# WELCOME TO THE CIEL INTEGRATED REPORT 2020

## Dear Shareholder,

The Board of Directors ("the Board") of CIEL Limited ("the Company") is pleased to present its Integrated Report for the financial year ended 30 June 2020.

We invite you to join us at the Annual Meeting of the Company to be held:

Date: **18 December 2020**
Time: **14:00 hours**
Place: **5th Floor, Ebène Skies, Rue de l'Institut, Ebène**

Sincerely,

**P. Arnaud Dalais**
Chairman

**Jean-Pierre Dalais**
Group Chief Executive

# ABOUT THIS REPORT

This year was marked by the emergence of the COVID-19 pandemic which presented a challenge of unprecedent scale. To date, the future economic environment still remains highly uncertain in Mauritius and abroad, and the Group's visibility regarding the crisis and its potential further impacts remains limited. But this pandemic has also forced us to rethink our ways of working and accelerated our sustainable journey to build long-term resilience.


## A Digital First Report

For the first time, our 2020 integrated report is presented in a digital format only to align with new digital trends but more importantly, to commit with CIEL's sustainability strategy launched earlier this year.

We have come up with new ways of doing old things, offering an interactive and user-friendly digital report to meet the needs of our shareholders and stakeholders, yet allowing all those still looking for their hard copy to have this opportunity.

## Integrated Reporting Principles

This report has been developed following the guidelines of the International Integrated Reporting Council. It will not cover all our operations in details but rather provides key information - considered material at CIEL level - to understand and assess CIEL's performance, effective management and strategic directions. More in-depth information can be found in each Group companies' respective annual report and/or website.

## Reporting Scope and Process

This report covers the financial year to 30 June 2020 in terms of performance as well as some key material initiatives that occured in the first quarter of the current financial year. We have included only what we believe is material, issues that we think have or can have a significant positive or negative impact on the operations, profitability or brand equity of CIEL.

It was prepared by CIEL Head office in close collaboration with our clusters' management teams. We welcome your feedback on the report and invite you to share your comments or questions to: investorrelations@cielgroup.com

## Forward-Looking Statement

The report contains forward-looking statements which, by their nature, involve risk and uncertainty because they relate to future events and circumstances that may be beyond our control. We therefore advise readers to use caution in interpreting any forward-looking statements in this report.

# ABOUT CIEL

# CIEL AT A GLANCE

A Diversified **International Mauritian Group Investing** & **Operating** Across **Emerging Markets**

**6** STRATEGIC CLUSTERS

Ciel Agro

Ciel Finance

Ciel Healthcare

Ciel Hotels & Resorts

Ciel Properties

Ciel Textile

Listed on the

**STOCK EXCHANGE OF MAURITIUS (SEM)**

**SEM SUSTAINABILITY INDEX (SEMSI)**

**10+** COUNTRIES

**32,000** GROUP EMPLOYEES

**108** YEARS OF TRACK RECORD

## Key Figures - MUR

(as at 30 June 2020)

**21.92bn**
Group Consolidated Revenue
(24.21bn - 30 June 2019)

**3.29bn***
Group EBITDA Before Impairments & Reorganisation Costs
(3.44bn - 30 June 2019)

**6.67**
Group NAV Per Share
(7.79 - 30 June 2019)

**(2.13bn)**
Group Impairments & Reorganisation Costs

**(2.16bn)**
Group (Loss) After Tax
(1.19bn - 30 June 2019)

**(1.67bn)**
(Loss) Attributable to Owners of the Parent
(0.86bn - 30 June 2019)

* Has been positively impacted by adoption of IFRS 16 Leases MUR 495M

## **Committed** to long-term sustainable development

OUR PURPOSE

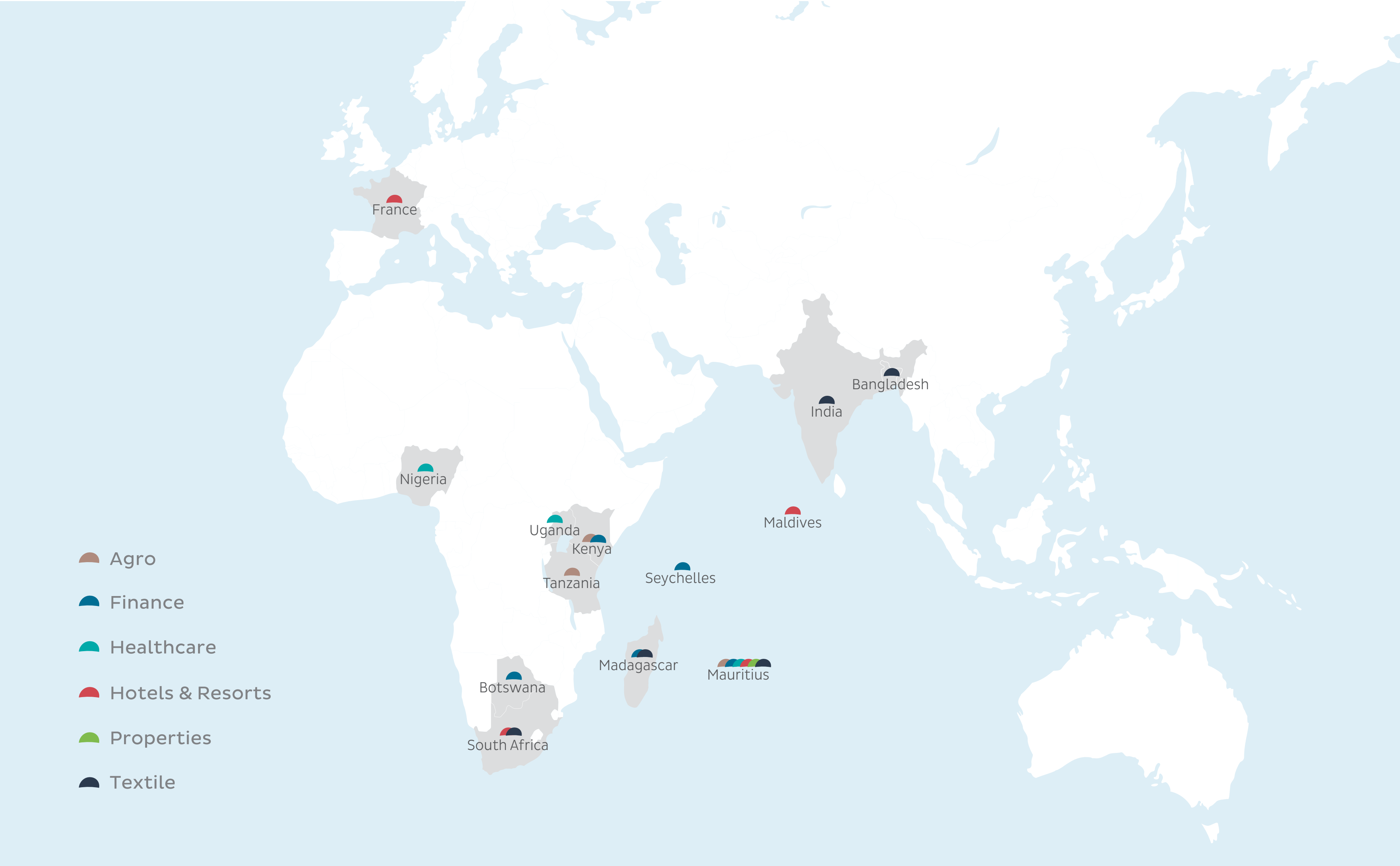
FOR A WORLD
WE CAN ALL FEEL
PROUD OF

OUR VALUES

PEOPLE AT HEART
EXCELLENCE AT CORE
ETHICAL
&
SUSTAINABLE


MUR
98 M
INVESTED IN SOCIAL PROJECTS THROUGH CIEL FOUNDATION SINCE 2005

# A STRATEGIC PRESENCE IN EMERGING MARKETS



# A STRONG NETWORK OF GLOBAL PARTNERS

**Family Investment Holding Companies**

**Development Finance Institutions**

**Recognised Industry Players**

**Private Equity Funds**

# A DIVERSIFIED BRAND PORTFOLIO

**Ciel Agro**

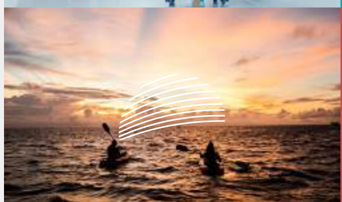
Alteo · ANAHITA MAURITIUS

**Ciel Finance**

BNI MADAGASCAR · BANK ONE · MITCO · iPRO INVESTMENT PROFESSIONALS · KIBO CAPITAL PARTNERS · Ciel Finance Data & Analytics · LCF SECURITIES

**Ciel Healthcare**

C care · C care CLINIC · C lab · WELLKIN HOSPITAL by C care · CLINIQUE DARNÉ by C care · IMG INTERNATIONAL MEDICAL GROUP · HYGEIA Live more life



**Ciel Hotels & Resorts**

Sun RESORTS · LA PIROGUE A SUN RESORT · MAURITIUS · Sugar Beach A SUN RESORT · MAURITIUS · Ile aux Cerfs · ANAHITA GOLF & SPA RESORT MAURITIUS · FOUR SEASONS · SOLEA · ambre A SUN RESORT · MAURITIUS · LONGBEACH A SUN RESORT · MAURITIUS · KANUHURA A SUN RESORT · MALDIVES · Shangri-La's Le Touessrok Resort & Spa MAURITIUS · WORLD LEISURE holidays

**Ciel Properties**

Ferney · Ferney LA VALLÉE · Ferney AGRiHUB · Ferney FALAISE ROUGE · Ferney NATURE LODGE

**Ciel Textile**

AQUARELLE · LAGUNA · CFL · TROPIC · CDL · FLOREAL · FSM

# A STRONG LEADERSHIP AND GOVERNANCE

## CIEL's Board of Directors

A highly qualified Board to set CIEL's strategy and control its execution.

P. Arnaud Dalais

Jean-Pierre Dalais

L. J. Jérôme De Chasteauneuf

Roger Espitalier Noël

Guillaume Dalais

Marc Dalais

R. Thierry Dalais

M. A. Louis Guimbeau

J. Harold Mayer

Catherine McIlraith

Sébastien Coquard

Pierre Danon

Marc Ladreit de Lacharrière

Xavier Thiéblin

Jean-Louis Savoye

Jacques Toupas
Alternate Director

Read the full biographies of our Board Members under Principle 3 of the Corporate Governance Report.

# CIEL's Executive Management Team

## An experienced CIEL management team

**Jean-Pierre Dalais**
Group Chief Executive

**L. J. Jérôme De Chasteauneuf**
Group Finance Director

**Clothilde de Comarmond**
Group Company Secretary

**Yogesh Kissoondary**
Group Head of Corporate Finance

**Mathieu Razé**
Group Head of Communications and Sustainability

**Danny Runghen**
Group Head of Treasury

**Christine Sauzier**
Group General Counsel

**Dev Sewgobind**
Group Head of Human Resources

## Supporting cluster CEOs to drive sustainable performance

**Guillaume Dalais**
CEO of CIEL Properties

**Eric Dorchies**
CEO of CIEL Textile

**Hélène Echevin**
CEO of CIEL Healthcare

**Francois Eynaud**
CEO of Sun Limited

**Marc-Emmanuel Vives**
CEO of CIEL Finance

# GROUP OVERVIEW AND VALUE PROPOSITION


## Our Value Proposition

- Over 100 years' experience in the sugar industry
- #1 sugar producer in Mauritius
- Independent energy producer
- Regional sugarcane industry player with strategic presence in East Africa creating value throughout the sugarcane value chain with the production of raw sugars, refined sugars, bagasse, molasses and energy
- Pioneer in establishing dual bagasse-coal power plants
- Owner of strategic land bank in Mauritius and developer of real estate projects

## Main Partners

- IBL, Tereos, Quadran, Albioma


## Our Value Proposition

- Offers unique complete financial services platform in Mauritius (Banking + Fiduciary + Portfolio Management)
- #1 in the Corporate Banking Segment in Madagascar
- Focus within our portfolio companies on:
  - Customer satisfaction and innovation
  - The permanent search for higher operational efficiency
  - A strong risk management and culture
- Enhanced synergies (within each company, within the Group and with our partners)
- Transparent and open governance with our shareholders and partners
- High priority to compliance, with dedicated upgrading programmes in each operational unit, and to the community at large

## Main Partners

- Amethis Finance, I&M Bank, Axian, Telma


## Our Value Proposition

- Strong leadership position in Mauritius with high level of care and technicity, welcoming patients from the East African region
- A unique investment portfolio of prime hospitals in East Africa
- Solid expertise in lab management
- Strategic investors and a solid shareholders' base
- Highly reputed network of empaneled doctors

## Main Partners

- International Finance Corporation, Proparco, IFHA-II, Kibo Fund

# GROUP OVERVIEW AND VALUE PROPOSITION (CONT'D)


## Our Value Proposition

- #2 Hospitality Group in Mauritius
- Strategically located hotels on the nicest beaches of Mauritius
- Most recently renovated hotel properties in Mauritius
- Strategic partners (Four Seasons and Shangri-La) elevating the hotel industry standards in Mauritius and offering career development opportunities to Mauritians
- In-house Tour Operators (Solea and World Leisure) bringing complementarity and market control to hotel business
- Owner of strategically located land in Mauritius for potential property development

## Main Partners

- Four Seasons, Shangri-La, Dentressangle


## Our Value Proposition

- Strategically located high-value land bank for property development
- High-end luxury property development expertise
- Clear positioning on mixed-use and sustainable property development opportunities
- 140,000 Sqm$^2$ of building in Mauritius within CIEL Textile property book to be optimised


## Our Value Proposition

- Global Fashion partner through:
  - Exceptional design
  - Outstanding service and quality
  - Agility and speed
  - Sustainability leadership
- 40+ years of solid track record
- One-stop shop solution through vertically integrated business
- Strategically positioned as the Best Alternative to China
- Great value to medium and upmarket retailers
- #1 Textile operator in Mauritius and Madagascar
- #1 in high-quality shirt-making in India
- Member of Sustainable Apparel Coalition

## Main Partners

- Key clients include: Lacoste, Levi's, ASOS, J. Crew, etc.

# GROUP STRUCTURE

Go Beyond

## Agro

**Alteo Limited**
- TPC - Tanzania
- Transmara - Kenya

**Anahita the Resort**

**Anahita Golf & Spa Resort**

## Finance

**CIEL Finance Limited**
- Bank One
- BNI MADAGASCAR
- MITCO
- IPRO
- KIBO Capital Partners
- LCF Securities
- CIEL Finance Data Services

**CIEL Corporate Services**
- Azur Financial Services
- EM Insurance Brokers

## Healthcare

**CIEL Healthcare Limited**
- C-Care
  - Clinique Darné
  - Wellkin Hospital
  - C-Care Clinic
  - C-Lab
- IMG
- Hygiea

## Hotels & Resorts

**Sun Limited**
- Ambre
- Long Beach
- La Pirogue
- Sugar Beach
- Kanuhura
- Shangri-La's Le Touessrok Resort & Spa
- Four Seasons Mauritius at Anahita
- Solea
- World Leisure Holiday

**Anahita the Resort**

**Anahita Golf & Spa Resort**

## Properties

**CIEL Properties Limited**
- Ebène Skies
- Ferney

## Textile

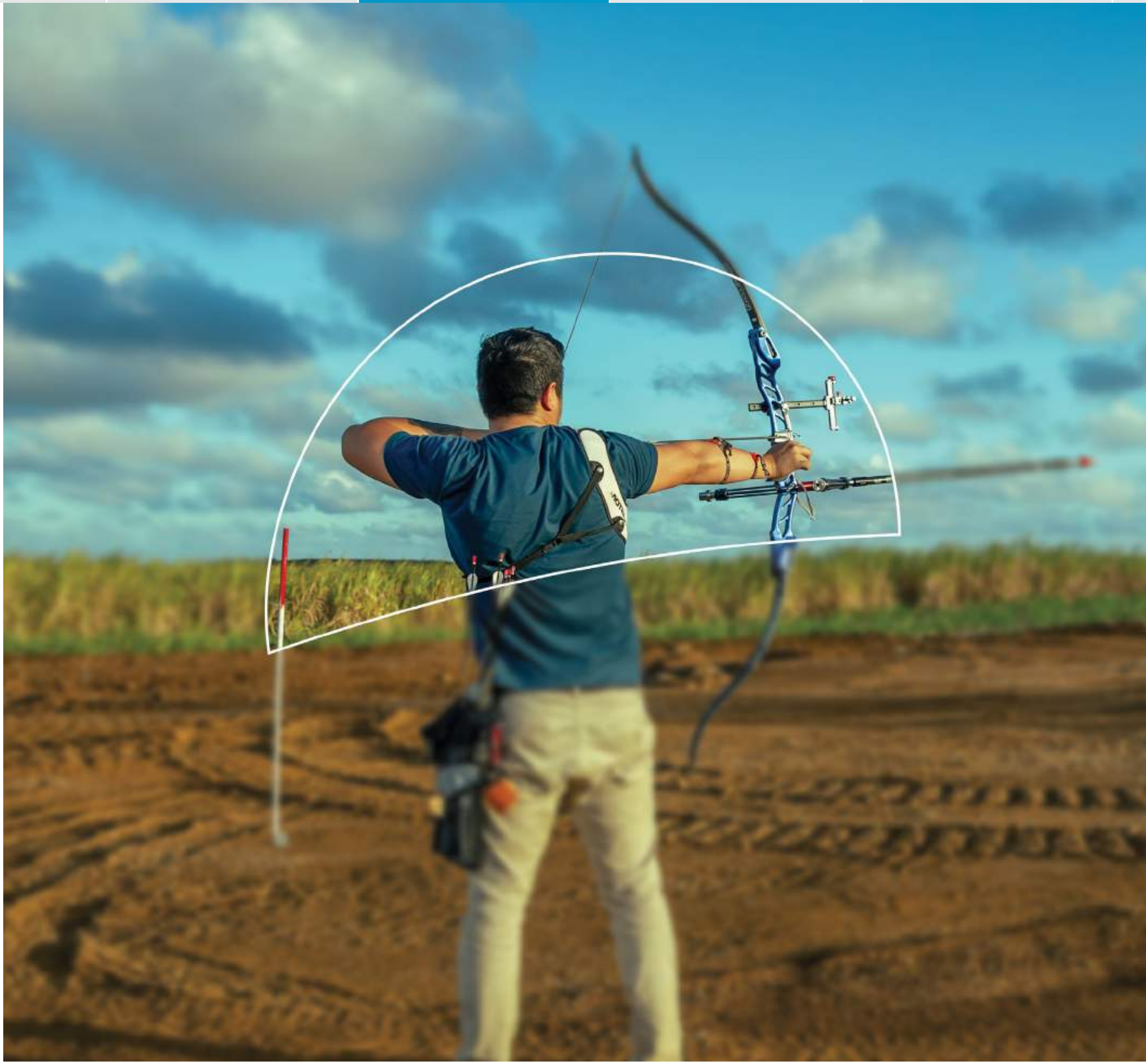
**CIEL Textile Limited**

Woven
- Aquarelle
- CFL
- Laguna

Knits
- Tropic
- CDL

Knitwear
- Floreal
- FSM

FIND OUT MORE
Full Group structure



# GROUP STRATEGY & PERFORMANCE

# CHAIRMAN'S STATEMENT

"

**Over the first semester of the June 2020 financial year, CIEL was delivering a strong performance, with solid growth in EBITDA, operating profit and cash flow.**

**Dear stakeholder,**

There is no doubt that we are living through one of the greatest economic and health crises of modern times. The continued proliferation of COVID-19 is curtailing the global economic recovery, making it extremely difficult to plan ahead. In Mauritius, GDP is projected to contract by 13% in 2020, and the outlook for 2021 remains unclear, particularly given the openness of our economy and its dependence on the travel and tourism industries.

Like many other companies, CIEL has not been spared by the adverse financial impact of the pandemic. Our Group has a positive force to do good, and I am proud of the way in which we have supported our customers, our employees and the communities around during the pandemic. The Board of Directors is confident that despite the COVID-19 crisis, we will rise to the complexities and the challenges brought by the virus thanks to our diversification, international presence, financial strength, strong partnerships and talented people.

Above all, I am grateful for the trust and confidence of our teams, shareholders, financial partners and the national authorities. Our goal remains to create sustainable growth in value and with the strong relationships we have built over the years with our stakeholders, we are determined that we will weather the storm and re-invent ourselves to the post-pandemic world.

## FINANCIAL PERFORMANCE

Over the first semester of the June 2020 financial year, CIEL was delivering a strong performance, with solid growth in EBITDA, operating profit and cash flow.

However, by February 2020, the pandemic, along with lockdowns in Mauritius, China and other parts of the world, caused major disruptions, suspended business operations and began affecting mainly our Textile cluster and Hotels & Resorts activities.

With Mauritius' main tourism source markets closing their borders and the national lockdown imposed on 18 March 2020, CIEL's Hotels & Resorts cluster saw a drastic fall in revenue as it had to temporarily suspend all of its operations. To mitigate this drop in revenue and preserve cash flow, our hotel business, SUN, sought financial assistance from the Mauritian Government through the Wage Assistance Scheme amongst others and has also applied for MUR 3.1Bn in financing from the Mauritius Investment Corporation. We remain in constant dialogue with our financial partners to ensure we can ride out of this crisis in the best possible conditions.

On the other hand, our Healthcare cluster played a vital role in supporting the Mauritian healthcare sector during the pandemic although our hospitals and clinics saw a drop in occupancy due to the lockdown.

Our Financial Services cluster continued to provide essential services throughout the lockdown and doubled efforts to continue serving our clients and help families across Mauritius and Madagascar.

The Agro & Property cluster fared relatively well throughout the year. Despite the challenging context, CIEL has decided to create a standalone Property cluster to generate sustainable value from the substantial property assets that exist across the Group.

The adverse economic impact of COVID-19 and the uncertainties surrounding future cash flow projections have led to impairments charges and reorganisation costs which have weighed on our financial results. Unfortunately, due to the pervasive nature of the COVID-19 crisis, the Group made a significant loss during the year under review.

Recognising the importance of dividends to our shareholders, the Board's decision has been exceptionally difficult. To navigate through the unprecedented uncertainties caused by COVID-19 without compromising liquidity, the Board concluded that the prudent and proper decision was to suspend the June 2020 final dividend. The Board believes that this decision is in the best long-term interests of shareholders.

