -

- Disposal of its Kanuhura resort in the Maldives in May 2021 for USD 41.5 million (MUR 1,600 million) and utilization of the funds to repay Bonds maturing in November 2020.
- MIC's agreement to subscribe to MUR 3,100 million of redeemable convertible secured bonds through two wholly owned subsidiaries. Disbursement of Mur 2,100 million has been obtained. The remaining Mur 1,000 million will be received by March 2022. This has helped Sun Limited to fund its losses, meet working capital requirement and repay debt.
- Government support measures such as the Wage Assistance Scheme

In November 2020, SUN Limited had a bond repayment of Euro 54 million (MUR 2,500 million). The company repaid Euro 30 million (MUR 1,400 million) to the Bond holders by utilizing its existing cash balance of MUR 400 million and bridge loans from banks. The other bond holders (Euro 24 million – 1,100) refinanced the Bonds till FY27. The bridge loan from banks were repaid on receipt of funds from MIC and sale of resort in Maldives. The bankers have refinanced the repayment of the terms loans.

For H1FY22, revenue generated from incoming travellers and quarantine business amounted to MUR 1,855 million (MUR 283 million in H1FY21). In H1FY22, Sun Limited has achieved around 50% of the revenue recorded in H1FY20. Occupancy for the 6 months ended December 2021 was at 48%. EBITDA was MUR 367 million (loss of MUR 354 million in H1FY21). Net debt as at December 31, 2021 was MUR 6,309 million (MUR 7,203 million as at December 31, 2020).

As at November 30, 2021 the group repaid MUR 1,200 million of its listed bonds out of proceeds from sale of Kanuhara Resort and proceeds from MIC money.

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)	FY19	FY20	FY21
Turnover	1,909	1,992	2,519
EBIDTA	189	330	500
PAT	98	42	277
GCA	238	154	404
Dividend Paid	-	-	268
Total Debt	455	415	355
Cash & cash equivalents	127	157	241
Tangible Net worth	506	505	541
Gearing	0.90	0.82	0.65
Interest coverage (times)	9.73	10.26	40.85
Total debt/ EBITDA	2.16	2.00	0.82

In FY21, C-Care's revenue has improved by 26% to MUR 2,519 million over MUR 1,992 million in FY20, despite of a slight dip in occupancy in both the hospitals due to following factors –

- Increased revenue from PCR tests.
- Closure of borders – In FY21 & Q1FY22, more complex cases were treated locally which usually, pre COVID, were treated abroad. This has led to the increase in outpatients' revenue by 19% and inpatients revenue by 29% as compared to the revenue in FY20.
- Increased activities specially from additional rooms at Welkin and laboratory services relating to the current COVID pandemic.

Higher revenue and lower operational cost have led to significant increase EBITDA to MUR 500 million in FY21 from MUR 330 million in FY20. PBT also increased to MUR 277 million in FY21. GCA was comfortable at MUR 404 million vis-à-vis debt repayment of MUR 60 million in FY21.

Overall gearing ratio has improved from 0.82x on June 30, 2020, to 0.65x on June 30, 2021, on account of loan repayment effected in FY21 no utilization of working capital borrowings. Current ratio was 0.80x as on June 30, 2021 (0.96x as on June 30, 2020). In FY21 the company paid/declared a dividend of MUR 268 million.

In H1FY22, C-Care's revenue has improved by 15% to MUR 1,379 million over MUR 1,198 million in H1FY21. C-Care's has achieved a PAT of Mur 221 million in H1FY22 (Mur 180 million in H1FY21), driven mainly by increase in ICU rooms for COVID and high volume of activities due to the pandemic.

Financial performance in FY21

<u>Consolidated Performance:</u> CIEL Limited (Consolidated) FY21 results were impacted by non-cash impairment and related tax charges of MUR 576 million (MUR 1,486 for FY20) million at the level of subsidiaries and associates undertaking (in line with Provisioning of financial assets under IFRS 9 implemented in FY20 & FY21). This resulted from management's annual impairment tests of specific assets and investments at cluster level which led to a Group PAT of MUR 446 million (loss of MUR 2,178 million in FY20). 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 576 million (Mur 1,486 million in FY20) 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 PAT stood at MUR 1,022 million after excluding the non-cash impairment and related tax charges. Below is a reconciliation from Reported loss to normalized PAT:

Particulars (Mur Million)	FY19 (Reported)	FY20 (Reported)	FY21 (Reported)
EBIDTA	**3,374**	**3,053**	**2,697**
Less: Impairment of Goodwill	2,129	1,486	576
Less: Depreciation	1,216	1,341	1,301
Less: Interest Cost	813	937	845
Less: Ineffective portion of cash flow hedge*	0	369	230
Less: Lease Liabilities	0	182	220
Add: Fair value gain on investment property	70	160	960
Add: Share of result of associates and Interest income	(39)	(4)	288
Less: Loss from discontinued operations	0	883	247
Less: Tax	436	190	80
Reported Profit after Tax	**(1,189)**	**(2,179)**	**446**
Add: Impairment for Goodwill	2,129	1,486	576
Normalized Profit After Tax	**940**	**(693)**	**1,022**
GCA	**2,105**	**1,018**	**2,552**

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 recd#**		**Total Debt**	
Mur Million		**FY21**	**FY20**	**FY21**	**FY20**	**FY21**	**FY20**	**FY21**	**FY20**
CIEL Limited (Consolidated)		**17,869**	**20,955**	**1,022**	**(32) ***	**-**	**135**	**17,005**	**18,506**
Textile (CIEL Textile)	100	10,444	10,390	789*	(29) *	200	331	3,404	3,359
Finance (CIEL Finance Limited)	75.1	3,782	3,462	608	501	60	16	515	532
Healthcare (mainly C-CARE)	53.0	2,995	2,376	330*	(15) *	54	-	657	807
Agro & Property (Ferney & Ebene Skies)	100	103	113	(29)	154	47	29	263	287
Hotels & Resorts (Sun Limited)	50.1	528	4,635	(2018) *	(717) *	-	-	8,796	9,411
CIEL Limited (Standalone)		**368**	**381**	**130**	**166**			**3,197**	**2,943**
Not Consolidated									
Alteo Limited (Associate)	20.96	9,549	8,287	1,864	254	48	43	7,284	7,367

**Normalized for FY20/21 vis-à-vis Reported. #Dividend received by CIEL Limited.*

CIEL Limited (Consolidated) derives majority 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, 2021, CIEL Limited (Consolidated) had a cash balance of Mur 2,555 million (Mur 1,416 million in June 2020).

In H1FY22, CIEL's (Consolidated) revenue increased by 44.6% from MUR 9,147 million in H1FY21 to MUR 13,222 million due to significant improvement in the performance of Textile, Healthcare & Finance cluster with reasonable contribution from hotel cluster (due to re-opening of borders from October 2021). EBIDTA also increased significantly from MUR 1,035 million in H1FY21 to MUR

2,266 million in H1FY22. From loss making position of MUR 450 million in H1FY21, CIEL posted a PAT of MUR 919 million in H1FY22. PAT was impacted by non-cash impairment and related tax charges of MUR 286 million (MUR 140 million for H1FY21) at the level of subsidiaries and associates (Provisioning of Investments under IFRS 9 implemented).

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.

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 3.8 billion of exports per annum, makes up around 30% 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. 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.

Textile sector is heavily dependent on external trade. During FY21, an increase in exports to the following destinations was observed: South Africa: 33.5% (due to an increase in exports of trousers). Exports for the first quarter of 2021 amounted to Rs 9.43 billion as compared to Rs 9.53 billion for the first quarter of 2020. The Export Processing Zone (EPZ) benefited significantly from the trading arrangements and the protectionist policies of the EC & the US.

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 FY22.

Hotel Industry

Mauritius has a relatively diversified economy with the tourism and hospitality industry being one of the main economic pillars. The country welcomed 1.3 million tourists in 2019 with a total tourism earnings of MUR 63, 107 million the same year. At the end of 2019, Mauritius had 112 hotels in operation with a total of 73% room occupancy rate.

<u>Impact of Covid-19 pandemic</u>

- The tourism and hospitality industry has been facing severe hardship since the beginning of the COVID-19 pandemic, with reduced international travel, closure of borders and lockdown periods. Tourist arrivals decreased with only 308,908 arrivals in 2020 compared to 1.3 million in 2019. In order to support the industry, Government of Mauritius introduced several measures to support economic operators across all sectors impacted by COVID-19. An amount of MUR 5 billion was earmarked to provide financial support at macroeconomic and cross sector level including tourism sector. A special relief fund of Mur 5 billion has been extended till June 2022 to economic operators at a discounted interest rate of 1.5% with 6 months moratorium on capital and interest repayment. Until December 2021, a special Wage assistance scheme was provided by the government of Mauritius, whereby Government provided a wage subsidy to Employers, to ensure that all employees are duly paid their salary. Following the outbreak of the Covid-19 pandemic, the national borders of Mauritius were closed twice (2020 and 2021) to control the propagation of the virus. According to Statistics Mauritius, 219,808 tourist arrivals were recorded in Mauritius from January 2021 to January 2022. The monthly break-up of which is as below:

Particulars	Jan – Sep 2021	October 2021	November 2021	December 2021	January 2022
Arrivals	9,460	54,434	65,922	49,964	40,028
Gross Earnings (MUR million)	2,611	3,044	4,962	4,636	n.a.#

**As per the Statistics Mauritius report; #Not available*

Outlook on the tourism

- MUR 420 million is being allocated to the Mauritius Tourism Ports Authority (MTPA) for the Promotion and destination marketing in France, Reunion, UK, Germany, Italy, South Africa and China. Several cultural tourism events are being organised locally and internationally and E-promotion through e-marketing, online events and virtual road shows.
- Strong demand to travel to Mauritius is prompting Air Mauritius to increase its flights. Air Mauritius is operating a daily flight from Paris to Mauritius since November 2021 and three weekly flights to and from London, which is likely to increase to five weekly flights during Christmas and New Year period.