As at 30 June 2020 (MUR'bn)

**21.92**
Group Consolidated Revenue

**3.29**
Group EBITDA Before Impairments and Reorganisation Costs

**(2.16)**
Group (Loss) After Tax

**8 Cents Per Share**
Dividends Paid
(interim dividend declared in Dec 2019 and paid in Jan 2020)

## CIEL'S RESPONSE TO COVID-19

CIEL's immediate priority was to protect both our business and those who place their trust in us – our people, customers, partners and community. The Group's leadership reacted swiftly and energetically to preserve business continuity and ensure the safety and wellbeing of our stakeholders; and businesses across the Group contributed to national efforts to contain COVID-19 and provided support to those most in need in the community. My fellow Directors and I also worked closely with the executive team to manage the Group's strategic and operational response. More information about CIEL's COVID-19 response is available on p. 18 of the Group Strategy & Performance section.

## STRATEGY AND RISK

Despite these challenges, the COVID-19 pandemic has also been an opportunity to fundamentally reassess how we think and work to ensure we remain relevant to the markets and economy of the future.

At a Group level, we are therefore encouraging a culture of cost-consciousness and efficiency, supported by new digital tools. We also continue to strengthen our cybersecurity defenses following the creation of a Group Cybersecurity Committee last year. More than ever, we aim to build on our leadership positions in strategic sectors while adapting our products and services to new trends in demand.

## SUSTAINABILITY AND SOLIDARITY

The COVID-19 crisis has also demonstrated how vulnerable our world can be to major systemic shocks. Sustainability has never been more important, either for CIEL or for our stakeholders.

In February 2020, CIEL's Board of Directors adopted a new sustainability strategy, including a new vision and key commitments. It represents a roadmap on how to sustainably transform our Group over the next 10 years, building on our existing governance structure and Environmental & Social management systems.

> **"CIEL's Board of Directors adopted a new sustainability strategy, including a new vision and key commitments. It represents a roadmap on how to sustainably transform our Group over the next 10 years.**

We are acutely aware that COVID-19 is leading to rising unemployment and a fall in household incomes in our community. We have therefore created a dedicated fund - the CIEL COVID Fund - to assist Group employees impacted by the crisis. This initiative is financed via contributions from Directors, shareholders and CIEL employees. More information is available on p. 60 of the Sustainability report. Alongside this, CIEL continues to pursue its inclusive growth agenda and support communities via the CIEL Foundation's CSR projects.

## OUTLOOK

Though the ongoing crisis makes it difficult to forecast the future with certainty, the coming months are likely to be very challenging.

Our Group will need to monitor the situation and adopt a flexible and agile approach to its decision-making process.

Despite this, it is clear that CIEL's geographical and sectorial diversification is a real asset. We are now seeing signs of recovery in five of our six clusters, and our initial results for the first quarter of the 2021 financial year are encouraging. Our Hotels & Resorts cluster continues to be impacted by restrictions on international travel and the new wave of COVID-19 infections in our major tourism markets.

Mauritius' inclusion on the Financial Action Task Force's watchlist and EU blacklist is a concern. There is a risk that, over time, it will weaken trust in Mauritius as a jurisdiction. However, we are aware that efforts are being made to resolve this situation and hope that Mauritius will be able to swiftly exit both lists.

Overall, in light of CIEL's strategic positioning across a number of emerging markets and our history of strong growth and sound financial management, the Board of Directors is confident in our Group's medium to long-term prospects.

## ACKNOWLEDGEMENTS

I would like to express my heartfelt thanks to all of CIEL's teams, from our Healthcare cluster's medical professionals to those who keep our businesses and facilities running every day. Despite the difficulty of the past few months, they have demonstrated incredible innovation and commitment in keeping our Group running and have shown real solidarity towards the most vulnerable in our communities. Our teams are the reason that I am confident about CIEL's ability to emerge from this crisis a stronger and even better positioned Group.

I would also like to express my gratitude to my fellow Board members, who have been an invaluable source of support throughout this crisis. The executive team under the leadership of Jean-Pierre Dalais has done an incredible job of navigating this crisis and making hard decisions despite an ongoing lack of visibility.

I would particularly like to thank Harold Mayer, the outgoing CEO of CIEL Textile, for his 30 years of service in that cluster. Mr Mayer remains on the Board of the CIEL Group and of CIEL Textile. The Board and I wish his successor, Eric Dorchies, every success.

Finally, I would like to thank our financial partners and the national authorities for their support and assistance in what has been an exceptionally demanding year. I am also grateful to our shareholders for their patience and understanding over the past few months. Their continued confidence is vital to CIEL's long-term growth.

To all of our stakeholders, I hope you and your loved ones are doing well and staying safe.

**P. Arnaud Dalais**
Chairman

# CIEL's
## Response to COVID-19 Crisis

The health, safety and security of our people has been the number one priority since the beginning of the pandemic. Driven by one of our core values, **People At Heart**, we have been striving to keep our people and the surrounding communities safe.

This pandemic also caused unprecedented challenges in terms of operations, supply chainmanagement, cash flow management and in many other areas. Our teams have been fully mobilised to ensure business continuity and customer service despite very challenging conditions.

We would like to take this opportunity to thank all our employees, customers, shareholders and partners for their commitment, flexibility and trust in our capacity to overcome these challenges together.


C-Lab team

## Our Actions and Measures to Mitigate COVID-19 Impact, Support the Community and Adapt to the 'New Normal'

### Immediate Operational Response

- Crisis committees immediately set-up at CIEL and operational level
- Design and implementation of specific COVID-19 health and safety protocols
- Stop to all business travel
- Sourcing and distribution of protective masks and/or PPEs to employees
- Deployment of business continuity plans across operations
- Implementation of flexible work arrangements and work from home where feasible
- Temporary closure of all hotel operations within 48h following the closure of Mauritian borders
- Temporary closure of some of our textile factories depending on country's COVID-19 response measures
- Supply chain reorganisation to account for global disruptions and source key materials
- Customer and stakeholder ongoing communication to ensure customer service continuity

### Financial Response

- Immediate freeze of all non essential CAPEX and investment plans
- Strict cost cutting exercise across operations
- Focus on strict cash flow management
- Implementation of Directors and Management Team voluntary salary reduction scheme to protect cash
- Active negotiation with debtors and suppliers to revise credit terms
- Support from Mauritian government with Wage Assistance Scheme
- Deferment of dividend payment given high uncertainty and market volatility

### Community Response

- Deployment of PCR tests capabilities
- Set-up of a dedicated and isolated COVID-19 care unit within Wellkin Hospital to support public authorities
- Handing over of some of our hotels for quarantine purposes
- Reorganisation of textile production lines to design and manufacture around 50,000 protective masks per day – 6M masks produced in total
- Food donation to support people in need
- Boost of contactless payments and implementation of automatic deferment of loans and mortgages to assist those affected by the pandemic
- Set up of a CIEL COVID Fund to support our impacted employees

### 'New Normal' Response

- Reorganisation of operations towards more agile and leaner structures
- Acceleration of digital transformation agenda
- Increased focus on sustainability with the launch of CIEL sustainability strategy and commitments towards 2030
- Development of new products and services aligned with emerging needs and trends – food security, eco-tourism, digital financial services, e-health etc.
- Implementation of new work mechanisms (remote working, digital)
- Business review exercises ongoing to adapt to evolving market demand

# OUR BUSINESS MODEL

## GROUP INPUTS AND VALUE WE DRAW FROM

### Human Capital

We nurture a winning culture in a decentralised approach with our talented individuals, our unique savoir-faire and technical expertise.

**Main inputs during the year**
- 32, 000 employees working for the Group across 6 clusters
- A truly international workforce with 61% based in >10 countries
- A young and dynamic workforce with an average age of 39 years

### Financial Capital

We draw our financial capital from our equity and debt holders as well as cash flow earned from our operations.

**Main input during the year**
- MUR 839.96M (net of transaction costs) invested in subsidiaries

### Manufactured Capital

We use our fixed assets such as land, buildings, hotels, factories, and logistics assets to create value.

**Main inputs during the year**
- A strong presence in emerging markets
- Investment in technology and digitalisation (CIEL Textile 3D sampling, C-Care Hospital Information System, Bank One core banking system, etc.)

### Intellectual Capital

We foster innovation which is rooted in our culture and the intellectual property created from that includes our solid brands & reputation, new systems and processes, new products and offerings.

**Main inputs during the year**
- A strong network of global partners
- A diversified brand portfolio

### Social & Relationship Capital

We earn and maintain our reputation and a trusting relationship with our key stakeholders thanks to our 108 years track record and to our strategic partners which are essential to our growth.

**Main input during the year**
- Trusted relationships with NGOs, trade organisations and public authorities

### Natural Capital

We source our raw materials using sustainable practices and commit ourselves to use them efficiently.

**Main inputs during the year**
- Group listed on SEM and SEMSI
- 3,200 hectares of land in Ferney prone to sustainable development
- Ongoing endemic fauna and flora conservation programme at Ferney La Vallée in partnership with the Mauritian Wildlife Foundation

## OUR BUSINESS MODEL

### Our Ambition

Be the #1 in each of our industries

### Our Activities


### Our Approach

- A hands-on approach staying close to operations
- Long-term strategic partnerships bringing capital and expertise to our operations and expansion
- An entrepreneurial attitude with 108 years track record
- Mostly controlling stakes in our companies
- Focus on customer experience

## MAIN OUTPUTS DURING THE YEAR

### Human Capital

- 323,000 training hours invested to grow our people of which:
  - 260,000 hours on leadership
  - 99,000 hours on technical training
- Launch of a CIEL Women Network
- Launch of a Talent playbook to foster best-in class practices
- Adoption of compelling HR data management system

### Financial Capital

- Increased stake in CIEL Textile from 92.92% to 100%
- Increased stake in C-Care from 30.79% to 55.83%

### Manufactured Capital

- Creation of the Property Cluster
- Successful launch of 6 new C-Lab collection points and 1 new C-Care Clinic in Cap Tamarin Mauritius
- LEED platinum accreditation for the new Aquarelle Samudra factory in India
- Production of > 6M reusable masks to fight COVID-19 pandemic

### Intellectual Capital

- Rebranding of CIEL Textile
- Revamped CIEL website
- Launch of Ferney Agri-Hub and Ferney Nature Lodge

### Social & Relationship Capital

- Contribution of MUR 7M to community projects by CIEL Foundation
- Successful 13th Light Edition of CIEL Ferney Trail
- Creation of the CIEL COVID Fund to support impacted employees
- Strong mobilisation of employees and active participation of CIEL on the Oil Spill National Crisis Committee

### Natural Capital

- Adoption of new sustainability strategy 2020-2030
- 2,745 endemic trees planted this year
- 10,638 plants from 37 varieties in the nursery of Ferney
- 5216.98 tons of waste recycled

# GROUP CHIEF EXECUTIVE'S INTERVIEW

"The Group has been quick in finding innovative solutions to increase our organisational resilience and help us navigate these uncertain times."

**The COVID-19 pandemic continues to spread around the world. How has CIEL been affected by the crisis?**

The rise of COVID-19 these past few months has been exceptionally challenging for our Group. The measures taken to fight the pandemic have taken a heavy toll on many of our businesses, both in Mauritius and abroad. Despite CIEL's performance being very promising during the first semester of 2019-2020, with a healthy growth across our activities, we began to feel the impact of the crisis early in 2020.

From February onwards, our Hotels & Resorts cluster saw a drop in occupancy due to the lockdown in China, an important tourism source market for our high-end resorts. Certain supply chains in our Textile activities were also impacted as a result, and these two events put together have had major repercussions on CIEL's performance throughout the second half of FY 2019-2020.

By the third quarter, lockdowns in Mauritius and abroad forced us to halt some of our operations across all clusters, except Agriculture. Reassuringly, the Group has been quick in finding innovative solutions to increase our organisational resilience and help us navigate these uncertain times. Consequently, most of our clusters regained momentum as activities resumed in June 2020, notably with Textile and Healthcare rebounding strongly in the first quarter of FY 2021. We are also seeing encouraging results in our Financial Services, Property and Agriculture clusters.

A notable exception is our Hotels & Resorts operations, which continue to suffer from the resurgence of COVID-19 due to ongoing restrictions on international travel.

Fortunately, we have benefited from the help of the Government and the strong support they are providing to the Mauritian tourism sector in these difficult times.

"I am confident that our diversification, both geographically and across growth sectors, will help us weather this crisis."

Overall, CIEL's foundations remain strong. We are among the top international groups in Mauritius, with operations in India, Madagascar, Bangladesh and many other African countries. I am confident that our diversification, both geographically and across growth sectors, will help us weather this crisis.

**How has the Group responded to the crisis on an operational level?**

At the beginning of this pandemic, we activated our crisis committees at CIEL's Head Office as well as within each of our operations. From the outset, our objective was to protect our people and stakeholders while securing the future of our company. Our risk management team had raised the possibility of a pandemic very early on in 2020, allowing us to proactively prepare for it.

Consequently, we implemented a selection of measures to secure our cashflows and contain costs, including:

- Trimming overheads and renegotiating contracts with third-party suppliers;
- Putting all new projects and non-urgent capital expenditure on hold;
- Implementing voluntary pay cuts of up to 50% among CIEL's management team; and
- Stress testing our operations' cash flows and closely monitoring our working capital requirements.

In February 2020, well before COVID-19 had reached Mauritian shores, we began implementing safety protocols. We planned for remote working by strengthening our existing flexible working schemes and ensuring digital collaboration platforms were well in place.

When the Mauritian lockdown was announced in March 2020, it was relatively easy for CIEL employees to adapt and start working from home.

Following the lockdown, we created a back-to-work protocol and provided protective equipment to keep our employees well and safe.

**How has CIEL supported the community in these difficult times?**

In line with our values, CIEL actively contributed to national efforts implemented to fight COVID-19 in Mauritius:

- Our businesses supported the most vulnerable in our communities through donations and volunteering.
- CIEL Textile made notable efforts to manufacture protective gowns and close to six million medical masks.
- C-Care invested in COVID-19 testing while C-Lab became the country's first private laboratory to be authorised to carry out RT-PCR tests.
- We created the CIEL COVID Fund to help those affected by the crisis to secure employment and gain access to healthcare.

### How has the pandemic changed CIEL's strategic priorities? Have any opportunities emerged as a result of the crisis?

The COVID-19 crisis has and will change certain consumer behaviours and supply chains. Each of CIEL's clusters is actively assessing these new trends and adjusting its offer accordingly:

- BNI MADAGASCAR, which is becoming the country's largest bank, and Bank One, are both deepening their digital banking services.
- CIEL Textile continues to benefit from its international activities in Madagascar, India and Bangladesh. It is accelerating its sustainability and digital transformation, and positioning itself to benefit from the supply chain move of a number of retailers out of China.
- Though our hotel business is likely to be impacted by the COVID-19 crisis over the medium-term, we are repositioning the SUN brand and developing significantly innovative commercial offers to better welcome guests when they start travelling again.
- Our Healthcare cluster is strengthening its position as top-quality healthcare provider in Mauritius. We continue to develop C-Lab at a fast rate, notably with the recent launch of a C-Care Clinic at Cap Tamarin.
- Our newly constituted Property cluster, under the leadership of its CEO, Guillaume Dalais, now focuses on managing CIEL's real estate portfolio. Its objective is to maximise the return on these assets at a time when real estate is becoming an increasingly attractive form of investment.
- We have launched several initiatives that reflect our commitment to sustainability, such as the Ferney Nature Lodge and the Ferney Agri-Hub, which will produce food for the local market in view of a renewed focus on food security in Mauritius.

Overall, CIEL aims to pursue its diversification and capitalise on its strong international positioning. We also intend to strengthen our Mauritian offering and deepen CIEL's regional integration, to create new value for the Group.

### How do you intend to execute this strategy?

> **"Going forward, we will continue to deliver on our sustainability, talent development and digital transformation strategies.**

The current international environment has challenged our working processed and encouraged us to become more agile and resilient. Going forward, we will continue to deliver on our sustainability, talent development and digital transformation strategies, all of which are crucial to the successful implementation of our vision.

Throughout the COVID-19 crisis we used digital tools to help operate our facilities, market our products and nurture our stakeholder relationships, using digital tools. With the pandemic driving a significant expansion in digital economy, now is the time to truly transform our approach and capitalise on new efficiencies, notably by implementing digital solutions throughout our activities.

We are working hard to help our businesses become leaner, enabling them to generate improved margins while adapting to new market trends. We also need to hasten our move towards an asset-light business model to generate significantly larger returns on the capital we employ.

We are in a world where new technologies and heightened customer expectations will be ever rising, to be ahead of the curve we need to further empower our teams. Talent development is indeed a key area of our strategy.

Finally, we believe protecting the environment and promoting social inclusion are crucial to our collective future. This year, prior to the pandemic's emergence, CIEL published a sustainability strategy that sets out clear sustainability goals for the Group over the next 10 years. We will ensure each of our clusters focuses on these specific deliverables.

### You launched your sustainability roadmap for 2030 in August this year. What role do you see sustainability playing in CIEL's growth?

Sustainability is paramount to our businesses, as our customers and investors are increasingly seeking out sustainable products and experiences.

This new sustainability strategy will further strengthen our stakeholders' trust and loyalty. It will also enhance our commitment to good governance and transparency across our value chain.

Built on three key pillars, CIEL's sustainability strategy seeks to foster engagement among our teams, drive innovation and inclusive growth, while accelerating our climate response.

I am confident that our strategy will lead to meaningful change for both our company and the communities within which we operate. More information can be found on p. 54.

### What is the outlook for the CIEL Group?

Our operating context remains very volatile and it is difficult to forecast the next financial year with any certainty. We are doing everything we can to foster our operations, keep our people safe whilst closely monitoring market trends to ensure we can tap into the opportunities of the post-pandemic world. We anticipate that a month-to-month management approach will be required.

A number of positive trends are already emerging. Our Healthcare cluster enjoyed strong growth in the first quarter of FY 2021, building on a rise in healthcare spending and a growing need for investment in the African healthcare market. We are the market leaders in Mauritius and are also present in Uganda and Nigeria. I believe we have a very important role to play in improving the quality and access to healthcare in Mauritius and on the continent.

As for Bank One, it successfully raised MUR 600M in its maiden issuance on the Mauritian market in June 2020 - a crucial sign of investor confidence. This capital injection will allow Bank One to pursue its local and international growth strategy.

There are also exciting opportunities in CIEL's Financial Services cluster, notably with our two banks. BNI MADAGASCAR is going from strength to strength and is taking a leadership position in terms of market share in Madagascar.

While Mauritius' inclusion on the EU blacklist and FATF watchlist is troubling, I believe the country remains in a good position to provide financial services to key markets in the region. It is my hope that this issue will soon be behind us by 2021.

The prospects for our Property, Agriculture and Textile clusters are also encouraging, as demonstrated by their results for the first quarter of 2021. Our Textile cluster is seeing renewed demand from large international retailers and a marked shift towards online sales and casual wear, both of which we are well positioned to respond to.

It is, however, unclear when the travel and tourism industry will recover, and our Hotels & Resorts cluster's performance is affecting CIEL's overall financial health. That being said, we have taken steps to protect the future of our businesses and of the people we employ. Furthermore, SUN Resorts' assets are world-class and our positioning in Mauritius is robust. I have no doubt that demand for our hotels and for Mauritius as a holiday destination, will pick up once COVID-19 is contained.

### Acknowledgements

It has been a difficult year for CIEL's teams, marked by economic uncertainty, a need to adapt to new ways of working and an on-going pandemic. I would like to express my gratitude to all our people for their positive spirits and drive towards innovation despite these exceptional circumstances. I am incredibly proud of how our team at large continues to rise to the challenge of this crisis.

I would also like to thank CIEL's Chairman, P. Arnaud Dalais, and our Board of Directors, for their guidance and hands-on support. My thanks also go to our shareholders for their support despite what has been a disappointing year in the absence of a final dividend.

I am grateful to Harold Mayer, the outgoing CEO of CIEL Textile, for his role in turning our Textile cluster into a major international player over the last three decades. I am thankful for his continued help as a member of both CIEL and CIEL Textile's Board of Directors, and I would like to extend my best wishes to Eric Dorchies, who now helms our Textile activities.

I would also like to express my gratitude to the Mauritian authorities for their support, notably to our hotel activities, during this unprecedented crisis.

I have been deeply touched by the solidarity our teams have shown to one another and to those most in need.

**Jean-Pierre Dalais**
Group Chief Executive

CIEL's Financial Results Highlights **here!**

# GROUP STRATEGY


| | Associated KPI | Key Residual Risk Impacted |
|---|---|---|
| 1 **Optimise Assets and Performance with Focus on EBITDA Generation and Return on Capital Employed** | EBITDA Growth and Return on Capital Employed | 1, 2, 3, 4, 8, 10 |
| 2 **Drive Operational Excellence Across the Group** | OPEX Dashboard | 4, 8 |
| 3 **Consolidate our Presence in Selective Regional Markets** | Share of Revenue & Profits from International Markets | 1, 2, 4, 6, 8, 10 |
| 4 **Increase Focus on Services-Oriented Businesses - B2B2C – and Customer Satisfaction** | Customer Satisfaction Scores | 1, 2, 4, 7, 8, 9 |
| 5 **Nurture Talent Development** | Enhance HR Capabilities Across the Group Through Accelerated Exchange of Best Practices | 1, 8 |
| 6 **Embrace Sustainability for Competitive Edge** | Sustainability Dashboard | 5 |

FIND OUT MORE
Top 10 Risks

## Key Capitals Impacted

Financial Capital · Manufactured Capital · Human Capital · Social & Relationship Capital · Intellectual Capital · Natural Capital

| Strategic Pillars | Progress this Year | Next Steps | Key Capitals Impacted | SDGs Tackled |
|---|---|---|---|---|
| **Optimise Assets and Performance with Focus on EBITDA Generation and Return on Capital Employed** | • Significant impact of COVID-19 crisis on the Group's performance<br>• Cost cutting exercise and CAPEX freeze to protect cash flow<br>• Debt restructuring exercise<br>• Creation of a Property cluster and appointment of dedicated CEO and team to unlock value around Group non-core Property assets | • Strategic review of non-performing assets<br>• Focus on cash flow and EBITDA generation | | |
| **Drive Operational Excellence Across the Group** | • Significant COVID-19 impact on operations:<br>  • Reorganisation of workflow and processes in some cases<br>  • Implementation of COVID-19 protocols and work from home policies<br>  • Restructuring exercises in Textile for leaner organisations<br>• Continued roll-out of Operational Excellence roadmap through cluster committees and dashboards<br>• Kick-off of first CIEL Finance Innovation Awards nurturing ideas | • Monitor Operational Excellence governance and progress<br>• Pursue Group Forum Dynamics across functions<br>• Work towards a leaner and more agile organisation | | |

| Strategic Pillars | Progress this Year | Next Steps | Key Capitals Impacted | SDGs Tackled |
|---|---|---|---|---|
| **Consolidate our Presence in Selective Regional Markets** | • CIEL Textile's international operations in Madagascar, India and Bangladesh continue to prove strategic<br>• BNI Madagascar #1 position maintained for the corporate segment, whilst the bank has gained market share on the retail front as well<br>• Turnaround of IMG Uganda hampered by COVID-19 pandemic<br>• Kanuhura Resort (Maldives) operations stopped in March 2020<br>• Good momentum of Alteo's Tanzanian and Kenyan operations | • Review of non-performing assets<br>• Consolidate our presence in regional markets by increasing efficiency and profitability of existing assets | | 8<br>9<br>17 |
| **Increase Focus on Services-Oriented Businesses – B2B2C – and Customer Satisfaction** | • Rebranding and reorganisation of CIEL Textile companies as "Best Global Fashion Partner"<br>• Investment in technology and digitalisation (CIEL Textile 3D sampling, C-Care Hospital Information System, Bank One core banking system, etc.)<br>• Successful launch of C-Lab collection points and new C-Care Clinic in Cap Tamarin Mauritius<br>• Launch of Ferney Agri-Hub<br>• Successful launch of Fihariana by BNI-KRED with the Malagasy government to provide financial and technical support to SMEs | • Increased focus on growth sector, i.e. Finance, Healthcare and Property<br>• Sustainable transformation of traditional industries (Agro, Hotels & Resorts and Textile) | | 3<br>8<br>9<br>11<br>12 |

| Strategic Pillars | Progress this Year | Next Steps | Key Capitals Impacted | SDGs Tackled |
|---|---|---|---|---|
| **Nurture Talent Development** | • Adoption of compelling HR data management system<br>• Invested in the capability and competency of HR Teams<br>• Digitalisation of HR processes with focus on recruitment and selection<br>• Launch of CIEL Women Network to empower women across the Group to take senior leadership positions | • Pursue journey to become an Employer of Choice<br>• Continuously explore and identify opportunities to digitalise key HR processes | | 3, 4, 5, 8, 9 |
| **Embrace Sustainability for Competitive Edge** | • Adoption & launch of Group Sustainability Strategy 2030 with clear commitments and non-financial KPIs<br>• Platinum LEED Certification of Aquarelle Samudra (India) factory<br>• Creation of CIEL COVID Fund to support impacted employee<br>• Strong mobilisation around Ferney and Anahita to prevent and manage MV Wakashio oil spill in Mauritius | • Adoption of cluster sustainability strategy aligned with Group engagements<br>• Launch of online management system to collect and analyse sustainability data<br>• Increased engagement around sustainability issues within and outside the Group<br>• Publication of first sustainability report | | 1, 7, 13, 2, 8, 14, 3, 9, 15, 4, 10, 16, 5, 11, 17, 6, 12 |

# GROUP FINANCE DIRECTOR'S REVIEW

Revenue decline was contained to 9.4% owing to good momentum in the first nine months supported by **CIEL's sectorial and geographical portfolio diversification.** EBITDA before impairments and reorganisation costs was 4% lower than prior year although **good growth was noted in the first nine months**. 2020 financial performance reflects the impact of impairments and reorganisation costs of MUR 2.13bn borne by the Group due to the current unprecedented economic crisis. We have achieved a higher Free Cash Flow owing to an **effective cash flow management and lower working capital requirements** with the slowdown of activities in the last quarter of the financial year.

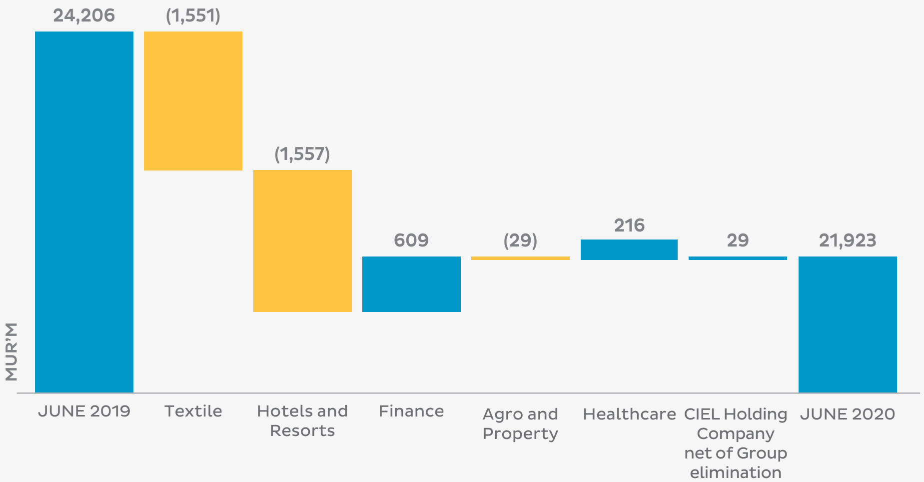
## FINANCIAL OVERVIEW

| MUR 'M | 2020 | 2019 | % Change | 2018 | CAGR |
|---|---|---|---|---|---|
| Revenue | **21,923** | 24,206 | (9%) | 22,608 | (1%) |
| EBITDA before impairments and reorganisation costs | **3,292** | 3,443 | (4%) | 2,953 | 4% |
| EBITDA Margin | **15%** | 14% | 1% | 13% | 5% |
| (Loss)/Profit after tax | **(2,163)** | (1,189) | (82%) | 1,090 | - |
| (Loss)/Profit attributable to: | | | | | |
| Owners of the Parent | **(1,672)** | (860) | (94%) | 441 | - |
| Non controlling interests | **(491)** | (329) | (49%) | 649 | - |
| (Loss)/Profit after tax before impairments and reorganisation costs | **(33)** | 1,307 | (103%) | 1,090 | - |
| Basic and diluted (loss)/earnings per share (MUR) | **(0.99)** | (0.52) | (90%) | 0.27 | - |
| Total Assets | **77,062** | 68,984 | 12% | 68,885 | 4% |
| Return on Assets* | **0%** | 2% | (2%) | 2% | - |
| Equity | **18,536** | 22,131 | (16%) | 24,748 | (9%) |
| ROE* | **0%** | 6% | (6%) | 4% | - |
| Net Asset Value per Share (Group) | **6.67** | 7.79 | (14%) | 8.76 | (9%) |
| Net Asset Value per Share (Company) | **6.00** | 7.02 | (15%) | 8.49 | (11%) |
| Net Interest Bearing Debt** | **16,908** | 15,521 | 9% | 15,498 | 3% |
| Gearing = Debt/(Debt+Equity) | **47.7%** | 41.2% | 6.5% | 38.5% | 7.4% |
| DEBT to EBITDA before impairments and reorganisation costs (times) | **5.1** | 4.5 | 0.6 | 5.2 | (1%) |
| Capital Employed | **35,444** | 37,652 | (6%) | 40,246 | (4%) |
| ROCE* | **5%** | 6% | (1%) | 4% | 4% |
| Dividend per share (MUR) | **0.08** | 0.21 | (13%) | 0.20 | - |
| Market Capitalisation (MUR 'bn) | **5,859** | 10,460 | (4,601) | 11,500 | (20%) |

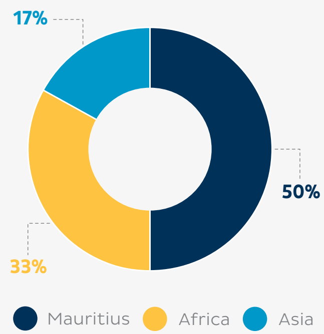
*Adjusted for Impairments and reorganisation costs
**Excludes right of use liabilities under IFRS 16 and Banking liabilities

**Group revenue** for the full year fell by 9% to MUR 21.9bn (2019: MUR 24.21bn) mainly in the fourth quarter ended June 2020. The Hotels & Resorts and Textile clusters took the full blow of the lockdown enforced in Mauritius and abroad. The marked year-on-year revenue decline was however mitigated by growth in the Finance cluster resulting from higher net interest income generated by its banking activity – BNI MADAGASCAR and the Healthcare cluster driven by higher occupancy levels in Mauritius and Uganda until the COVID-19 outbreak.

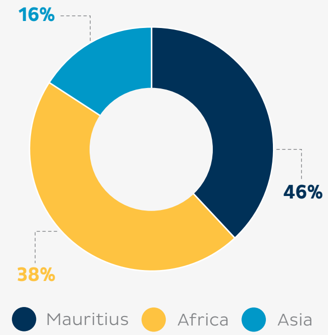
The increase in revenue from BNI MADAGASCAR marks our presence in Africa. On the other hand, the lower contribution from the Textile and Hotels & Resorts clusters due to closure of our activities caused by the national lockdown decreases the % turnover generated in Mauritius. A slightly lower contribution to turnover in Asia is the result of lower revenue from CIEL Textile's Asian operations following operational disruptions caused by the pandemic.



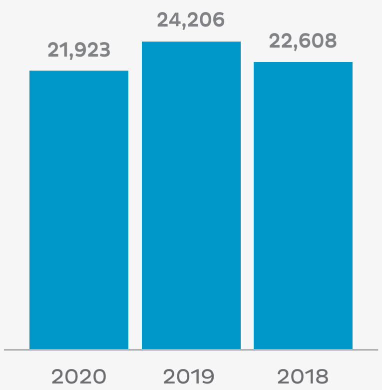

### Revenue by Geographical Area 30 June 2019




### Revenue by Geographical Area 30 June 2020




### Group Consolidated Revenue (MUR 'M) (CAGR: -1%)



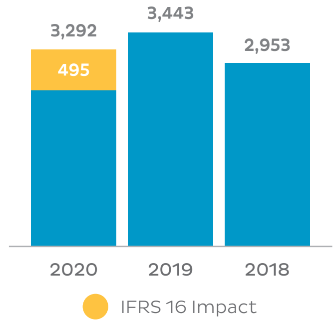
Adoption of IFRS 16
CIEL Group has adopted IFRS 16 Leases using the Modified Retrospective Approach in the reporting period beginning on 1 July 2019 with a transitional impact of MUR 511M made to Retained Earnings on 1 July 2019. This has a negative adjustment on the Group Net Asset value ('NAV').

The implementation of IFRS 16 results in the recognition of lease liabilities of MUR 3.77bn and right-of-use assets of MUR 3.25bn as at 30 June 2020. The new standard also impacted depreciation charges, interest expense and operating lease rental with a net increase of MUR 495M and MUR 32M in Earnings before Interest, Tax, Depreciation, Amortisation and Exceptional Items and in profit after tax respectively for the year ended 30 June 2020.

Down by 4% to MUR 3.29bn (2019: MUR 3.44bn), **EBITDA before impairments and reorganisation costs** showed resilience supported by the improvement registered in the first nine months and cost savings measures implemented in the face of the crisis. It also includes a positive impact of MUR 495M from the adoption of IFR16 as detailed above. All clusters, except the Hotels & Resorts and Textile clusters, posted improved EBITDA before impairments and reorganisation costs against prior year.

**Depreciation and amortisation** charges rose to MUR 1,516M – up MUR 300M from prior year. The increase includes an impact of MUR 180M resulting from the adoption of IFRS 16 and higher depreciation charges on the higher asset base of the Hotels and Resorts cluster.

EBITDA Before Impairments and Reorganisation Costs (MUR 'M) (CAGR: 4%)




The adverse economic impact of COVID-19 and the uncertainties surrounding future cash flow projections have led to **impairment charges** of MUR 2,022M corresponding to property, plant and equipment of SUN's luxury hotel, Kanuhura, Maldives, the Finance cluster's loan book (expected credit losses as per IFRS 9 Financial Instruments requirements), inventories and debtors within the Textile cluster, the goodwill of the Ugandan arm of the Healthcare cluster - International Medical Group (IMG) and an associated undertaking within SUN's portfolio. Furthermore, the Textile and Hotels & Resorts clusters incurred **reorganisation and other related costs** of MUR 108M in relation to cost saving actions taken by the Group to preserve liquidity.

COVID-19 Effect on Clusters

| Cluster | Effect | Impact | Impairments and Reorganisation Costs (MUR 'M) |
|---|---|---|---|
| Hotels & Resorts | High | • Ban on tourist arrivals (Mauritius & Maldives)<br>• Closure of resorts | • Impairments (PPE & Inventories): MUR 760M<br>• Impairments (Associate - Ambre): MUR 107M<br>• Provisions for bad debts: MUR 76M<br>• Reorganisation costs: MUR 33M |
| Textile | High | • Drop in order books<br>• Factory closures<br>• Lower demand for formal wear (Woven segment) | • Impairments (Inventories): MUR 285M<br>• Debtor write offs & others: MUR 266M<br>• Reorganisation costs: MUR 75M |
| Finance | Medium | • Loan book of BNI Madagascar impaired due to adverse economic impact forecasted | • Provision for loan impairment: MUR 321M |
| Healthcare | Medium | • Lockdown - Deferred operations, fall in occupancy<br>• Goodwill - IMG Group<br>• IFRS 9 - Financial Instruments provisions | • Impairment of goodwill: MUR 128M<br>• Provisions for bad debts: MUR 77M (C-Care - MUR 50M, IMG - MUR 26M) |
| Agro | Low | • Minimal | • Impairments (Associate - Laboratoire International de Bio Analyse Ltée) : MUR 2M |
| Property | Low | • Minimal | • Not applicable |

Effect:
High
Medium
Low

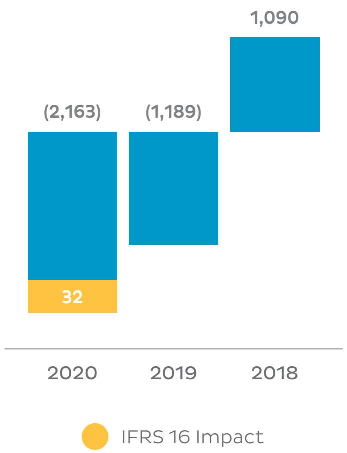
The increase in **net finance costs** from MUR 781M to MUR 1,542M is mainly attributable to an ineffective cash flow hedge on SUN's foreign denominated debts which resulted in a loss of MUR 369M, and the negative impact of MUR 283M from IFRS 16 versus the prior year.

The **share of results of joint ventures** fell from a positive MUR 161M to a loss of MUR 67M mainly due to the impairment of a non-performing loan recognised at Bank One.

The **share of results of Associates** is a positive MUR 16M compared to a loss of MUR 232M last year which included total impairment charges of MUR 311M booked in Alteo, The Kibo Fund LLC – the Finance cluster's private equity arm - and the Healthcare cluster's Nigerian operations.

**Loss before tax** increased from MUR 753M in the prior year period to MUR 1,947M due to the negative impact of COVID-19 on the Textile, and Hotels & Resorts clusters. Consequently, after a **lower taxation charge** reflecting significantly reduced activity levels, **Group loss after tax** amounted to MUR 2.1bn, or (MUR 0.99) per share.

(Loss)/Profit after tax (MUR 'M)




# FINANCIAL STRUCTURE

## IMPROVED FREE CASH FLOW

Free Cash Flow* (MUR 'M)


*Cash flow from operations net of working capital movements after recurrent capital expenditure (Excluding specific banking working capital movements)

| FULL YEAR (In MUR 'M) | Textile | Hotels & Resorts | Finance | Agro & Property | Healthcare | CIEL Holding net of Group eliminations | Group |
|---|---|---|---|---|---|---|---|
| June 2020 | 1,018 | 356 | 839 | (7) | 67 | (946) | **1,327** |
| June 2019 | 254 | 1,169 | 493 | 13 | (62) | (811) | **1,056** |

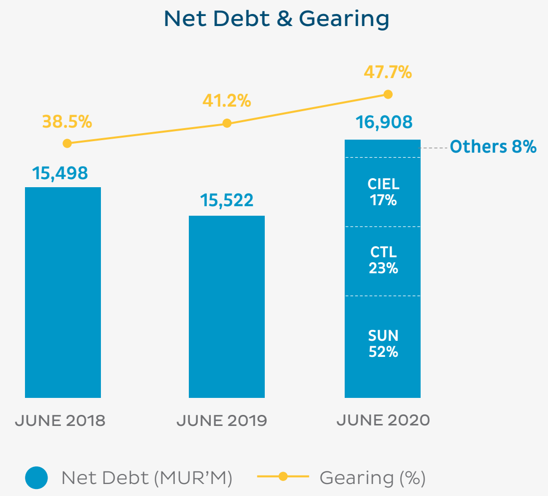
The Group achieved a higher Free Cash Flow of MUR 1,327M year-on-year (2019: MUR 1,056M).

With cash preservation a key priority, the Group tightened its cash flow management processes with:

- closer debtor monitoring
- renegotiation of credit terms with suppliers
- salary cuts by Management staff
- deferment or cancellation of non-essential capital investments.

Recurring capital expenditure was reduced by half from prior year.

## GROUP LEVERAGE



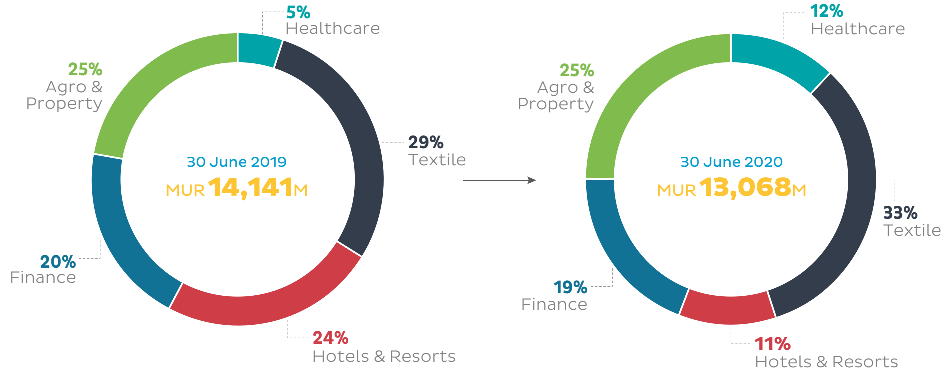

*Gearing = Debt / (Debt+Equity)

Net debt increase from June 2019 due to:

- Financing by CIEL Limited of a higher stake in CIEL Textile and C-Care (MUR 500M)
- Investment of CIEL Finance in Bank One's capital increase (MUR 300M)
- Foreign exchange fluctuations on SUN's bonds denominated in foreign currencies (MUR 600M)

CIEL maintains a solid financial structure with a gearing ratio of 47.7%, up from 41.2% as at 30 June 2019.

## INVESTMENT PORTFOLIO



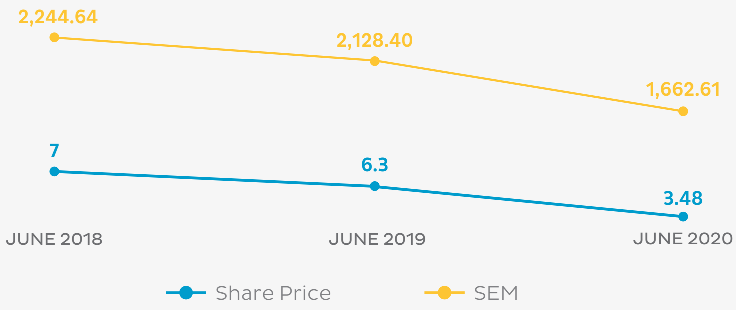

- All listed subsidiaries are valued at market price except for SUN which is valued at market price plus a 10% premium.
- Over the year ended 30 June 2020, at Company level, the total portfolio value has decreased by 7.6% mainly due to a fall in the share price of SUN and Alteo by 58% and 19% respectively.
- CTL has been valued using the discounted cash flow model to arrive at a price of MUR 42 per share. Prior year the valuation was based on latest transaction price of MUR 44 per share.
- The value of the Finance investment fell due to additional debt contracted to finance an investment in an underlying entity and also due to a drop in the market multiples used to value Bank One.
- The Hotels & Resorts cluster's lower contribution to the portfolio is due to the 58% fall in the share price of SUN from MUR 35 as at 30 June 2019 to MUR 14.80 as at 30 June 2020.
- Alteo's share price fell by 19% from MUR 18.80 as at 30 June 2019 to MUR 15.20 as at 30 June 2020. However, the revalued asset base at Ferney Limited and Ebene Skies Limited have mitigated the lower contribution from Alteo.
- The value of the Healthcare cluster increased due to:
  - an increased stake of CIEL Healthcare in C-Care from 58.60% to 67.41%
  - CIEL's direct acquisition of 20.08% of C-Care
  - an increase in the share price of C-Care from MUR 2.84 in June 2019 MUR 4.34 as at 30 June 2020.

The Healthcare cluster now represents 12% of the Group's investment portfolio, compared to 5% a year ago.

- The Company Net Asset Value ('NAV') per share stood at MUR 6.00 as at 30 June 2020 (30 June 2019: MUR 7.02).

## SHAREHOLDER VALUE

Share Price Movement
(Base year: 2018)




CIEL shares largely followed the trend of the Stock Exchange of Mauritius in the June 2020 financial year as the domestic economy faced major challenges. The closing price of CIEL on 30 June 2020 was MUR 3.48.

Quality of assets and business fundamentals are inaccurately reflected in share price. The Hotels & Resorts cluster represents only 11% of our portfolio – down from 24% in June 2019 – and accounted for only approximately 25% of Group revenue and 30% of EBITDA as at 30 June 2020.

### Dividend

The Board has decided that it was appropriate to suspend the final dividend for the June 2020 financial year. The Board believes that suspending and re-basing the dividend is the right thing to do for the long-term future of CIEL Group and that the headroom generated by this decision is prudent given the COVID-19 pandemic.

## OUTLOOK

Based on our first quarter September 2020 results, revenue stood at MUR 4.63bn picking up from the previous quarter mainly at the Textile, Finance and Healthcare clusters, but was lower than prior year owing to the limited activity of the Hotels and Resorts cluster. EBITDA was MUR 431M compared to MUR 728M in the corresponding quarter in prior year – a decrease mitigated by improvements in the Healthcare and Finance clusters and a rebound of the Textile cluster compared to the previous quarter. The various cash flow measures taken by the Group clusters contributed to a positive Free Cash Flow of MUR 336M (2019: MUR 368M). The Textile, Finance, Healthcare and Agro & Property clusters also posted an improved operational performance which helped contain the Group losses to MUR 270M after tax in the period. We maintained a solid financial structure with a gearing ratio of 48.6%.