Agro Sector

Positive outlook of Sugar Industry - Mauritius and International market

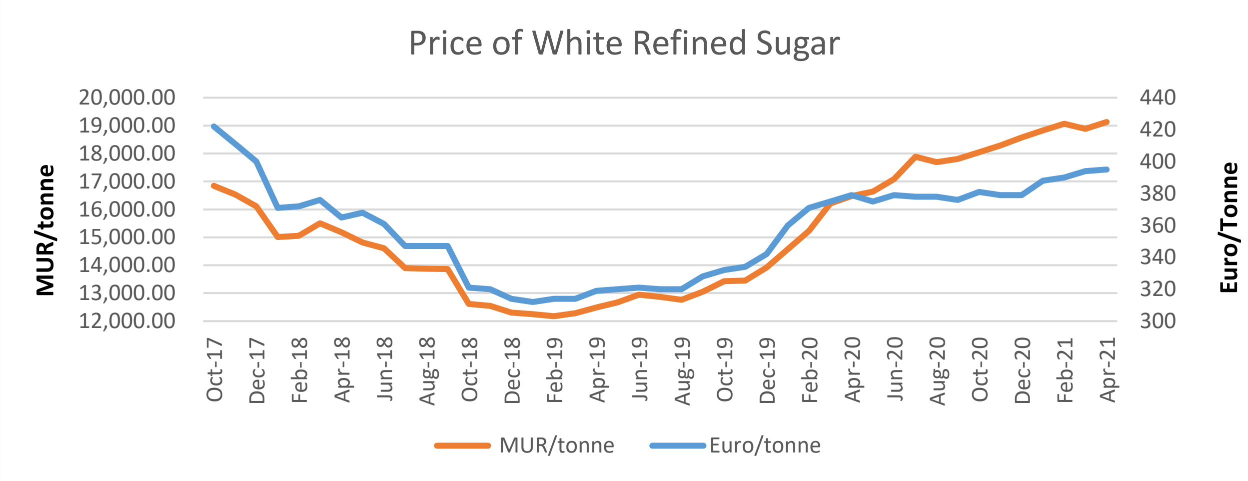
Mauritius is famous for its White refined sugar –(WRS) and Specialty Sugar (SS), which is in huge demand in Europe and US market. Mauritius Sugar Syndicate exports 97% of the sugar produced in Mauritius and imports sugar for consumption in local market (annual local market consumption is estimated at some 35,000 mt, split between some 32,000 mt white refined sugar and the balance as direct consumption raw sugar).

Sugar price in Mauritius

Sugar sales for the 2019-20 and 2020-21 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 year and was estimated at 9.44 M mt in February 2020. Since then, the prices have started improving in the world market.

Sugar prices for the 2019-20 and 2020-21 crop was higher as compared to the last two years. The final sugar price communicated by the MSS for 2020-21 crop in June 2021 was MUR 14,062 per ton (i.e. an increase of 24% compared to the previous year – MUR 11,383 per ton) which increased to Mur 14,750 per ton for FY21.

Sugar Price in E.U. for last 3 years till April 2021



Finance Sector

As on March 31, 2021, 19 banks were licensed by the Bank of Mauritius, of which 8 were local banks, 8 were subsidiaries of foreign banks, 3 were the branches of foreign bank and 1 bank is currently under conservatorship. The Mauritius banking sector is dominated by 2 large banks Mauritius Commercial Bank (MCB Bank) and State Bank of Mauritius (SBM).

The banking industry has remained characterised by an excess liquidity situation (MUR 70 billion in September 2021), while banking operators have continued to display low non-performing loan ratio (5.0 % in March 2021) in the face of the challenging context.

Like most economies worldwide, the Mauritian economy was impacted by the ramifications of the COVID-19 pandemic since early 2020. Almost all industries witnessed a downturn, with the most impacted being the high-contact intensive sectors such as hospitality, arts, entertainment and recreation and cosmetics. The uncertainty associated with the pandemic has, in turn, affected the banking sector.