Our results in the first quarter of the new financial year show encouraging signs in certain business areas and geographies.

We expect that our Hotels and Resorts cluster results will continue to weigh on the Group's overall performance in the 2021 financial year.

Our Textile cluster is performing better as the Knits and Knitwear segments have managed to emerge successfully from the pandemic.

The Finance cluster should continue to show balance sheet growth mainly at BNI Madagascar level, and improved operational performance at both Bank One and BNI Madagascar although higher provisions for impairment would affect the Group's results.

The Healthcare cluster is performing well with the ease of restrictions since June 2020 in Mauritius and since July 2020 in Uganda with occupancy rates and operations better than prior year due to increased activities.

The Agro cluster has had limited exposure to the pandemic so far but there is a lot of uncertainty around Alteo's main sugar export market to date. The Property business, on the other hand, has launched its Agri-Hub within Ferney estate in the south-east of the island and has various other development projects in the pipeline to optimise CIEL Properties' portfolio.

In these highly uncertain times, we are determined to continue to preserve cash, optimise capital allocation and emerge stronger from the pandemic.

I would like to conclude by thanking our dedicated and hardworking finance teams across the Group who, notwithstanding the difficulties encountered during this COVID-19 period, have maintained high standards and professionalism. I also thank all our shareholders and the broader investment community both locally and internationally for your continued investment and interest in CIEL Group.

**L. J. Jérôme De Chasteauneuf**
Group Finance Director

# HUMAN CAPITAL REPORT

CIEL's Human Capital management is central to our business strategy and our focus remains on developing and investing in future capability of our Group. Beyond our current practices, CIEL continues to foster a systematic and integrated approach to manage the career growth of employees and help ensure that we have the right people ready for key leadership roles now and in the future. Along with its actions to promote diversity, our Human Capital management aims to prepare the Group for changes in its environment.

## FOSTERING A VIBRANT WORKFORCE

At the heart of our growth over the years, has been our People, hence our value of 'People at Heart' which is now well embedded in our ways of doing business. Our people's skills, experience and diversity enable us to provide competitive and reliable products and services to our customers.

This year we have witnessed an unprecedented situation with the COVID-19 pandemic. Despite being highly disruptive, it has forced us to rethink, adapt and reset our actual practices to develop a more resilient workforce and restore confidence to achieve sustainable growth.

At CIEL we have undergone a major rethink to sustain our operations in the long-term and to sustainably transform our businesses we have adopted our Sustainability strategy with a clear commitment to **Foster a vibrant workforce**.

Our ambition for the coming years remains to firmly establish CIEL as an **employer of choice** by offering career experiences through mobility across the Group.

Ultimately our people strategy focuses on creating a workplace that can attract and retain the best talent in the markets where we operate.

# COVID-19 Impact on Talent Management

1

### Health and Safety of our people as a priority #1

- Designed and implemented clear COVID-19 protocols for all our operations
- Minimised disruptions by implementing flexible work arrangements and remote work
- Enforced strict back to work protocol after lockdown

2

### Adjusting our structure and operations

- Postponing Group events and major training programmes (HEC Executive Leadership programme; CIEL Textile International Graduate Programme)
- Optimisation of our structures for leaner operations
- Increased digitalisation
- Reviewing our cost of operations

3

### Supporting our people

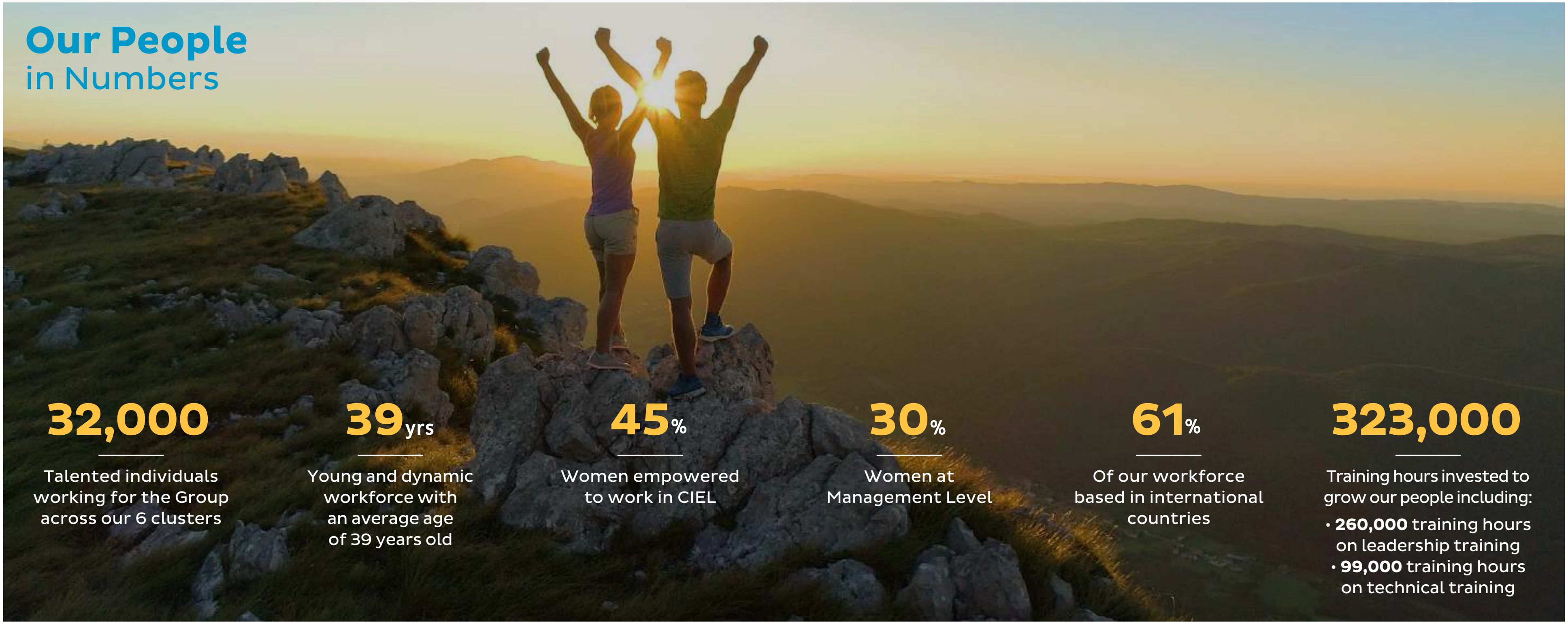
- CIEL COVID Fund set up to help our employees impacted by the pandemic
- Acceleration of internal mobility and outplacement programmes

# Creation of a CIEL Women Network

In line with our ambition to empower women to take senior leadership positions within CIEL Group and its subsidiaries, a CIEL Women Network has been launched with the objective of creating awareness around the challenges that women face in the workplace and devise recommendations for women friendly policies.

The Women Network forum consist of more than 20 ladies from the various clusters and Head Office of CIEL Group.

# Our People
## in Numbers



**32,000**
Talented individuals working for the Group across our 6 clusters

**39yrs**
Young and dynamic workforce with an average age of 39 years old

**45%**
Women empowered to work in CIEL

**30%**
Women at Management Level

**61%**
Of our workforce based in international countries

**323,000**
Training hours invested to grow our people including:
- **260,000** training hours on leadership training
- **99,000** training hours on technical training

# Moving Forward
## our Human Capital Roadmap

### Foster a Vibrant Workforce
- Positively contribute to the overall sustainability agenda of the Group driving impactful people related programmes.

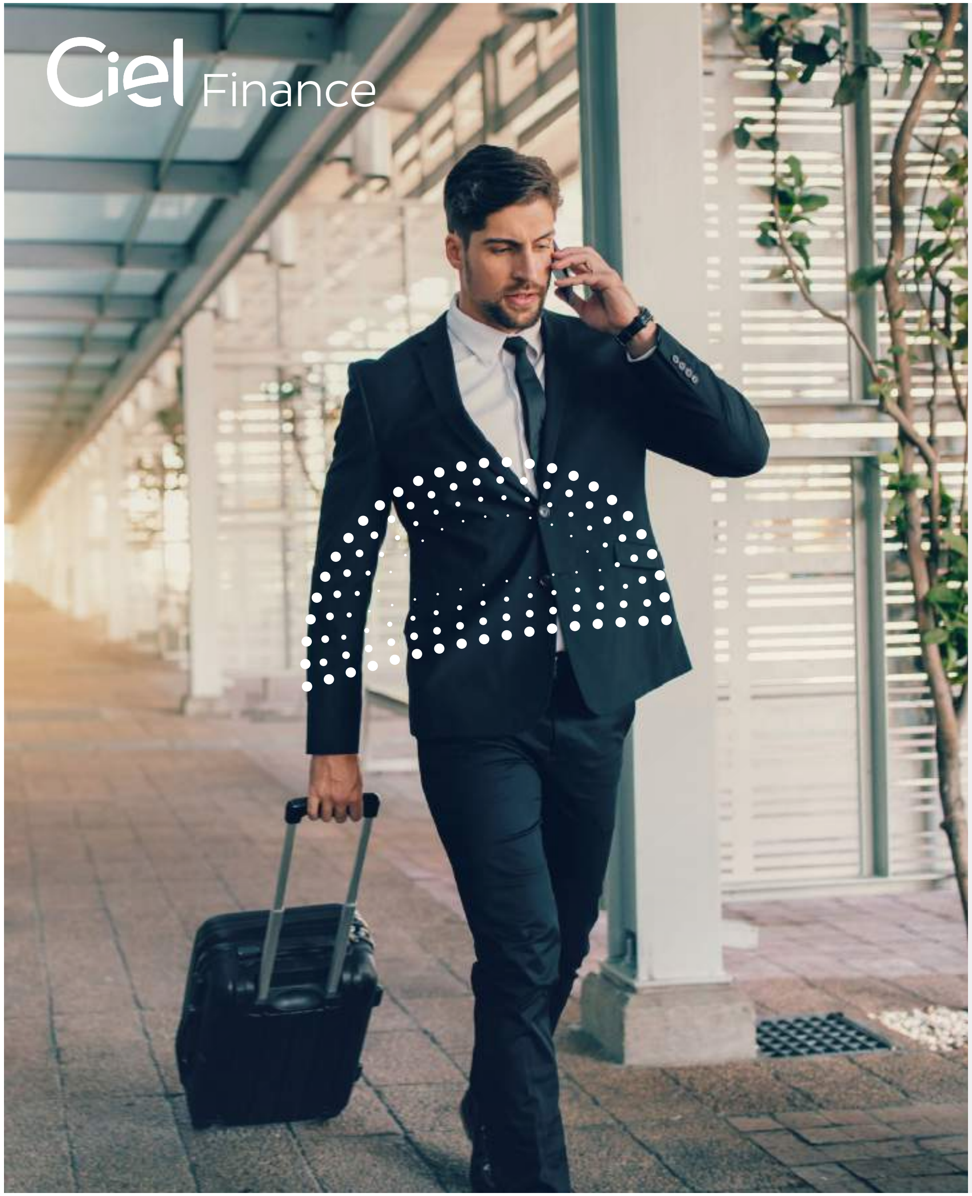
### Roll-out Best-in-class HR Practices Across the Organisation
- Cascade down CIEL Talent playbook setting out guidelines with regards to processes, common tools and application of Talent Management principles within the Group.

### Reinforce HR Capabilities
- Enhance HR capabilities across the Group through accelerated exchange of best practices, collaboration across clusters and training on key HR competencies.

### Digitally Transform HR Function and Services
- Continuously explore and identify opportunities to digitalise key HR processes.

# CLUSTER REVIEW

# CLUSTER REVIEW




## OVERVIEW

**MUR 3,462M**
Cluster Revenue

**MUR 1,305M**
EBITDA before Impairments and Reorganisation costs

**MUR 501M**
Profit After Tax

- **5** Countries
- **2** Banks
- **1** Portfolio management & mutual funds company
- **1** Fiduciary & corporate services company
- **1** Private equity investments with 2 funds
- **1** Stockbroking company
- **1,600** Employees (Approx.)

## OPERATING CONTEXT

### COVID-19 Impact

- Overall impact contained as at 30 June 2020 and liquidity under control. However, the impact may be felt more significantly in subsequent months, with credit portfolios being delayed by initial support measures taken by banks and the local authorities
- No interruption of services to clients, despite lockdown
- Increased adoption rate of digital solutions
- The 2 banks developed formal schemes to provide speedy credit support to enterprises and individuals

### Market Dynamics

**BANK ONE & MITCO**

- Uncertainties around the ongoing inclusion of Mauritius on the Financial Action Task Force (FATF) grey list and EU black list
- Delay in the re-opening of the borders in Mauritius is having some impact on the business development of MITCO, in particular

**BANK ONE & BNI MADAGASCAR**

- Potential effect of the Global Pandemic and recession on our banking activities in Mauritius and Madagascar

**IPRO**

- Impact of the COVID-19 Pandemic on stock markets leading to drop in share prices

## Key Risks

### Strategic
Inability to attract new clients or strong reduction activity levels due to abrupt changes in the environment (e.g. global health crisis, EU blacklisting)

### Operational
Loss from fraud and criminal activity, as well as caused by human errors and inadequate internal processes and systems

### Cyber
Breach of IT security resulting in adverse effect on confidentiality, availability of services, or integrity of information

### Credit
Financial loss resulting from borrowers failing to fulfil their financial or contractual obligations

### Investment
Loss from adverse changes in fair value of an investment in a company, fund or any financial instrument

FIND OUT MORE

The cluster risks are aligned with the risks of CIEL Group, but expressed using different risk headings and wording, in accordance with the risk management structure at CIEL Ltd

## Performance & Strategy

### Progress Report for FY20

**Bank One**

- Onboarded a new CEO in March 2020 and a new COO in September 2020
- First structured and syndicated transactions done in favour of 2 African Central banks
- Re-engineered retail division into three sub-segments: elite, mass retail and SME Banking, allowing main KPIs to be met
- Active in developing innovative products, offering added value solutions such as cashback on credit cards, contactless feature on all payment cards, launch of the new ONE Alliance club and set up of a digital desk in each branch to foster the use of electronic channels by clients
- Significant growth of the asset book and deposit book of the private banking segment with the diversification of the geographical reach made possible by reviewing the Bank's internal approval and documentation processes and by going the technological route
- With the onboarding of a new Head of International Banking in the FY19, the Bank has leveraged on his network to grow its presence in Sub Saharan Africa during FY20. However, the COVID-19 crisis and subsequent lockdowns have led to a temporary slowdown in the Bank's geographical deployment

### Priorities for FY21

**Bank One**

- Continue the deployment of innovative products and solutions for its customers as well as progress on its digitalisation journey
- Work with its customers to assist them address the impact of the Pandemic and ensure the latter has a limited impact on its portfolio
- Develop the e-commerce business, through partnerships, to offer alternative payment solutions

## Performance & Strategy

| Progress Report for FY20 | Priorities for FY21 |
|---|---|
| **BNI MADAGASCAR**<br>- Number 1 position maintained for the corporate segment, whilst the bank has gained significantly in market share on the retail front<br>- First e-commerce platform BNI P@Y launched in partnership with Mastercard<br>- Successful launch of Fihariana by BNI-KRED with the Malagasy government to provide financial and technical support to SMEs<br><br>**MITCO**<br>- Turnaround largely completed – however, the company faced several challenges (changes at Top Management level, threat of EU Blacklisting, COVID-19) erasing part of the progress made<br><br>**IPRO**<br>- Revised strategy implemented but effects of the Pandemic on the stock markets has impacted the growth of the portfolios, including the size of IPRO Growth Fund<br><br>**Kibo Capital Partners / Kibo Funds**<br>- Successfully managed end of process for Kibo I, which has been put in liquidation<br>- Actively working on exits for Kibo II, but the Pandemic has slowed down the process and similarly, the fund raising for Kibo III has been delayed | **BNI MADAGASCAR**<br>- Maintain its number 1 position on the corporate segment whilst also growing its market share on the retail front<br>- Continue its digitalisation process through the development of new products and services<br><br>**MITCO**<br>- Develop innovative marketing and sales strategies to overcome the challenge of closed borders<br>- Develop new products and services to retain the EU clients<br>- Significantly improve the upselling / cross-selling levels on the existing client base<br><br>**IPRO**<br>- Develop innovative sales strategies to attract new investors whilst growing the size of IPRO Growth Fund<br>- Launch of a new global equity fund, initially geared towards IPRO's private and pension fund client base and to be extended to other local pension funds thereafter<br><br>**KIBO**<br>- Successful fund raising and launch of the Kibo III |


## OVERVIEW

**MUR 2,711M**
Cluster Revenue

**MUR 342M**
EBITDA before Impairments and Reorganisation costs

**(MUR 96M)**
(Loss) After Tax

**3** Countries

**5** Hospitals

**19** Clinics

**2** Health Membership Organisations

**3** Main Laboratories

**24** Lab collection points

**2,100** Employees (Approx.)

## OPERATING CONTEXT

### COVID-19 Impact

- Drop of occupancy rates during the lockdown period

### Market Dynamics

- Economic uncertainty due to COVID-19 which could affect purchasing power of patients
- Money devaluation affecting cost of drugs & consumables
- New Workers Rights Bill and Finance Bill in Mauritius significantly affecting labour cost
- Healthcare industry gaining momentum worldwide

## Key Risks

### Strategic
Ability for patients to pay for quality private healthcare in countries we operate

### Financial
Claims volatility

Credit default risk – insurances

### Human Resource
Lack of qualified nurses in Mauritius

### Reputational
Patient complaints and legal action including medical negligence

### Cyber
Electronic health records increasingly exposing to cyber risks

### Operational
Lack of training and talent development

High dependency on consultant doctors

FIND OUT MORE

The cluster risks are aligned with the risks of CIEL Group, but expressed using different risk headings and wording, in accordance with the risk management structure at CIEL Ltd

## Performance & Strategy

### Progress Report for FY20

**CIEL Healthcare**
- COVID-19 impacted occupancy and therefore delay in achieving financial targets
- International growth hampered by border closures

**C-Care**
- Launch of accreditation process by CHKS UK
- Successful launch of C-Lab including 6 collection points in Mauritius
- Launch of C-Care Clinic in the West in August 2020
- Ongoing extension of Clinique Darné

**IMG (Uganda)**
- Turnaround of Hospital Kampala hampered by COVID-19
- 18 IMC clinics in operation
- Re-organisation of HMO in progress

### Priorities for FY21
- Continue to focus on patient care and quality
- Improve procedures in view of CHKS certification
- Improve reporting through quality performance dashboard for better internal controls
- Focus on enhancing accessibility to medical services throughout Mauritius
- Empower and develop a pool of qualified nursing staff
- Propose an array of new medical services to accommodate patients from the region


## OVERVIEW

**MUR 5,058M**
Cluster Revenue

**MUR 1,029M**
EBITDA before Impairments and Reorganisation costs

**(MUR 1,833M)**
(Loss) After Tax

**9**
Owned & managed properties in the Indian Ocean

**2**
Tour operators

**1,500+**
Rooms

**3,800**
Employees
(Approx.)

## OPERATING CONTEXT

### COVID-19 Impact

- No operations and revenue generation with the closure of borders
- Government providing financing facilities through wage assistance scheme and Mauritius Investment Corporation
- Low employee morale due to uncertainties around the reopening of borders
- Element of fear to interact with guests for reopening
- New operational norm for the industry

### Market Dynamics

- COVID-19 crisis and uncertainties around borders reopening
- Evolution in travellers' expectations: looking for more eco-tourism and wellness experiences
- Negative impact of environmental crisis – Wakashio oil spill
- Worker's Rights Bill and new Finance Bill in Mauritius weighting on labour costs and business flexibility
- Probable drop of long hand and MICE travel
- Increased distribution of the travel experience

## Key Risks

### Strategic

Global economic uncertainties in the wake of the COVID-19 pandemic and Brexit

Lower demand arising from the post effect of COVID-19 and the recent ecological oil spill disaster, in the short to medium term

### Financial

Long-term air access closure resulting in major short-term cash flow crisis and financial loss

Major disease outbreaks in tourism destinations in which SUN operates

Constraints related to prolonged border lockdown and air access to Mauritius including the National Carrier being under voluntary administration

Major credit risk resulting from the bankruptcy of major tour operators

### Compliance/Reputation

Failure to ensure guests or associates' health, safety and security

FIND OUT MORE

The cluster risks are aligned with the risks of CIEL Group, but expressed using different risk headings and wording, in accordance with the risk management structure at CIEL Ltd

## Performance & Strategy

### Progress Report for FY20

- Completion of renovation works and repositioning of Sugar Beach Hotel as premium 5-star resort
- Appointment of Chief Sales and Marketing Officer and VP Revenue Management
- Strategic partnership in France between Solea (Tour Operator) and Marrietton Group
- Restructuring at Head Office level for leaner management
- Stronger synergies and coherence between sales, marketing and revenue management teams
- Debt restructuring exercise with injection of quasi-equity from Mauritius Investment Corporation (MIC)

### Priorities for FY21

- Reopening of all hotels and resorts as soon as possible if demand justifies
- Repositioning and potentially rebranding of Sun through strategic exercise and enhanced customer experiences
- Leverage on real-estate assets to deleverage and generate cash
- Embrace and leverage on sustainability leadership with clear commitments through SUNCARE programme and enhanced sustainability offering
- Seize the COVID-19 crisis opportunity to transform quicker SUN into a lean and agile organisation (Head Office and operations restructuring)
- Enhanced Sales & Marketing strategy and organisation
- Optimise cash flow monitoring
- Finalise SUN financial restructuration with the MIC fund assistance
- Work on new concepts to generate new revenues and differentiate Sun Resorts' hotels
- Establish a 3-year plan to turnaround non-performing business units


## OVERVIEW

| MUR 10,600M | MUR 517M | (MUR 656M) |
|---|---|---|
| Cluster Revenue | EBITDA before Impairments and Reorganisation costs | (Loss) After Tax |

| 3 Clusters | 4 Countries | 20 Production units | 31M Garments exported | 18,000 Employees |
|---|---|---|---|---|
| (Knits, Knitwear, Woven) | | | | (Approx.) |

## OPERATING CONTEXT

### COVID-19 Impact

- Global crisis and lockdown affecting retailers' sales causing demand fluctuation
- Temporary closure of some factories due to lockdown
- Business restructuring to cut costs and adapt to lower demand
- Adapted existing product lines to manufacture face masks
- Implementation of strict sanitary measures to ensure safety of our employees at all times

### Market Dynamics

- Rising demand for sustainable products and multi products manufacturers (one stop shop) which is favourable to CIEL Textile
- High currency volatility - depreciation of the Mauritian Rupee
- Strategic positioning of CIEL Textile as 'the best alternative to China'
- Uncertainty around global market demand

## Key Risks

### Operational

Business continuity and cybercrimes

Succession planning

Rising labour costs

### Market

Inability to adapt to major market change

Interest rate hikes

### Compliance

Sustainability compliance

Outsourcing risk

### Financial

Lack of long-term perspective and cash management risks

FIND OUT MORE

The cluster risks are aligned with the risks of CIEL Group, but expressed using different risk headings and wording, in accordance with the risk management structure at CIEL Ltd

## Performance & Strategy

### Progress Report for FY20

#### Sustainability Leadership

- Sustainability report postponed to 2021 given COVID-19 impact; sustainability efforts ongoing and getting customers' interest

#### Markets

- Aquarelle Samudra factory (India) received LEED Platinum certification becoming the first eco-factory in India
- Manufacturing of face masks to help fight global sanitary crisis
- Successful restructuring and cost saving exercise to adapt to temporary drop in demand

#### Operational Excellence

- Ongoing journey towards operational excellence

#### Talent Management

- Appointment of Eric Dorchies as CIEL Textile CEO and subsequent management reorganisation with appointment of key leaders to drive digital transformation, HR agenda and operational excellence
- International Graduate Programme postponed due to COVID-19

#### Cross-Selling Marketing Approach

- Launch of new brand identity, vision and mission, leveraging on Group's scale and multi-product offering

#### Digitalisation and Automation

- Acceleration of 3D sampling capabilities and demand

### Priorities for FY21

- Pursue strategic vision around:
  - Sustainability
  - Digitalisation
  - Talent Development
- Attract new business thanks to one stop shop solution
- Continue rolling-out new brand identity
- Foster better integration of MOE 361° Leadership Academy within HR processes
- Accelerate digital transformation agenda


## KEY FINANCIAL FIGURES

**MUR 113M**
Cluster Revenue

**MUR 184M**
EBITDA before Impairments and Reorganisation costs

**MUR 131M**
Profit After Tax


## OVERVIEW

(MUR **24**M)
Share of results of associate (Alteo Limited)

| 3 Countries | 3 Sugar factories | 3 Power plants | 5,723 Employees |
|---|---|---|---|

## OPERATING CONTEXT

### COVID-19 Impact

- Limited impact on sugar operations and property business during financial year under review
- Anahita Golf & Spa Resort closed since the closure of borders
- Implementation of sanitary measures to ensure the safety of our employees, at all times

### Market Dynamics

- Depreciation of Mauritian rupee in favour of sugar exports
- New Worker's Rights Bill and Finance Bill, increasing already high production costs in Mauritius
- Biomass Framework in Mauritius still pending
- Growing demand for local food production

## Key Risks

### Strategic

Global sugar market conditions and sugar price volatility affecting performance

Unfavourable Government Policy decisions (market and industry regulation)

### Cost competitiveness

Cost pressures impacting on the Sugar cluster performance as a going concern

Under-utilisation of milling capacities because of reduced supply of cane

### Agility

Ability to attract and retain management competencies to support our business development objectives

Breakdown of major industrial assets

### Financial

Foreign exchange risk

### Compliance – Health & Safety

Compliance with safety regulations and labour /environmental laws and regulations

FIND OUT MORE

The cluster risks are aligned with the risks of CIEL Group, but expressed using different risk headings and wording, in accordance with the risk management structure at CIEL Ltd

## Performance & Strategy

### Progress Report for FY20

- 2,000 additional hectares under cane in Kenya for the year 2019/20 thanks to a continuous support from Transmara Sugar Company to the out growers' community
- Regular increase in cane yields in Kenya thanks to application of agricultural best practices
- Alteo is still working on the feasibility to develop a 100% biomass thermal project with sources from Cane trash and eucalyptus
- Helios has produced 16 GwH in 2020 and Alteo is looking into other renewable energy sources such as wind and solar
- Good progress overall with 10 villas/ plots of land sold at Anahita

### Priorities for FY21

**Mauritius**

- Increase mechanisation of agricultural activities, factory automation initiatives and the exploitation of machinable lands
- Product diversification into higher value-added products such as special sugars and optimisation of revenues from by-products such as bagasse and cane trash for energy
- Working in collaboration with relevant authorities to establish a national biomass framework and incentivize biomass production
- Complete the development of the Northern Parcel of Anahita
- Continue developing the coastal area in the east of Mauritius through new projects
- Achieve gross margins from the ongoing construction of villas and the conversion of reservations into sales
- Sale of non-strategic and abandoned cane land

**Kenya**

- Maintain support on cane development by out growers and improve factory reliability
- Progress on co-generation project to diversify revenues

**Tanzania**

- Complete development of additional area under cane over 2 years
- Proactive management of pervasive pests such as Yellow Sugarcane Aphid
- Implementation of a holistic drainage master plan over the Estate


## OVERVIEW

| 3,200 | 100 | A 6-level | 70 |
|---|---|---|---|
| Hectares of land in Ferney | Hectares of nature reserve | Building in Ebene | Employees (Approx.) |

## OPERATING CONTEXT

### COVID-19 Impact

- Limited impact for the property cluster as at June 2020
- Slowdown in activities at Ferney La Vallée and Ferney Falaise Rouge due to closed borders

### Market Dynamics

- Opportunity to develop food security in Mauritius
- Growing market for eco-tourism and sustainable offering
- Growing demand for sustainable property projects
- Lack of visibility around property market demand
- Government incentives to attract foreign investment and property buyers
- Uncertainty around EU black list impact on property market
- Potential negative impact of the Wakashio oil spill on market demand

## Key Risks

### Development
Priority projects deferred due to unfavourable market conditions and availability of project finance

### Property Management Operational/Market
Tenants business defaults and bankruptcies

Loss of revenue from falling rental rates and payments

Loss of customers from international tourism

Tenants reducing leased areas

### Ferney Ltd Operational risk
Reduction in revenues due to a drop in tourist arrivals

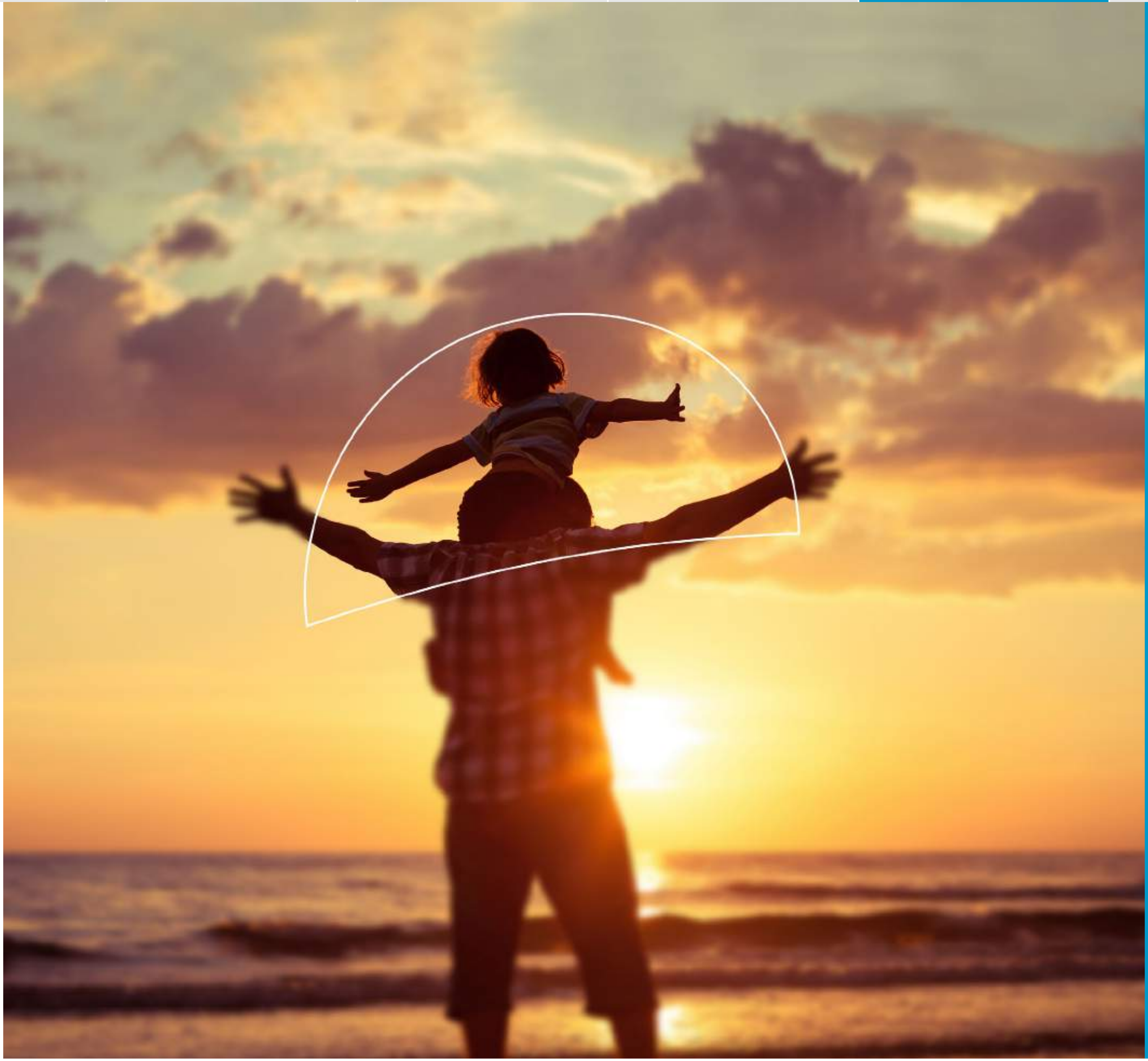
**FIND OUT MORE**

The cluster risks are aligned with the risks of CIEL Group, but expressed using different risk headings and wording, in accordance with the risk management structure at CIEL Ltd

## Performance & Strategy

### Progress Report for FY20
- Sale of non-strategic land at Ferney
- Appointment of Guillaume Dalais as CEO of CIEL Properties
- Development of Property cluster structure and team
- Development of Ferney's vision and planning
- Progress on Ferney's Smart City Letter of Intent from the Economic Development Board
- Launch of Ferney Agri-Hub and Ferney Nature Lodge

### Priorities for FY21
- Development of Ferney Master Plan in line with the Smart City guidelines
- Commercialisation of Falaise Rouge morcellement
- Leverage the group real estate non yielding assets to create value
- Growth of Ferney eco-tourism activities



# SUSTAINABILITY

# A PIVOTAL YEAR FOR SUSTAINABILITY AT CIEL

## Adopting a Clear 2030 Sustainability Roadmap

2019 to 2020 marked a turning point in our Group approach to this vast and increasingly important topic. Since 2015, we implemented a five-year action plan focused on governance and management systems, following the International Finance Corporation (IFC) performance standards. Our teams are now well equipped to engage in a new and increased results-driven dynamic, putting sustainability as a major axis of the Group's business transformation. Following a Group-wide consultation exercise with key internal stakeholders, a 10-year sustainability strategy was developed and approved by the Board of Directors of CIEL in February 2020.

## Accelerating Change in the Context of **COVID-19**

In March, the global COVID-19 outbreak forced us into lockdown and continues to reshape operations and supply chains for the long term. Arising circumstances called for heightened focus on operations and close monitoring of market responses, causing us to suspend sustainability workshops and postpone the annual sustainability forum initially scheduled in May 2020. Still, we believe the broader sustainability agenda is of essence. The pandemic highlighted the world's interconnectedness and our economic system's vulnerability, especially while already pushing towards social and environmental limits. This context proved the relevance and robustness of our sustainability commitments, and the necessity to accelerate our efforts. The sustainability strategy was thus launched early August and we are working on a comprehensive communication and engagement plan in this direction, starting with awareness sessions in all clusters.

# MV Wakashio

## Taking Part in the National Effort

On 6 August 2020, the bulk carrier MV Wakashio, grounded on the reef of Pointe d'Esny, started leaking oil in the lagoons of the South East coast of Mauritius. This pollution would soon reach Ferney and the surrounding communities at Rivière des Créoles, Vieux Grand Port, and other villages further Northwards. CIEL responded immediately by coordinating relief efforts in collaboration with authorities and key stakeholders in this area. Employees, local fishermen and the public mobilised to produce and deploy several kilometres of artisanal booms at Falaise Rouge and Anahita, using fabric from our textile factories and cane trash from Alteo. This incident has affected marine and coastal ecosystems as well as communities. However, it strongly reinforced our commitment to make Ferney a sustainable development hotspot, namely with the launch of Ferney Agri-Hub, an innovative concept to address food security in Mauritius, fostering a conducive eco-system for agri-entrepreneurs. Further relief and regeneration projects are currently being designed and implemented.

# THE 2020-2030 STRATEGY

As a diversified Group, our approach implies a degree of universality yet remains relevant to each of the industries we are invested in. We believe that sustainability should be centered on people's, their communities', and nature's ability to thrive, all three scales being inter-dependent and essential to long-term prosperity. Through consultations with sustainability champions, heads of departments and management across our clusters, we have identified the following as key pillars of our strategy:

## 1 Our People
Foster a Vibrant Workforce

Our 32,000 employees dedicate their time to the business daily. Their health and wellbeing are not only a matter of responsibility but also critical to performance, morale, adaptability and team spirit. On this aspect, we focus on actions towards our work environment, diversity & ethics and learning & development.

## 2 Communities
Champion Inclusive Growth

By expanding in several market sectors and to 10 countries, we have multiplied our reach in society and thus our number of clients and stakeholders. It is important that our growth is both transparent and shared, to build mutual recognition and trust. Here, we develop responsible & inclusive offerings, support the local economy, and facilitate community empowerment.

## 3 Nature
Activate Climate Response

Ultimately, nature still makes the air we breathe, the water we drink, food we eat, cotton we wear, and virtually everything we use and trade. Its ability to provide these essential services is threatened by pollution and climate change, we must mitigate pollution & emissions, but also tend to our natural resources. On this topic, we address energy, value chain impacts, and conservation & regeneration.

To make progress effectively on the above, we have retained the fourth and over-arching dimension of **organisational capacity**, whereby we upkeep our governance structure, improve data infrastructure and build engagement.

## Our commitments

**"Top employer brand" by 2025**
(measured by engagement score)
**zero lost time injuries by 2030**

Zero grievances on harassment, discrimination, corruption, bribery & fraud by 2030

**35%** women at management level by 2025

**30%** at directorship level by 2030

Enablement score at or above high performing norm by 2025, **50% of new staff appointments** from within the group by 2030

**Replant 100,000 endemic trees** in Mauritius by 2030

**Reforest and/or Afforest** 1,000 hectares of land by 2030

**Decrease our Scope 1 & 2 carbon intensity by**

**50%** by 2030 ($tCO_2$/$M of revenue)

Zero coal as boiler fuel by 2030


Increase the proportion of **long-term community actions to 40% by 2025, and to 60% by 2030**

Facilitate industry job awareness to a number of people equivalent to 1/3rd of our workforce per year by 2030

Create an Impact/Venture Capital fund to **support local businesses**, startups and entrepreneurs by 2022. Source/buy at least 25% of food & beverages from local producers by 2030

Proactively develop products/services/experiences that are inclusive (by 2024) and responsible (by 2025)

**Zero single-use plastics** by 2022, **half waste to landfill** by 2030

All **value chains assessed** by 2025 & acted on by 2030

Industry leading **water efficiency** by 2030

**FIND OUT MORE**

For more information including definitions, boundaries, all goals and commitments, proposed actions and timelines, please consult the full strategy paper.

## Highlighting Actions and Achievements:

Despite the special circumstances of 2020 and sometimes because of them, we have continued progress on key actions and started new initiatives, be they in response to crises or to address long-term challenges. The following shows these in alignment with the new strategy and the UN Sustainable Development Goals (SDGs).

**CIEL Sustainability**

| Pillars | Dimensions | Goals & Commitments | Actions / Proof Points |
|---|---|---|---|
| Foster a Vibrant Workforce | Work Environment | Top Employer Brand by 2025 | Adoption and Implementation of COVID-19 specific protocols<br>Adoption of Work from Home & Flexitime Policy<br>Employee Engagement Survey conducted<br>Launch of CIEL COVID Fund |
| | Diversity & Ethics | 35% Women at management level by 2025<br>30% Women at directorship level by 2030 | Launch of CIEL Women Network |
| | | | Code of ethics and whistle blowing mechanism adopted |
| | Learning & Development | High performing enablement score by 2025 | CIEL Textile Leadership Academy<br>SUN Training Institute mobilised on CIEL COVID Fund<br>CIEL Textile Graduate Programme (on hold)<br>CIEL HEC Leadership Programme (on hold) |
| Champion Inclusive Growth | Community Empowerment | Increase proportion of long-term actions to 40% by 2025 | MUR 7M spent in community projects by CIEL Foundation<br>COVID-19 Relief<br>Act for Our Community programme ongoing<br>Free antenatal classes at C-Care<br>Local CSR programmes across companies<br>Post Wakashio community relief programme |
| | Local Economy | Create an Impact Fund by 2022 | BNI MADAGASCAR: financial support to 155 business projects & startups |
| | | Source 25% local for F&B by 2030 | Local sourcing at Ferney Falaise Rouge |
| | Reponsible Offering | Develop inclusive and responsible offerings by 2024 and 2025 | KRED Microfinance in Madagascar<br>C-Care labs for PCR tests<br>CIEL Textile: 6M masks for sales and donations<br>Launch of Ferney Agri-Hub |

**SDGs**

**Pillars** | **Dimensions** | **Goals & Commitments** | **Actions / Proof Points** | **SDGs**

**CIEL Sustainability**

- **Activate Climate Response**
  - **Energy**
    - **Half carbon intensity by 2030**
      - Aquarelle Samudra factory LEED Platinum certified
      - Applications for Solar PV in Mauritius (pending CEB)
      - Solar PV at 31 BNI MADAGASCAR
      - Biomass test for CFL boiler
  - **Value Chains**
    - **Value chains assessed by 2025**
      - Supplier self-assessments in progress at CIEL Textile & SUN
    - **Half waste to landfill by 2030**
      - Ongoing waste reduction programmes across operations
  - **Conservation & Regeneration**
    - **Reforest or afforest 1,000 Ha of land by 2030**
      - Mangrove Regeneration Project in design phase at Ferney
      - Act for our Environment programme ongoing
    - **Replant 100,000 endemic trees in Mauritius by 2030**
      - La Vallee de Ferney Conservation Trust
      - C-Care One Life, One Tree project ongoing
    - Coral farming at La Pirogue Marine Biology Centre
- **Build Organisational Capacity**
  - **Governance**
    - **Cluster strategies by 2021**
      - Sustainability Committees in place
      - Integration of E&S risks in CIEL Limited's Enterprise Risk Management
      - Alignment of Group-cluster strategies
  - **Data infrastructure**
    - **Group-wide data collection tool**
      - Group KPIs list agreed
      - E&S dashboards in progress
      - Online KPI collective platform ready to launch
      - SUN sustainability report ready for publication
  - **Engagement**
    - **Annual sustainability forum, bi-annual workshops**
      - Communication plan on initiatives
      - Awareness sessions on sustainability strategy ongoing
      - Sustainability Forum and workshops planned for FY2021

SDGs (Activate Climate Response): 7, 9, 12, 14, 15, 13

SDGs (Build Organisational Capacity): 9, 16, 17

CIEL Head Office | CIEL Finance | CIEL Healthcare | CIEL Hotels & Resorts | CIEL Properties | CIEL Textile

# STAKEHOLDER ENGAGEMENT

| Stakeholders | Key topics covered | Means of engagement |
|---|---|---|
| **Investors, Shareholders, Analysts** | • Strong governance and transparency<br>• Alignment with International Standards<br>• Financial and non-financial performance<br>• Environmental and social management system and initiatives<br>• Responsible investment practices<br>• Access to management team | • Board meetings<br>• Shareholders' meetings<br>• Quarterly financial publications<br>• Bi-annual analyst meetings<br>• Teleconferencing<br>• Integrated reporting |
| **Employees** | • Good working conditions<br>• New Worker's Rights Act<br>• Training and career opportunities<br>• Work-life balance and recognition<br>• Environmental and social management system<br>• Sustainability leadership<br>• Regular communication<br>• Group privileges | • Awareness sessions and activities<br>• Regular engagement with management teams<br>• Routine meetings and working sessions<br>• Group function forums and events<br>• 4th edition of CIEL Annual Symposium<br>• 13th edition of CIEL Ferney Trail, 'light edition'<br>• Employee engagement survey<br>• E-newsletter |
| **Operational sites** | • Compliance management<br>• Business opportunities<br>• Labour and human resources practices<br>• Environmental management<br>• Community engagement | • Site visits<br>• Teleconferencing<br>• Group function forums<br>• Audits and audit reports<br>• Gap analysis<br>• Coaching<br>• Workshops |
| **Trade unions, Partners, Suppliers** | • Working conditions and contractual arrangements<br>• Fair & Ethical trading practices<br>• Business opportunities<br>• Good relationship management<br>• Social and environmental issues<br>• Transparent communication on relevant supplier topics | • Trade unions and partner meetings<br>• Supply chain assessment and management<br>• Supplier meetings<br>• Presence on the Council of Business Mauritius – CIEL CEO as Vice-President<br>• Presence on Business Mauritius working groups<br>• Involvement with MEXA, AHRIM, MIoD |

| Stakeholders | Key topics covered | Means of engagement |
| --- | --- | --- |
| Government, Regulators | • Crisis management and business continuity<br>• Economic performance<br>• Legal compliance<br>• Job preservation and creation<br>• Governance and ethics<br>• Sustainable practices<br>• Biodiversity conservation<br>• Social investment | • High level meetings between CEOs and ministers on COVID-19 sector-specific impacts<br>• Involvement of CIEL Properties CEO on the Oil Spill National Crisis Committee<br>• Regular meetings with the authorities and parastatal bodies<br>• Partnership with specific ministries (La Vallée de Ferney Conservation Trust) |
| Local communities | • Risk and impact on communities<br>• Community engagement and involvement<br>• Financial & non-financial support<br>• COVID-19 impact relief<br>• Wakashio impact relief | • Social relief & investment (CIEL Foundation)<br>• Social Impact Assessment of Ferney<br>• Community support by Ferney Agri-Hub Platform for citizens and NGOs (ACTogether.mu)<br>• Yearly sporting event (CIEL Ferney Trail)<br>• Community events, cultural, arts and sports sponsorships |
| Civil society, customers, clients | • Human rights<br>• Fair working conditions<br>• Environmental impact<br>• Biodiversity conservation<br>• Community engagement<br>• Quality products and services<br>• Social investment | • Citizen platforms (ACTogether.mu)<br>• Partnership with NGOs (SEDAM, Inclusion Mauritius, Mauritian Wildlife Foundation)<br>• Environmental management system<br>• Forest restoration programme (La Vallée de Ferney)<br>• CIEL stories monthly e-news<br>• Social media and website<br>• Customer satisfaction surveys |
| Private sector peers | • National interest initiatives for the economy and the sustainable development of Mauritius | • High level participation in Business Mauritius<br>• Participation in sectorial organisations |

# CIEL COVID FUND

## Solidarity with our Colleagues

As the economic situation evolved, the welfare of our people became a forefront concern, and we created the CIEL COVID Fund to support affected employees. HR, training departments and other key resources across the Group are working together to facilitate professional reintegration, focusing on staff health and wellbeing, mobility, and back-to-work capacity through training and strategic support.