Prospects

The prospects of the company depend upon its ability to sustain profitability in textile, finance, agro and healthcare vertical & improve profitability in hotel and property vertical, reduction of debt at group level and consistent dividend pay-out by textile, healthcare, agro & property and finance verticals.

FINANCIAL PERFORMANCE

Standalone Financial performance of CIEL Limited *MUR Million*

For the year ended as on June 30,	2019	2020	2021
	Audited		
Total operating income	343	381	368
EBIDTA	265	306	270
Interest	109	144	140
PBT	157	166	130
PAT	156	165	130
Gross Cash Accruals (GCA)	156	165	130
Dividend paid/proposed	347	135	-
Financial Position			
Equity share capital	4,989	5,161	5,166
Tangible net worth	11,660	10,120	15,665
Total debt	2,720	2,968	3,203
- Long term debt	2265	2487	2,985
- Short term debt	455	481	219
Investment in Subsidiaries/Associates	14,141	13,068	18,586
Cash & Bank balances	319	26	7
Key Ratios			
Profitability (%)			
EBIDTA / Total operating income	77.26	80.31	73.33
PAT (after deferred. tax) / Total income	45.48	43.31	35.33
RONW	1.83	1.47	1.04
Solvency			
Long Term			
Debt equity ratio	0.19	0.25	0.19
Overall gearing ratio	0.23	0.29	0.20
Interest coverage (times)	2.43	2.13	1.93
Total Debt/EBIDTA	10.26	9.70	11.87
Total debt/ GCA	17.45	17.98	24.70
Liquidity			
Current ratio	0.70	0.08	1.24

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

For the year ended as on June 30,	2019*	2020*	2021*
	Audited		
Total Income	24,206	20,956	17,868
EBIDTA	3,443	3,053	2,697
Depreciation	1,216	1,341	1,301
Interest	813	835	845
Reported PAT	(1,189)	(2,178)	446
Normalized PAT	1,307	(32)	1,021
Gross Cash Accruals (GCA)	2,105	1,484	1,593
Dividend	347	135	-
Equity share capital	4,989	5,161	5,166
Tangible net worth	17,235	13,452	17,019
Cash and Cash Equivalents (non-banking segment)	*1,712*	*1,416*	2,555
Total debt	**17,446**	**18,707**	**16,553**
Long term debt	*11,707*	*10,643*	*11,107*
Short term debt	*5,740*	*8,064*	*5,446*
Overnight Loans in BNI Madagascar availed from Central Bank of Madagascar by providing Govt of Madagascar T-Bills as security**		2,039	2,797
Key Ratios			
EBIDTA / Total operating income	14.22	15.71	15.09
PAT / Total income	5.32	3.78	2.36

For the year ended as on June 30,	2019*	2020*	2021*
Debt equity ratio	0.67	0.79	0.68
Overall gearing ratio	0.99	1.38	1.01
Interest coverage (times)	4.15	3.26	3.19
Total debt/ GCA	5.17	6.13	6.14
Current ratio	1.09	1.01	1.03

**Normalized for FY21/FY20/FY19 vis-à-vis Reported.*
*** Overnight Loans in BNI Madagascar was availed from Central Bank of Madagascar by providing Govt of Madagascar T-Bills as security. In case of non-payment of the overnight loan, T-Bills would be en-cashed by the Central Bank.*

Performance of CIEL Limited (Consolidated) in H1FY22:

Particulars	H1FY22	H1FY21	FY21
Total Income	13,222	9,147	17,868
EBIDTA	2,266	1,035	2,697
Depreciation	693	748	1,301
Interest	411	681	845
PAT	919	(450)	446
Gross Cash Accruals (GCA)	1,880	438	1,021
Tangible net worth	17,210	16,950	17,019
Cash and Cash Equivalents (Non-banking segment)	2,048	*1,650*	*2,555*
Total debt	**15,363**	**18,465**	**16,553**
Long term debt	*10,880*	*10,928*	*11,107*
Short term debt	*4,483*	*7,537*	*5,446*
Overnight Loans in BNI Madagascar availed from Central Bank of Madagascar by providing Govt of Madagascar T-Bills as security	3,245	1,926	2,797
Net Debt	**13,315**	**16,815**	**13,998**
Key Ratios			
EBIDTA / Total income	17.14	11.32	15.09
PAT / Total income	7.00	N.M	2.36
Interest coverage	5.51	1.52	3.19
Overall gearing ratio	0.90	1.09	1.01
Total debt/EBIDTA	3.40	8.92	6.14

Adjustments

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.

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)	970	FY23 –380 FY25 - 300 FY28 – 290

Long term Bond II

Particulars	Amount (MUR Million)	Repayment (MUR Million)
Long term Bond (Issued in 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 Bond (Issued in May 2021)	500	FY31 - 200 FY36 - 300