### CIEL COVID Fund Professional Reintegration Programmes

**Health and wellbeing**

**Psychological support**

- 2 sessions with a psychologist over 12 months

**Medical assistance**

- MUR 3,000 C-Care voucher, valid for 6 months

**Staff mobility**

**3-day outplacement programme with ADECCO**

- Professional coaching
- CV writing
- Skills assessment
- Entrepreneurship workshops

**External placement**

- Identifying employment opportunities, in collaboration with ADECCO

**Internal placement**

- Identifying employment opportunities within the Group

**Training & strategic support**

**Professional trainings by the SUN Training Institute (STI)**

- Food production
- Pastry & bakery
- Baby sitting
- Housekeeping
- Spa & beauty therapy

**Professional training of your choice**

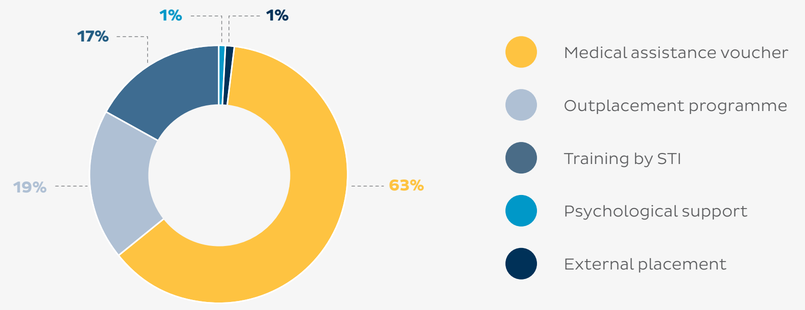
- Support of up to MUR 5,000

**Entrepreneurship support**

- Advice on specific projects by Bank One SME team

### Participation in CIEL COVID Fund Programmes

**Total fund collected = MUR 6,992,225**




**Clusters mobilised:**

**All:** HR departments
**Hotels & resorts:** SUN Training Institute (STI)
**Healthcare:** C-Care vouchers and psychologist sessions
**Finance:** Bank One SME

**Additional resources:**

ADECCO outplacement team

**SUN Training Institute**

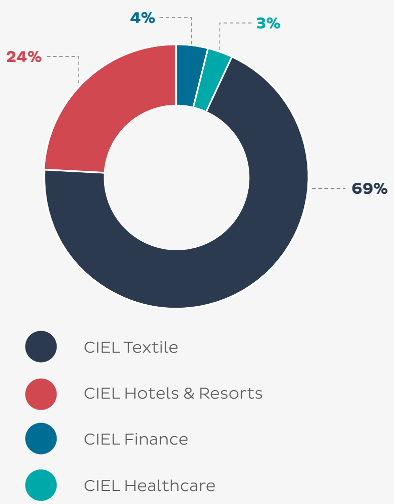
# DOING MORE WITH LESS: KEY PERFORMANCE INDICATORS

Data collection on a set of environmental and social KPIs started in 2018/2019 and has been continuing in 2019/2020. This year's special circumstances have caused delays in the development and implementation of our online KPI monitoring tool. A separate sustainability report will thus be published by the first quarter of 2021 at the latest. We anticipate this year's data to sharply break from the 2018/2019 baseline and following years will tell the story of recovery and what the "new normal" will look like. The following shows our baseline data for environmental performance, namely carbon, water, and waste.

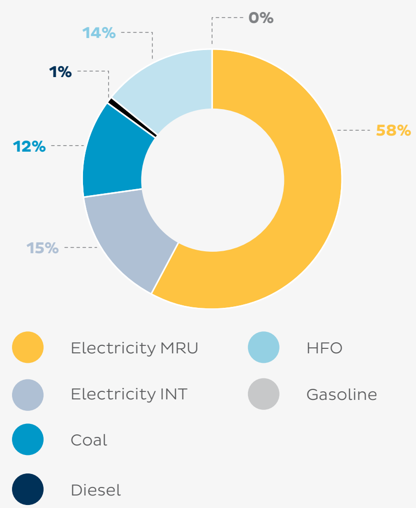
## Focus on carbon

Our carbon footprint:
**125,780 tons of $CO_2$**[1]
in FY2019 – baseline emissions.

### Carbon footprint per cluster




### $CO_2$ Emissions by source ($tCO_2$)

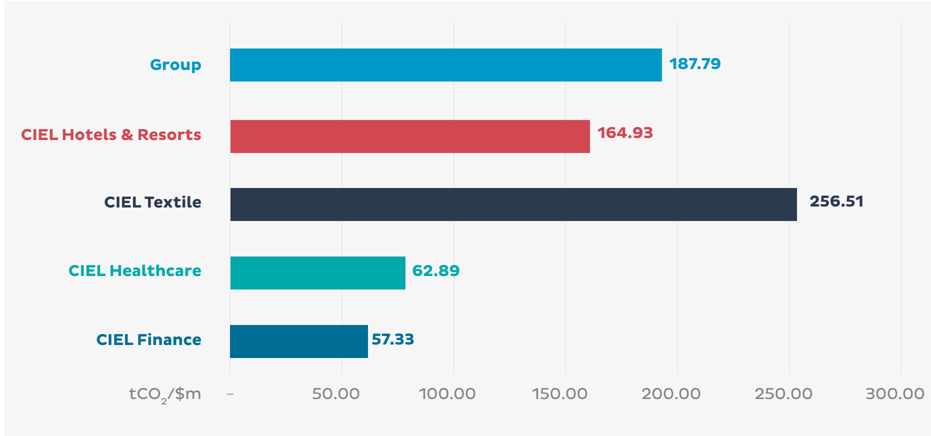



[1]Scope 1 and 2, i.e. stationary combustion at operational sites and purchased electricity. Calculation was made following IPCC guidelines from available data and does not account for $NO_2$ and $CH_4$ emissions. Further details to be provided in the upcoming sustainability report.

## Carbon Intensity

To bring our carbon footprint to a comparable measure, we choose to represent carbon intensity in tons of $CO_2$ per million dollars of revenue[2]. This is similar to the international MSCI index carbon footprint metric, where the weighted average carbon intensity of over 15,000 indexes is reported. It also allows us to better understand the impact of our clusters, relative to a financial metric.

### Carbon Intensity ($tCO_2$/$m of Revenue) – FY2019




Unsurprisingly, the most resource-intensive sectors, namely Textile and Hotels & Resorts, are the biggest emitters. As it can be seen from the $CO_2$ emissions by source, the largest contributor to our footprint is electricity in Mauritius due to a carbon-intense energy mix in the national grid. From initial estimates, reducing our carbon intensity by 50% by 2050 will consist of:

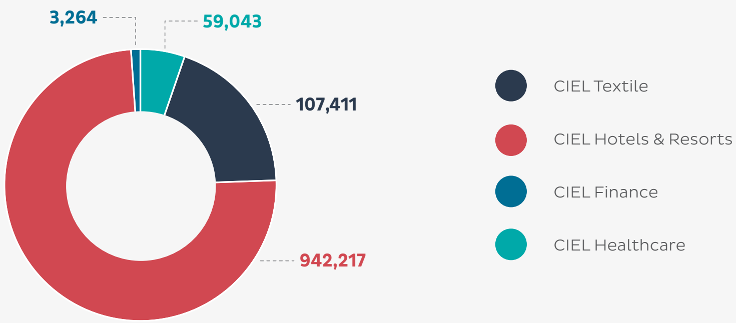
- 8.5% from renewable sources of electricity
- 3.5 to 14% by switching from coal combustion to a cleaner or renewable fuel
- 10% via energy efficiency measures
- Up to 9% by contributing renewable energy to the Mauritian electricity grid
- 11% through reforestation and other forms of carbon capture.

[2]Using an exchange rate of MUR 36 per USD – the approximate average for 2019.

This analysis is our first effort to assess the Group's emissions baseline, based on the Greenhouse Gas Protocol and IPCC guidelines. It has not yet been verified and is subject to adjustments.

## Water use

### Potable water use by cluster (m³)

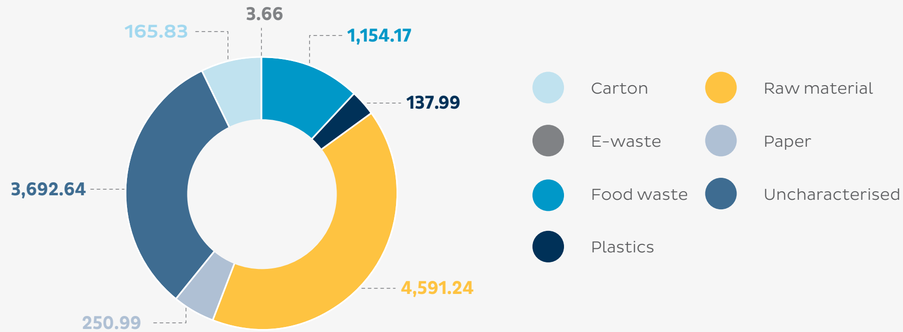



### Total water use (m³)

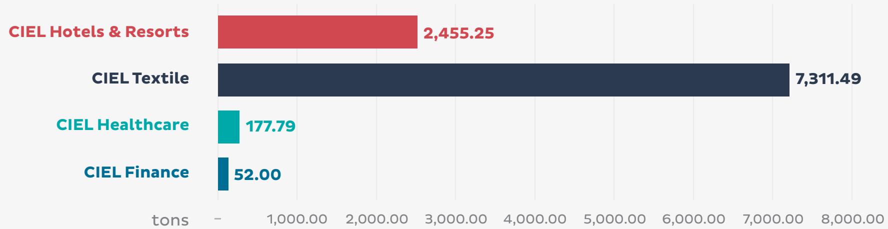

Industrial water consumption at CIEL Textile (Mauritius) surpasses potable water consumption across the group. This is due to steam needs, dyeing and various other processes. CIEL Textile is a member of the global textile industry's Zero Discharge of Hazardous Chemicals (ZDHC) project, is a member of the Sustainable Apparel Coalition, has signed the UN's Fashion Charter in 2019 and is committed to using the Industry's Higg Index. It therefore excels in the management of its resources and aims at being ranked within the top 5 sustainable textile products suppliers in the world.

## Waste from operations

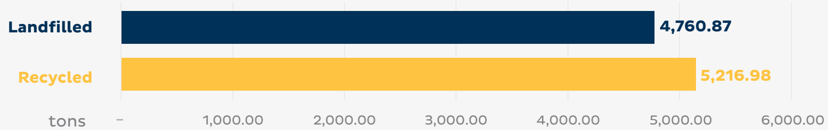
### Waste produced by type (tons)




### Total waste per cluster (tons)




### Landfilled & recycled waste (tons)




Our operations generate a significant amount of waste, which is either landfilled or recycled. CIEL Textile recycles nearly 65% of its wastes, largely raw materials such as yarn and fabric, which accounts for 90% of the recycled waste for the Group. Similarly, 60% of food waste at SUN resorts is transformed into animal feed. While notable, recycling should be a secondary solution to reduction at source.

Note that data from the textile sector outside Mauritius was not reported and that it is likely incomplete for other clusters. This analysis provides a useful sense of magnitude nonetheless.

# FERNEY FLAGSHIP PROJECT

## Ferney as a Sustainable Development Hub

Facing the bay of Mahebourg from the foot of the Lion Mountain, Ferney is a historical and natural treasure of Mauritius, home to one of the last endemic forests of the island. The 3,200 Ha domain which is part of CIEL, has averted the construction of a highway through its valley in 2003, established a 200 Ha conservation zone in 2007, and is now a prized location for environmental education, healthy living and responsible Agro and Agri-tech development. Our ambition is to position and develop Ferney as a hub for sustainable development, reconnecting with nature and embracing the following dimensions:

**Conservation & regeneration of a unique biodiversity sanctuary** – restoring ecosystems through replanting of 100,000 endemic trees by 2030 through La Vallée de Ferney Conservation Trust, a unique public-private partnership between CIEL and the Government of Mauritius, with the support of the Mauritian Wildlife Foundation.

**Reforestation programme to capture carbon emissions** – participating to CIEL's goal of reforesting or afforesting 1,000 Hectares by 2030, thus enhancing the habitat of endemic fauna (contributing to its resilience and long-term survival), and the wellbeing of Ferney residents.

### Key Milestones:

**1987**
Mauritius Kestrels are reintroduced in Ferney

**2000**
The Kestrel is moved from Critically Endangered to Endangered status

**2003**
Rare trees identified, Ferney highway project is halted

**2007**
Conservation Zone is delimited

**2008**
La Vallée de Ferney Conservation Trust is created

**2013**
The Trust obtains UNDP GEF funding

**2017**
End of GEF funding

**2019**
30,000 endemic trees replanted & over 10 Hectares restored

**2020**
Echo Parakeet is moved from Endangered to Vulnerable status

# LA VALLÉE DE FERNEY CONSERVATION TRUST

## Flora

### 2020 progress:

**2,745** trees planted this year

**10,638** plants from **37 varieties** in the nursery

### Population to date:

Three species previously thought extinct were rediscovered in 2003, since then protected and propagated.

- **12 Ha** of forest restored,
- **32,700** trees planted,
- **10** endangered species present,
- **11** critically endangered species present.

## Fauna

### 2020 progress:

Mauritian Wildlife Foundation team regularly present at the field station, monitoring bird populations.

### Population to date:

- **120 Mauritius Kestrels** released on the East Coast from 1987 to 1994, starting in Ferney. The Valley is now home to at least 20 territory holding pairs.
- **73 Echo Parakeets** released since 2015, colonising the Bambou Range. About 40 birds are present in the Valley.
- **30 Pink Pigeons** released since 2016, breeding successfully. 35 birds present in Ferney to date.
- **19 Cuckoo-shrike** released since 2015, some sightings to date.
- **48 Paradise Flycatchers** translocated to Ferney since 2016, some sightings to date.

**Environmental awareness** – touching thousands of people every year through unique experiences:

- Guided tours in conservation zone and dedicated tours for schools and underprivileged children;
- CIEL Ferney Trail, the largest trail in Mauritius, attracting up to 5,000 visitors every year. Due to COVID-19 restrictions, the event was held in a “light edition” with 2,000 participants in 2020;
- Employee programmes (team building programmes and learning & development activities).

**Sustainable business development** – launched early September 2020 with 275 Hectares earmarked for sustainable and innovative agriculture, the Ferney Agri-Hub offers opportunities for new cultivations, natural materials and food production facilities, as well as R&D facilities, aimed at attracting the innovative startups and businesses that are seeking such a conductive ecosystem.

**Agro-investors,** agri-entrepreneurs, farmers, and researchers can grow their network, share solutions and costs

**Shared tools and facilities** provided by the Agri-Hub to operators, large and small

Restaurant, historical sites, leisure, and sports **activities** for visitors


Mountains, forests and conservation zone for **biodiversity** conservation, tours, and ensuring fresh water supply

To support this innovative environment, we welcome **Agro and Bioeconomy research** institutions

The Ferney Agri-Hub seeks to promote food security and health, as well as **creating employment** for the surrounding communities first

# CIEL FOUNDATION

CIEL continuously endeavours to contribute to the welfare of the communities in which the Group conducts business. It manages this commitment through CIEL Foundation. Established in 2004, CIEL Foundation is working towards the inclusion of vulnerable population by partnering with NGOs. Since February 2010, CIEL Foundation has been empowered to receive the CSR tax through funding from subsidiary companies of CIEL. The Foundation has invested some MUR 98 million since 2005 in various projects managed by local NGOs, with whom it has developed close partnerships.

*Since January 2019, CIEL Foundation has changed its financial year to 31 December to budget its operations according to final amount of CSR tax from subsidiaries and not estimates.*

# FOCUS PROJECTS AND PARTNERSHIPS

| Description | Budget invested | Impact | The future |
|---|---|---|---|
| **Lakaz Lespwar Solitude** (Since September 2010) | | | |
| Managed by Caritas, this is **a community development** project that offers a wide range of services to the vulnerable population of the area. | MUR**15.2**M invested; **90%** in running costs and **10%** in setting up<br>MUR**1.5**M this year | **4,800 direct** and **15,500 indirect** beneficiaries since 2010.<br>The last two years, **1,613 beneficiaries** required support from the project. Amongst them, at end 2019, 75% were up and running on their own, 18% were in process and 7% still needed support. | Maintain the level of service to the population.<br>Stay close to the field and the people to understand their needs and adapt the services offered/stay flexible.<br>Empower teenagers to ensure the leadership of the project by the community in the future.<br>Reinforce the "Projet de Développement Personnel" (PDP) by adding resources and tools.<br>Continue consolidating the resource persons to avoid the constant need of external consultant/professionals such as counselors etc.<br>Share experience and expertise with other NGOs. |
| **Society for the Welfare of the Deaf – secondary pre-vocational section** (Since January 2010) | | | |
| **School for the deaf children**. The secondary section runs from form I to IV with the last year focused on employability. | MUR **600,000** this year | This year, **30 students** were enrolled at the prevocational secondary school. At the end of the year, 5 of them left school to enroll in vocational trainings. | Keep empowering the students towards employability by introducing training in basics economics and life skills (Junior Achievement Notre Quartier) and encouraging networking. |
| **ANFEN** (Since July 2010) | | | |
| ANFEN is a network NGO that regroups **18 centres** welcoming about **1,000 kids**, all drop out from the classic schooling system.<br>The social workers do the link between the families and the school. | MUR **5.4**M invested in salaries of the social workers<br>MUR **650,000** this year | **700 direct** & **3,500 indirect** beneficiaries. | The network allows for the school to work together and be stronger. Amongst one of the common projects, the social workers are bridging the gap between the families and the schools.<br>2019 was our last year of partnership with ANFEN. |
| **SEDAM (Service d'Evaluation et de Diagnostic de l'Autisme à Maurice)** | | | |
| Managed by **NGO Autisme Maurice**, this service is the only service providing a precise diagnostic for autism.<br>This project is financed by CIEL whereas Wellkin hospital provides free consultation rooms to the multi-disciplinary professional team and Sun Ltd has offered a free stay for the training team coming from Reunion island. | Training started in February 2018<br>Diagnostic service started in June 2018<br>MUR **2.0**M invested<br>MUR **1.0**M invested | This year, SEDAM team **tested 161 patients**; of which 27 children were found to be autistic. | This year has seen challenges with 2 team members leaving. This has led to some delays in the appointments. |
| **ACTogether.mu** | | | |
| A **communication platform** for NGOs of **Mauritius & Rodrigues.**<br>Around the platform, synergies between NGOs are encouraged with a Christmas Market, Professional Workshops or participation to fairs. | MUR **846,000** this year | Over the 12 months period, 59,000 people visited the **website** with approximately **122,000 visits.**<br>**20 newsletters** were sent, and more than 11,000 likes received on Facebook.<br>236 "Petites Annonces" were posted by NGOS and 47 were represented in our Radio One live programme every Tuesday. | Strengthen the role and presence of ACTogether.mu by launching new ideas such as the "Ambassadeurs de ACTogether.mu",<br>Enroll new NGOs as members.<br>Develop professional workshops for NGOs. |

## Satellite Projects

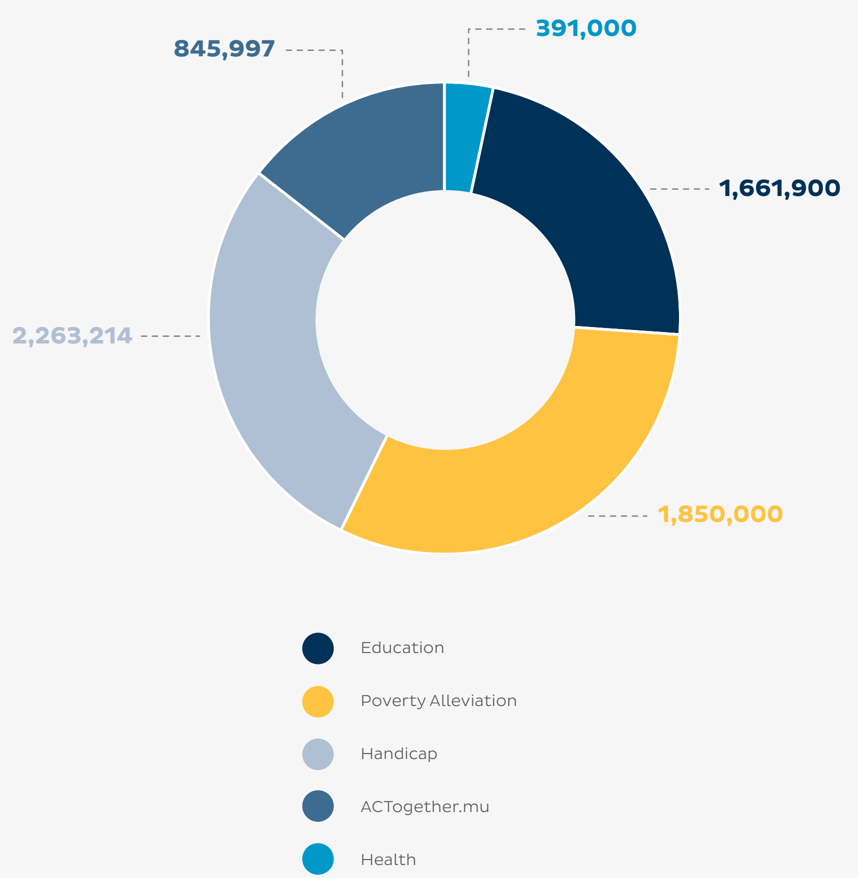
Satellite projects are small projects that CIEL Foundation chooses to finance in counterpart of services given by these to its focus projects or allows CIEL Foundation to better understand a social context or build slowly future collaboration that could have a positive impact on CIEL's future projects.

| Projects | Description | Budget allocated in FY2020 | Impact |
|---|---|---|---|
| **DLD Teen Hope** | An **ANFEN centre** in **Port-Louis** area. | MUR **406,000** | Allows CIEL Foundation to better understand the reality of the school dropouts and bring support in terms of linking the families to the school. |
| **Atelier Joie de Vivre** | An ANFEN centre catering for **60+ youngsters** drop out from school in the region of **Chemin Grenier**. | MUR **103,000** | The social worker helps at strengthening the links between the school and the families. |
| **Inclusion Mauritius** | A network of NGOs working with **mentally handicapped** young adults to help them find a place in society. They have created the **SAIM project**: Self Advocate Inclusion Mauritius. | MUR **47,000**<br>MUR **420,500** | 40 teenagers & young adults were invited to participate in the 4km CIEL Ferney Trail race. |
| **Mahebourg Espoir Education Centre** | An ANFEN centre catering for **60+ youngsters** who dropped out from school in the region of **Mahebourg/Ville Noire**. | MUR **156,200** | Social workers make the link between the school and the families and help to increase the level of well-being of the children. |
| **Autisme Maurice** | An NGO managing two schools for **autistic children** and the SEDAM. | MUR **7,610**<br>MUR **25,000** | Empowerment of two staff by paying for their training in art therapy.<br>Contributing to the participation of two staff to a conference in Kenya – bringing capacity building. |
| **Centre Frère René Guillemin** | Managed by the Centre d'Acceuil de **Terre Rouge**, this new centre caters for youngsters with synthetic **drugs addictions**. | MUR **350,000** | The centre has adapted its services to the needs of the young population; doing preventive sessions and animating art therapy groups in NGOs. |
| **Junior Achievement Mascareignes (JAM)** | JAM has various programmes about **financial literacy** and entrepreneurship. | MUR **312,200** | Participating in the financing of the JA It's Time for MITD students in partnership with Bank One.<br>Training at Society for the Welfare of the Deaf and Lakaz Lespwar Solitude in basic financial literacy. |
| **Caritas Olivia** | A community development project to **empower** the vulnerable population of the area. | MUR **350,000** | A team is available to bring support to the population by offering training and connecting them with opportunities in the region. |
| **Etoile d'Espérance** | Rehabilitation centre for **women** suffering from **alcohol addiction**. | MUR **41,000** | Pamphlet informing and preventing about the fetal alcohol syndrome. |
| **Fondation pour l'Enfance – Terre de Paix** | An NGO involved with **children in distress**. | MUR **15,000** | Fees for trainers for an ACTogether.mu workshop for NGOs. |
| **TIPA – Terrain for Interactive Pedagogy Association** | An NGO involved in **education** of vulnerable children. | MUR **15,000** | Fees for trainers for an ACTogether.mu workshop for NGOs. |
| **Friends in Hope** | An NGO catering for people with **mental health diseases**. | MUR **200,000** | The Art & Creativity Workshop allows the beneficiaries to work towards a project and has a positive impact on their well-being. The NGO also participates in the Marché de Noël Solidaire. |
| **Mauritius Mental Health Association** | An NGO managing a **school** for handicapped children and **day care** for adults. | MUR **10,104** | Empowerment of three staff by paying for their training in art therapy. |

## Funds Received and Donations

This FY, CIEL Foundation has received MUR 5,858,882 of CSR tax plus MUR 1,730,000 of additional contributions from the various entities of the Group. MUR 7,082,111 have been spent in donations as follows:

## Donations (MUR)




# RISK MANAGEMENT

# CIEL PANDEMIC RESPONSE TIMELINE

**2020** — January | February | March | April | May | June

### Head Office

- COVID-19 risk identified
- COVID-19 risk flagged at Audit & Risk Committee
- Pandemic Response Team formed
- Clusters notified & alert level increased
- Plan approved & shared with clusters
- Pandemic Response Plan created
- COVID-19 risk reporting
- Return to Work Protocol set up
- Bi-weekly crisis meetings held
- **Voluntary salary reductions**
- Protocol approved & shared with clusters
- Risk report shared with Board & cluster risk champions
- **CIEL COVID-19 Fund established**
- Kickstarted office reorganisation project
- Planned for 2nd Wave

### Finance

- Crisis governance structure setup
- Business continuity plans reviewed
- Weekly crisis meetings held
- **Business continuity plan activated**
- Engaged with authorities
- Providing credit support to clients
- Initiated stress testing
- Mitigated risky assets
- Risk strategy reviewed
- Mobilised on digitalisation projects

### Textile

- Impact felt from China, prompting immediate risk review
- Crisis governance structure setup
- Daily crisis meetings held
- Negotiated with suppliers and clients to agree on way forward
- Established work from home policy
- Met with MEXA on duties
- Cost cuts & voluntary salary reductions
- Produced masks for Mauritius and Madagascar
- Negotiated with banks for better credit terms
- Return to Work Protocol set up
- Produced masks for international export

### Hotels & Resorts

- Impact felt from China, prompting immediate risk review
- Hotel Pandemic Response Plan
- Head Office Pandemic Response Plan
- Daily crisis meetings held
- **Ambre Resort became quarantine hotel**
- Special task force setup at each hotel & resort
- SOPs reviewed in line with "New Normal"
- Voluntary Salary Reductions
- Online learning setup for staff
- Stringent cost cutting measures
- Pandemic Food Safety Standard
- Prepared for Hotel Reopening
- Planned opening of La Pirogue to locals

### Healthcare

- Pandemic Response Plan created
- Daily crisis meetings held
- Purchased equipment & supplies
- Built triage centre & ICU
- Established clear patient journeys
- Setup psychology hotline for staff
- Engaged with MOH
- Setup free teleconsultation
- Initiated PCR testing
- **Authorities approval to treat COVID-19 patients received**
- Dedicated floorspace for COVID-19 patients
- Kickstarted hospital accreditation project
- Planned for 2nd Wave

### Agro & Property

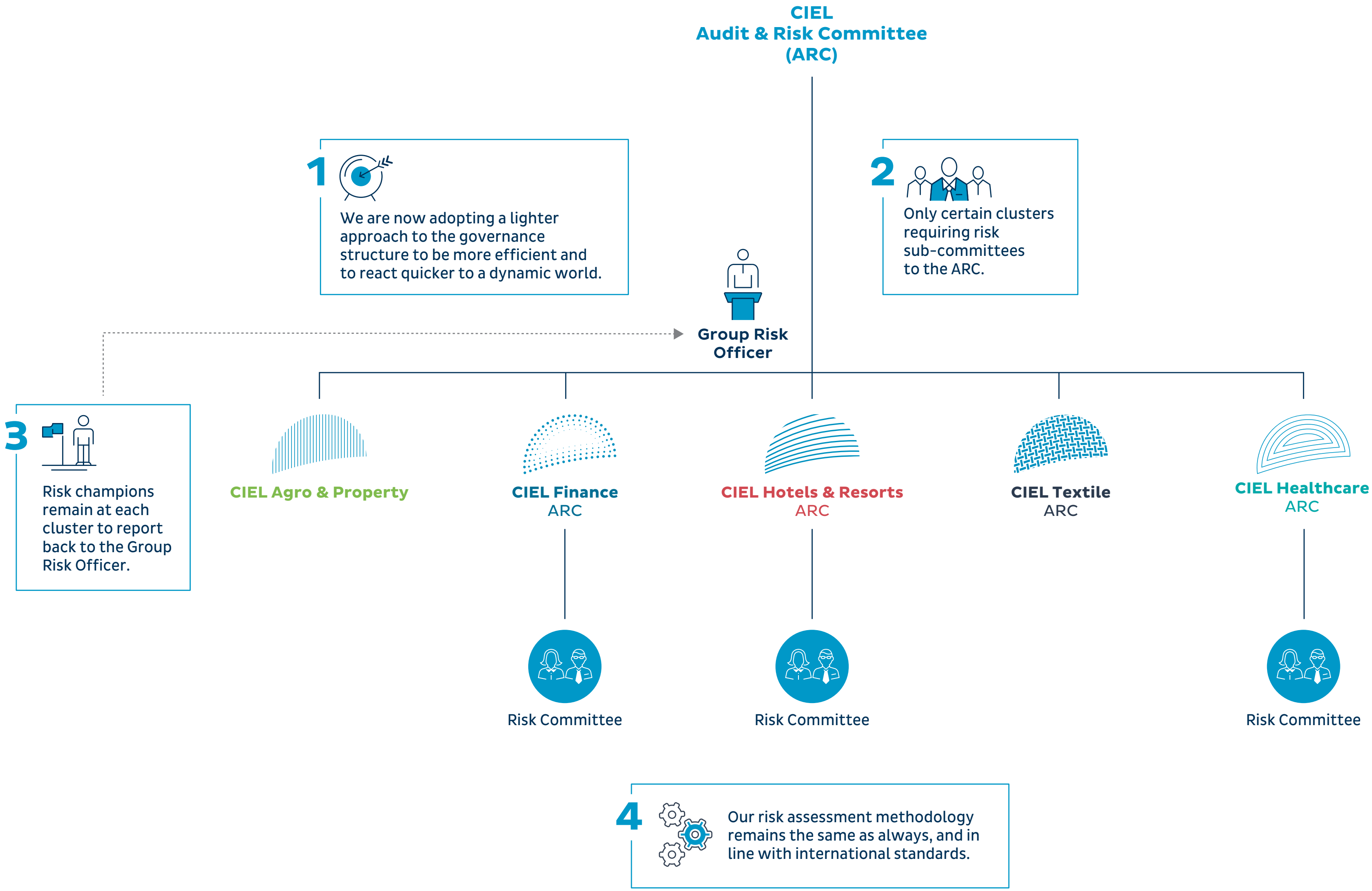
- Formed Crisis Team and plan
- Daily crisis meetings held
- Properties projects put on hold
- Initiated cost cutting measures
- Made lease terms more flexible for clients
- 1st case of COVID-19 within CIEL Group in Tanzania

Mauritius Lockdown
19 March

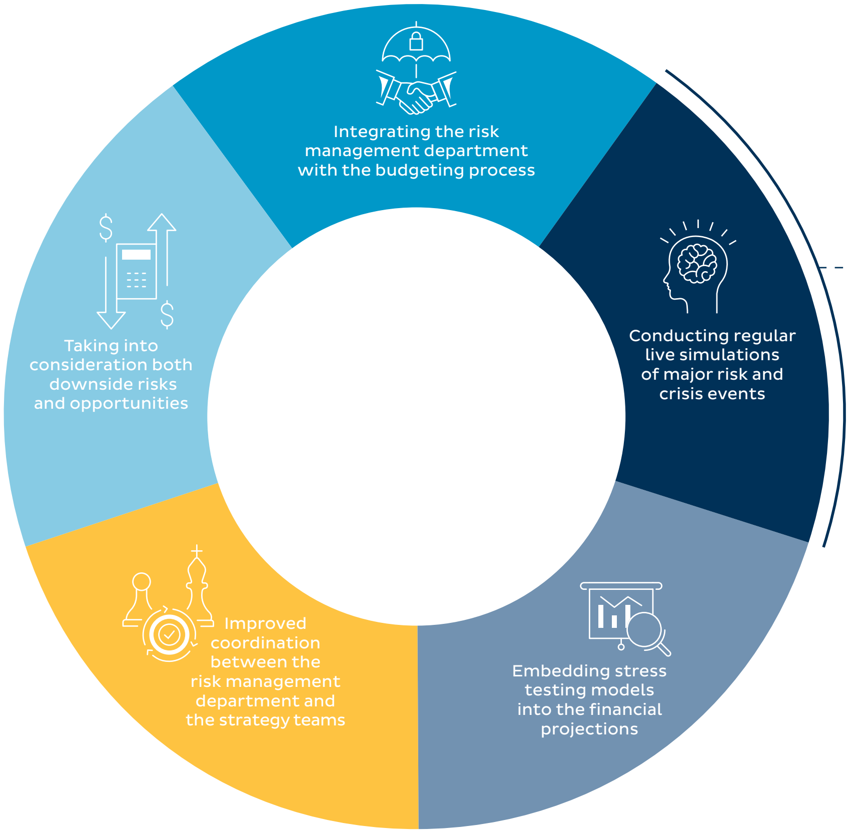
End of Lockdown
30 May

# UPDATED RISK STRUCTURE

COVID-19 has shone light into our current ways of managing risks and has enabled us to transform them toward a sustainable future.



We need to take enterprise risk management to the next level, and we will do so by:




## Some events to be simulated

| | |
|---|---|
| Environmental disasters | Weather-related disasters |
| Pandemics | Major cyber attacks |
| Terrorist attacks | Network/Power outages |
| Machinery faults | Labor unrest |

# TOP 10 RISKS

As per CIEL Risk Policy, CIEL undergoes a new risk voting exercise every 3 years. This year marks the second time that CIEL has gone through this process. Risk Committee, Audit & Risk Committee and Head Office Management were invited to vote on the risks. 36 risks were voted, which comprised a combination of new and already existing risks. The resulting impact, likelihood and risk scores presented below are an average of the individual scores from risk voting exercise.

| Risk Rank | Inherent Risks 2020 | Residual Risks 2020 | Residual Risks 2019 |
|---|---|---|---|
| 1 | Global recession | Global recession | Political risk in countries CIEL operates |
| 2 | Cash flow and liquidity risk | Cash flow and liquidity risk | Foreign exchange risk |
| 3 | Financial impairment | EU blacklisting | Talent management |
| 4 | Commodities risk | Further COVID-19 lockdowns in our countries of operation | Cyber attacks |
| 5 | Further COVID-19 lockdowns in our countries of operation | Environmental disasters | Business turnaround |
| 6 | Shifting trends & competition | Politically-related instability and violence | Financial impairment |
| 7 | Environmental disasters | Policy changes | Systems & processes |
| 8 | EU blacklisting | Business turnaround | Tranformative projects |
| 9 | Foreign exchange risk | Cybercrime | Strategy execution |
| 10 | Cybercrime | Investment in weaker economies | Technology disruption |

**Risks**

- Operational Risks
- Financial Risks
- Strategic Risks

**Capital Affected**

- Financial capital
- Social & relationship capital
- Manufactured capital
- Intellectual capital
- Human capital
- Natural capital

**Risk Level**

| | |
|---|---|
| High | 4–5 |
| Medium | 3 |
| Low | 1–2 |

**Cluster Affected**

- Most
- Partially
- Least

## Global Recession

| Description | CIEL's risk appetite | Capital affected | Risk score | Clusters most affected | Occurring this financial year | Response & outlook |
|---|---|---|---|---|---|---|
| Recession, globally or locally, occurs when there is a decline in economic activity caused by either cyclical events or major shocks to the economic system. COVID-19 is an example of the latter. (Operational Risks) | CIEL has a moderate tolerance to this risk. | Financial capital, Social & relationship capital, Manufactured capital, Intellectual capital, Human capital, Natural capital | 4.6<br>4.3 Impact<br>4.8 Likelihood | Healthcare (Most)<br>Hotels & Resorts (Most)<br>Textile (Most)<br>Finance (Partially)<br>Agro & Property (Partially) | Mauritius is headed for recession given the shock to travel and tourism, caused by COVID-19, and the forthcoming global recession. A reduction business turnover is expected, but could also lead to political and social tensions. In response, the authorities have provided relief and announced the creation of the MIC to deploy funds into the private sector. | Funds provided by the MIC will hopefully get Mauritius through the recession.<br>In tandem, CIEL is currently doing a strategic review exercise to adapt and to be better positioned for the "New Normal". |

## Cash Flow & Liquidity Risk

| Description | CIEL's risk appetite | Capital affected | Risk score | Clusters most affected | Occurring this financial year | Response & outlook |
|---|---|---|---|---|---|---|
| The importance of strong cash flow is aptly stated in the common expression "cash is king."<br>The premise of this is that having cash puts you in a more stable position with better buying power. (Financial Risks) | CIEL has a low tolerance to this risk. | Financial capital, Manufactured capital, Human capital | 4.3<br>4.0 Impact<br>4.6 Likelihood | Hotels & Resorts (Most)<br>Finance (Partially)<br>Healthcare (Partially)<br>Agro & Property (Partially)<br>Textile (Partially) | As a result of COVID-19, the cash flow situation of some of CIEL's key subsidiaries is under significant pressure. In particular, Hotels & Resorts currently faces a near zero revenue situation with 'going concern' risk. Moreover, the financial situation of some debtors, and those with whom we do business, is fragile. | Cost cutting measures implemented include voluntary salary reductions, redundancies, capex freezing, budget cuts, etc. Support is provided by authorities and commercial banks. CIEL is confident in its ability to repay noteholders and returning to normal cash flow levels. |

## EU Blacklisting

| Description | CIEL's risk appetite | Capital affected | Risk score | Clusters most affected | Occurring this financial year | Response & outlook |
|---|---|---|---|---|---|---|
| The EU blacklist contains states that pose a financial risk because of anti-money laundering and terrorism financing shortfalls. Under EU law, EU banks and other financial and tax firms are obliged to scrutinise more closely their clients who have dealings with these states. | CIEL has a moderate tolerance to this risk. | | 4.2<br>4.0 Impact<br>4.3 Likelihood | Finance<br>Healthcare<br>Agro & Property<br>Hotels & Resorts<br>Textile | The European Commission has included Mauritius to its blacklist. This decision will come into effect 01 October 2020 after ratification by the EU parliament. Mauritius is lobbying against this backlisting, but the chances of success remain unclear. | There is commitment from the authorities to complete the five remaining recommendations under the FATF and Management are confident that Mauritius will be removed off the list. To mitigate the risk, CIEL will continue business diversification. |

## Further COVID-19 Lockdowns in our Countries of Operation

| Description | CIEL's Risk appetite | Capital affected | Risk score | Clusters most affected | Occurring this financial year | Response & outlook |
|---|---|---|---|---|---|---|
| History tells us that pandemics come in waves, for the following reasons:<br>(1) Viruses generally do not disappear and tend linger around for years.<br>(2) Viruses mutate. Successive waves could arise because of a mutated version of today's virus. | CIEL has a moderate tolerance to this risk. | | 4.1<br>4.5 Impact<br>3.6 Likelihood | Healthcare<br>Hotels & Resorts<br>Textile<br>Finance<br>Agro & Property | The first lockdown had a severe impact on business globally. If a 2nd wave was to occur and the authorities were to enforce strict lockdown procedures again, this would increase the 'going concern' risk of our subsidiaries – a catastrophic increase in financial, economic and social risk. | The magnitude of further lockdowns as well as authorities response remains highly uncertain. Our Group entities have done as much as they can for now and will be monitoring the situation closely in anticipation for the worst. |

## Environmental Disasters

| Description | CIEL's Risk appetite | Capital affected | Risk score | Clusters most affected | Occurring this financial year | Response & outlook |
|---|---|---|---|---|---|---|
| An environmental disaster or ecological disaster is a catastrophic event regarding the environment due to human activity. | CIEL has a low tolerance to this risk. | | 4.0<br>4.0 Impact<br>4.0 Likelihood | Agro & Property<br>Hotels & Resorts<br>Finance<br>Healthcare<br>Textile | Mauritius has suffered the worst environmental disaster in its history caused by the Wakashio oil spill. Although the oil spill has been mostly contained, there is a greater reputational risk to the island which could affect the tourism industry. | All the Group's clusters participated in this national effort, with volunteers and donations of the equipment to manufacture floating booms to prevent the oil reaching the shore. Thanks to the crisis governance structure in place, the response was very rapid. CIEL is therefore confident in its ability to tackle crisis going forward. |

## Politically-Related Instability and Unrest

| Description | CIEL's Risk appetite | Capital affected | Risk score | Clusters most affected | Occurring this financial year | Response & outlook |
|---|---|---|---|---|---|---|
| The political environment in some of the countries CIEL operates has the potential to lead to instability and unrest as seen in the past. | CIEL has a moderate tolerance to this risk. | | 3.8<br>3.9 Impact<br>3.7 Likelihood | Hotels & Resorts<br>Textile<br>Healthcare<br>Agro & Property<br>Finance | As a result of the difficulties faced by many countries due to COVID-19, such as job loss and loss of life from the disease, there is a heightened risk of instability and unrest. | Apart from the political violence and terrorism insurance CIEL has in place, the various crisis committees across the Group remain on high alert in order to respond rapidly to the high risk events. |

## Policy Changes

| Description | CIEL's Risk appetite | Capital affected | Risk score | Clusters most affected | Occurring this financial year | Response & outlook |
|---|---|---|---|---|---|---|
| Government policy is a deliberate system of principles to guide decisions and achieve rational outcomes for a country. However, due to the difficult nature in policy setting, sometimes policy decisions have unintended consequences. | CIEL has a high tolerance to this risk. | | 3.7<br>3.6 Impact<br>3.8 Likelihood | Finance<br>Hotels & Resorts<br>Textile<br>Healthcare<br>Agro & Property | As a result of COVID-19, governments around the world face difficult decisions that have never been faced before and are therefore more likely to have unintended consequences. | Management throughout the Group are tackling this risk by diversifying the customer base and also by geographically diversifying production. Maintaining good relationships with governments is also key. |

## Business Turnaround

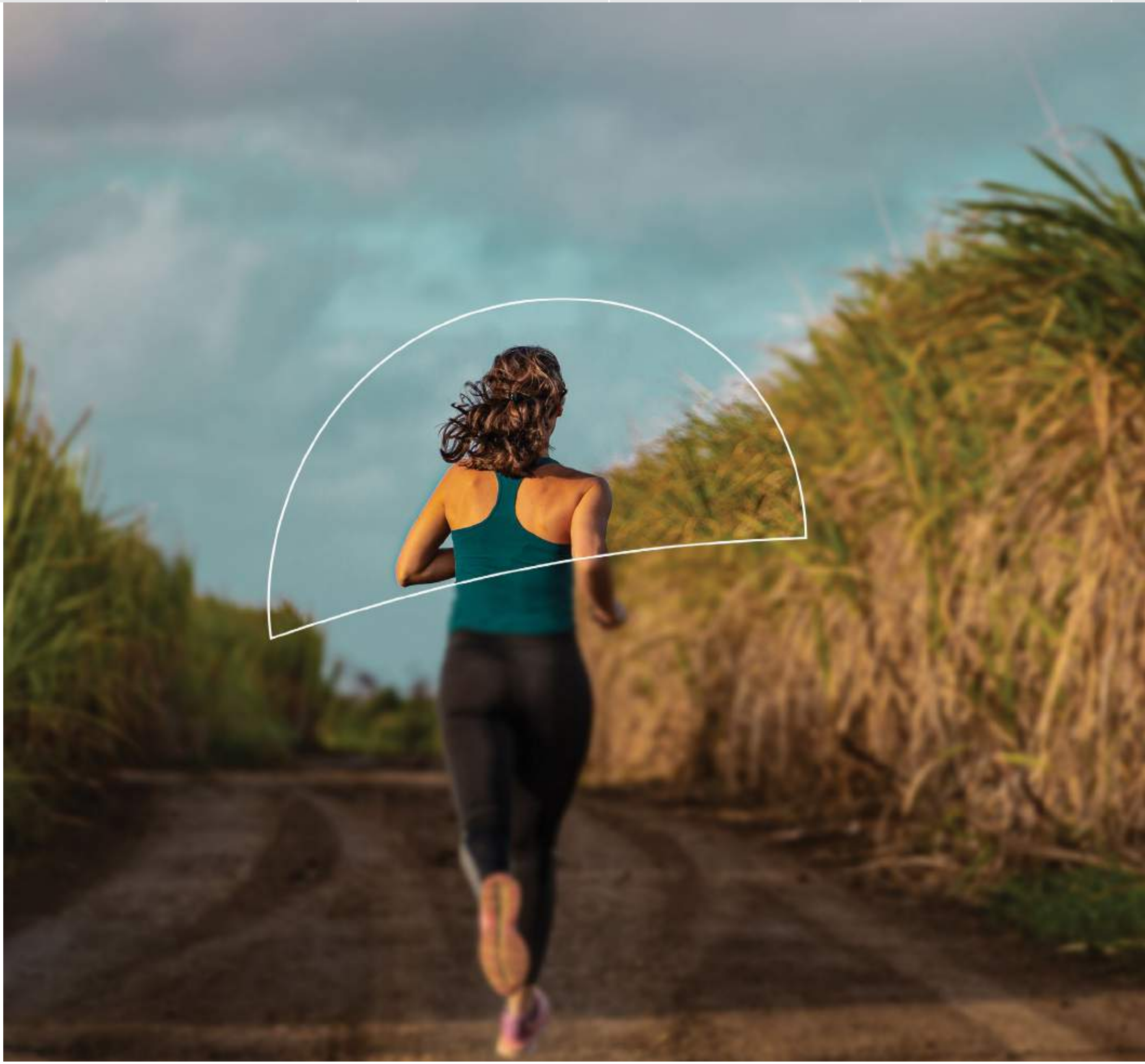
| Description | CIEL's Risk appetite | Capital affected | Risk score | Clusters most affected | Occurring this financial year | Response & outlook |
|---|---|---|---|---|---|---|
| In the early stages of an investment or during tough times, it is not unlikely that a business is loss making. It is then up to senior management to turn the business around within a predefined time frame. | CIEL has a moderate tolerance to this risk. | | 3.7<br>3.5 Impact<br>3.9 Likelihood | Hotels & Resorts<br>Finance<br>Healthcare<br>Agro & Property<br>Textile | COVID-19 has negatively affected business turnaround targets for some CIEL entities which now have to be stretched out to a later date. | Budgets and business plans have been revised with more realistic turnaround targets. CIEL Businesses are being reengineered and streamlined in preparation for the "New Normal". Major projects and business decisions have been put on hold until there is better visibility of the economic climate. |

## Cybercrime

| Description | CIEL's Risk appetite | Capital affected | Risk score | Clusters most affected | Occurring this financial year | Response & outlook |
|---|---|---|---|---|---|---|
| The global growth rate of cyber-attacks is alarming, with each attack becoming more sophisticated and more costly to the victim. It now goes without saying that businesses should always remain vigilant. CIEL subsidiaries are no exception. | CIEL has a low tolerance to this risk. | | 3.6<br>3.5 Impact<br>3.7 Likelihood | Finance<br>Healthcare<br>Hotels & Resorts<br>Textile<br>Agro & Property | There were no material cyber-attacks occurring this financial year. CIEL's cyber governance and security continues to improve. | CIEL is noticing more sophisticated attempts of cyber attack as each year goes by. However, our response capabilities are improving faster owing to the good cyber governance and security measures put in place. CIEL is confident in further mitigating this risk in future. |

## Investment in weaker economies

| Description | CIEL's Risk appetite | Capital affected | Risk score | Clusters most affected | Occurring this financial year | Response & outlook |
|---|---|---|---|---|---|---|
| Weak economies or poor economic growth is harmful for businesses because consumer demand is low, and it becomes more difficult to employ the right talent. Moreover, weak economies are less resilient to global economic shocks. | CIEL has a moderate tolerance to this risk. | | 3.6<br>3.6 Impact<br>3.6 Likelihood | Healthcare<br>Textile<br>Finance<br>Agro & Property<br>Hotels & Resorts | COVID-19 occurred this financial year and the economic shock was far worse than anyone could have expected. A global recession has begun and we await the outcome. | The aftermath of COVID-19 may leave weaker economies more vulnerable and less able to recover from the economic shock. In response, CIEL continues to diversify business geographically and is always on the lookout for new opportunities to do business. CIEL is well preparing for the "New Normal". |



# CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE REPORT

FINANCIAL YEAR ENDED 30 JUNE 2020

## GROUP PROFILE – A DIVERSIFIED MAURITIAN INVESTMENT GROUP WITH AN INTERNATIONAL FOOTPRINT

### CIEL Limited ("CIEL") at a Glance

- Public company listed on the Official Market of the Stock Exchange of Mauritius ("SEM")
- Listed on the SEM Sustainability Index (SEMSI) since 29 March 2019
- Public Interest Entity as defined by the Financial Reporting Act 2004
- CIEL and its subsidiaries ("the Group") operate six business clusters spread across 10 countries

The Board of Directors ("Board") of CIEL is committed to maintain high standards of corporate governance and acknowledges its responsibility for applying and implementing the principles contained in the National Code of Corporate Governance for Mauritius (2016) ("the Code"). Details on how CIEL has applied the Code's principles are set out in this report. CIEL also uses its website for online reporting purposes, in accordance with the recommendations of the Code. You may refer to CIEL governance section on www.cielgroup.com ("CIEL's website").

## PRINCIPLE 1: CIEL'S GOVERNANCE STRUCTURE

### The Role of the Board

The role of the Board is to provide effective leadership and direction to enhance the long-term value of the Group, for its shareholders and other stakeholders. The Board assumes its responsibility in (i) overseeing the business affairs of the Group, (ii) reviewing its strategic plans, performance objectives, financial plans, annual budget, key operational initiatives, major funding, investment proposals, financial performance reviews and corporate governance practices. It ensures that all legal and regulatory requirements are met.

### Responsibilities and Accountabilities

CIEL has job descriptions for key senior governance positions to provide clear definitions of their roles and responsibilities. The roles of the Board Chairman and that of Group Chief Executive are held separately. P. Arnaud Dalais is the Chairman of the Board and Jean-Pierre Dalais the Group Chief Executive.

### Board Charter

The Board has approved its Charter in September 2016 which clearly sets out its role, responsibilities, structure and procedures while defining the legal framework within which it functions. A copy of the Board Charter is provided to new directors upon their appointment as part of their induction. The Board Charter has been amended on 27 September 2019 to incorporate changes in the composition of the Board. It may be subsequently reviewed by a simple majority decision of the directors, as and when deemed necessary. A copy of CIEL's Board Charter can be consulted on CIEL's website.

### Constitution

The constitution of CIEL complies with the provisions of the Companies Act 2001 and the Listing Rules of the SEM. There are no clauses of the constitution deemed material enough for special disclosure.

## Code of Ethics and Whistle Blowing Policy

CIEL has, over the years and since the beginning of the Group in 1912, developed a unique way of doing business. CIEL constantly wants to reaffirm to its stakeholders its strong commitment in doing business ethically and sustainably and believes that ethics start at the top, with its Board, senior management extended to employees of the Group, business partners and other stakeholders. It is in that spirit, that the Board has developed and approved a code of ethics, shared and acknowledged by the employees at the head office.

The code of ethics highlights key areas which CIEL believes are crucial in doing business fairly and ethically, namely:

**Business Integrity**

**Workplace Culture**

**Data Privacy**

**Reputation & Goodwill**

**Environmental & Social Values**

The Board monitors and evaluates compliance with its code of ethics. Amendments are made to the code of ethics as and when required. The code of ethics includes a whistle blowing mechanism, which is a confidential and anonymous channel for all internal and external stakeholders to express their concerns about any perceived wrong-doings, malpractices or improprieties as defined as follows:

| | |
|---|---|
| **Step 1** | Any person wishing to blow the whistle (on an anonymous basis if so desired) shall report same to the Whistle Blowing Screening Committee comprising of the CIEL Group Risk Officer and a member of the legal team. Alternatively, if the person feels that the Whistle Blowing Screening Committee is not the appropriate forum to receive the complaint, he/she may report same to the Chairman of CIEL's Audit & Risk Committee ("ARC"). |
| **Step 2** | The role of the Whistle Blowing Screening Committee is only to screen the complaint, to determine whether the complaint is genuine and worth investigating/actioning. If so, the Whistle Blowing Screening Committee shall forward the complaint to the Chairman of the ARC of CIEL. |
| **Step 3** | The Chairman of the ARC of CIEL, upon receiving a complaint, forwards the complaint to the chairman of the relevant cluster's ARC if the complaint concerns a cluster or a business unit, or to the CIEL Group Chief Executive Officer or members of CIEL's ARC, if the complaint pertains to CIEL, who shall, in turn, subject to any applicable law, in their own discretion (i) decide on appropriate actions to be conducted to resolve the issues (ii) channel the complaint to the relevant parties for investigation and (iii) ensure that the necessary investigations are carried out. |

A whistle blowing template has been defined by the ARC to enable entities of the Group record the number, source and type of complaints received on a monthly basis. The template also helps to assess the trend in the number of complaints received, the number of cases under investigation and those resolved.

# CIEL's Organisational Chart and Statement of Accountabilities

**Shareholders of CIEL elect the Board**

**CIEL Board – ultimately accountable and responsible for the performance and affairs of the Group**

The Group operates within a defined governance framework through delegation of authorities and clear lines of responsibility while enabling the Board to retain effective control.

Four Board committees tasked to provide specialist guidance to its Directors, and each operate within approved terms of reference. Recommendations from the committees escalate to the Board. Reports from the chairmen of these committees are systematically included on the agendas of Board meetings.

**Corporate Governance, Ethics, Nomination & Remuneration Committee**
Chairman: Pierre Danon

**Strategic & Advisory Committee**
Chairman: R. Thierry Dalais

**Audit & Risk Committee**
Chairman: Catherine McIlraith

- **Risk Oversight Committee**
- **Whistle Blowing Screening Committee**
(Reports to the Chairman of the Audit & Risk Committee)

**Corporate Sustainability Committee**
Chairman: Roger Espitalier Noël

- **Corporate Sustainability Forum**
(Composed of representatives of the clusters & Head Office)

**Delegates management to**

**Group Chief Executive**
Jean-Pierre Dalais
**Group Finance Director**
Jérôme de Chasteauneuf
With CIEL Head Office Management Team in support

**CIEL Agro | CIEL Properties**
(Alteo Limited, Ferney Limited & CIEL Properties Limited) Management Teams

**Hotels & Resorts**
SUN Limited and Anahita Residences & Villas Limited Management Teams

**CIEL Textile**
Management Team

**CIEL Finance**
Management Team

**CIEL Healthcare**
Management Team

The Group Chief Executive is responsible for the affairs of the Group and closely interacts with the CEOs of the Group. He has the support of the Group Finance Director and the management teams of CIEL Head Office, which provides a combination of corporate services and strategic support to the main operational clusters of CIEL.

FIND OUT MORE

Code of Ethics | Whistle Blowing Policy
Board Charter | Constitution
Job Descriptions of Key Senior Governance Positions

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

## Board Size and Structure

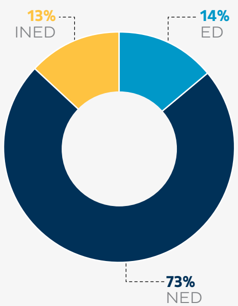
The Board of CIEL is composed of Directors coming from different industries and backgrounds with strong business, international and management experience which are important considering the nature and scope of the Group's business and the number of board committees. The Board is satisfied that its composition is adequately balanced and that the current directors have the range of skills, expertise and experience to carry out their duties properly.

**Type of Mandate:**
Unitary Board of
**15** Directors

**5** Board Meetings during the Financial Year

**6** Decisions adopted by way of Written Resolution in lieu of holding Board Meetings

**Category of Directors:**




**Tenure of Directorships:**

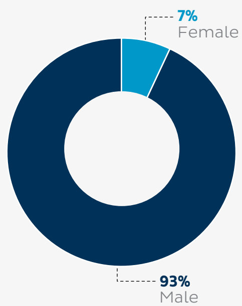
**1**
Between
0 and 2 years

**2**
Between
2 and 4 years

**3**
Between
4 and 6 years

**9**
More than
6 years

**Gender Balance:**




**Quorum for the Board:** 7 Directors
**Company Secretary:** CIEL Corporate Services Ltd

There have been no changes on the Board during the financial year.

| Directors | Gender | Age | Board Attendance | Country of Residence | Category |
|---|---|---|---|---|---|
| P. Arnaud Dalais (Chairman) | M | 65 | 4/4 | Mauritius | NEC |
| Sébastien Coquard | M | 45 | 3/4 | France | NED |
| Guillaume Dalais | M | 38 | 4/4 | Mauritius | NED |
| Jean-Pierre Dalais | M | 56 | 4/4 | Mauritius | ED |
| Marc Dalais | M | 56 | 4/4 | Mauritius | NED |
| R. Thierry Dalais | M | 61 | 4/4 | Mauritius | NED |
| Pierre Danon | M | 64 | 4/4 | France | INED |
| L. J. Jérôme De Chasteauneuf | M | 54 | 4/4 | Mauritius | ED |
| Roger Espitalier Noël | M | 65 | 4/4 | Mauritius | NED |
| M. A. Louis Guimbeau | M | 70 | 3/4 | Mauritius | NED |
| J. Harold Mayer | M | 55 | 4/4 | Mauritius | NED |
| Marc Ladreit de Lacharrière | M | 79 | 0/4 | France | NED |
| Catherine McIlraith | F | 56 | 4/4 | Mauritius | INED |
| Jean-Louis Savoye | M | 47 | 3/4 | France | NED |
| Xavier Thiéblin | M | 77 | 3/4 | France | NED |

| Alternate Director | Gender | Age | Board Attendance | Country of Residence | Category |
|---|---|---|---|---|---|
| Jacques Toupas, Alternate of Marc Ladreit de Lacharrière | M | 42 | 4/4 | France | NED |

**NEC** - Non-Executive Chairman
**NED** - Non-Executive Director
**INED** - Independent Non-Executive Director
**ED** - Executive Director

## Time Commitment and Other Directorship Positions

CIEL directors ensure at all times that they are able to devote a sufficient amount of time to the Company to deliver their role effectively. The Board is satisfied that, for the year under review, its members have met their time commitment expectations in respect of board and committee meetings and that they continue to discharge their responsibilities effectively.

## Focus Areas of the Board

| Recurring Agenda Items | Strategy, Performance, Financial Monitoring | Governance and Risk, Other |
|---|---|---|
| • Declaration of interests<br>• Minutes of proceedings of meetings<br>• Reports from chairmen of board committees<br>• Quarterly investment reports including economic updates of countries within which the Group operates, peer review and financial results | • CIEL Textile Scheme of Arrangement<br>• Acquisition of Fortis shares in C-Care (Mauritius) Ltd<br>• Annual and quarterly financial statements<br>• Deep dive on CIEL Finance<br>• CIEL corporate strategy<br>• Annual Report<br>• Multi-currency notes programme<br>• Budget<br>• Dividend | • Update of governance documents (board charter, code of ethics, committee terms of reference, statement of remuneration policy)<br>• Nomination of the CEO of CIEL Properties<br>• Remuneration of the Executive Directors<br>• Impact of COVID-19 on the Group and cluster monitoring<br>• Creation of the CIEL COVID Fund<br>• Sustainability policy 2020-2030<br>• Group sustainability initiatives<br>• Risk dashboards for the Group<br>• Internal audit assessments through the report from the Chairman of the Audit & Risk Committee |

## Independence on the Board

The independence criteria for Directors is defined under the Companies Act 2001, which has recently been amended by The Finance (Miscellaneous Provisions) Act 2020. Catherine McIlraith and Pierre Danon still qualify as Independent Non-Executive Directors.

## Board Processes and Attendance at Board/Committee Meetings

The dates of Board, committee and annual meeting of shareholder are planned well in advance with the assistance of the company secretary. The Board meets at least four times a year and ad-hoc meetings may also be convened to deliberate on urgent substantive matters. Decisions of the Board are also taken by way of written resolutions.

The Chairman of the Board, in collaboration with the company secretary and management, ensure that all directors are provided with appropriate, reliable and timely information to enable them to discharge their duties effectively and reach informed decisions. Board documents are circulated in advance of board meetings through an online board portal facilitating the viewing of such papers, in order for the directors to devote sufficient time towards the reading of these documents.

## Dedicated Committees Assisting the Board in its Duties

The Board delegates certain roles and responsibilities to its committees. Whilst it retains the overall responsibility, committees probe subjects more deeply and then report on the matters discussed, decisions taken, and where appropriate, make recommendations on items requiring the approval of the Board.

The committees play a key role in supporting the Board. The company secretary of the Board acts as secretary to these committees.

Minutes of proceedings of committee meetings (except for the Corporate Governance, Ethics, Nomination & Remuneration Committee) are circulated to the Board and the chairs of each of the committees report verbally on their activities. The Board is satisfied that the committees are appropriately structured, skilled and competent to deal with both the Company's existing and emerging issues, and that they have effectively discharged their responsibilities during the year under review according to their terms of reference.

The terms of reference of the committees are updated as and when necessary. During the financial year, amendments were made to the terms of reference of the Audit & Risk Committee and Corporate Governance, Ethics, Nomination & Remuneration Committee.

## Strategic & Advisory Committee

2* Meetings

| Members | Attendance |
|---|---|
| R. Thierry Dalais, Chairman | 2/2 |
| Damien Braud | 2/2 |
| Sébastien Coquard | 1/2 |
| P. Arnaud Dalais | 2/2 |
| Jean-Pierre Dalais | 2/2 |
| Pierre Danon | 2/2 |
| L. J. Jérôme De Chasteauneuf | 2/2 |

* The meeting normally scheduled end of June has been held on 8 July 2020

### Main Terms of Reference

- Share with management the key objectives for the enterprise and its investment and development strategies that reasonably meet these objectives.
- Recommend strategies to be adopted and reflect on investments/divestments prior to making recommendations to the Board.
- Ensure that effective and regular access exists for the debate of the Group's investment strategy options and changes thereto. The committee sees to a rigorous analysis and the application of relevant criteria/features in asset allocation and investment selection.
- Ensure regular review and analysis of the Group's current asset allocation and the investment performance implied in its holdings.
- Understand the ranking of investment and divestment choices available to the Group.
- Understand and match the Group's investment strategy options with its financing and treasury strategies.
- Be a forum to debate deal flow opportunities.

### Focus Areas during the Year

- CIEL's Corporate Strategy.
- SUN Corporate restructuring.
- CIEL debt financing.
- CIEL Textile capitalistic opportunities.
- Annual budget review.

## Audit & Risk Committee

4 Meetings

| Members | Attendance |
|---|---|
| Catherine McIlraith, Chairman | 4/4 |
| Pierre Danon | 4/4 |
| M. A. Louis Guimbeau | 4/4 |

### Main Terms of Reference

- Examine and review the quality and integrity of the financial statements (Company and Group) and any formal announcements relating to the Company's financial performance, before submission to the Board.
- Review arrangements and modalities by which any staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting, ensuring that arrangements are in place for the proper investigation of such matters, and for appropriate follow up action.
- Assess the robustness of the Company's internal control including internal financial control and business risk management.
- Maintain an effective internal control system including the system(s) established to identify, assess, manage and monitor risks.
- Approve appointment of internal auditor and their fees.
- Evaluate and approve the annual internal audit work plan and consider reports pertaining to findings of internal audits on a periodic basis.
- Oversee the process for selecting the external auditor, assess the continuing independence of the external auditor and approve the audit fees.

### CIEL Group Risk Oversight Committee

- Reports to the Audit & Risk Committee.
- Ensures that the key risks of the six clusters of the Group are objectively prioritised.
- Highlights the steps taken to address the key risks, drives implementation of control measures and ensures risks are reported on a timely, presentable and accurate manner.

### Focus Areas during the Year

- Audited accounts and management letter.
- Risk report for the annual report.
- Quarterly condensed financial statements and financial review document.
- Updated terms of reference of the committee.
- Internal audit report.
- Risk management report and risk dashboard.
- Material litigation cases.
- Treasury policy.
- Crime and insurance covers.

## Corporate Governance, Ethics, Nomination & Remuneration Committee

**2** Meetings

| Members | Attendance |
|---|---|
| Pierre Danon, Chairman | 2/2 |
| P. Arnaud Dalais | 2/2 |
| R. Thierry Dalais | 2/2 |
| Xavier Thiéblin | 2/2 |

### Main Terms of Reference

- Recommend corporate governance provisions to be adopted so that the Board remains effective and complies with prevailing corporate governance principles.
- Approve the bonus/remuneration for the Executives.
- Recommend to the Board the Directors' remuneration, including the Chairman fee.
- Recommend new Board and senior executive nominations.
- Monitor the implementation of the code of ethics and set the tone for its implementation.

### Focus Areas during the Year

- Corporate governance report.
- Executives' Bonus.
- Management fee payable to CIEL Corporate Services Ltd.
- Phantom Share Scheme.
- Succession plan of CIEL Textile.
- Nomination and Remuneration - CEO of CIEL Properties.
- Update of governance documents.
- Employee engagement survey results.
- Executives' remuneration benchmarking and recommendations.
- Benchmarking of Head Office operating costs.

## Corporate Sustainability Committee

**3** Meetings

| Members | Attendance |
|---|---|
| Roger Espitalier Noël, Chairman | 3/3 |
| Jean-Pierre Dalais | 3/3 |
| Hélène Echevin | 2/3 |
| Dev Sewgobind | 3/3 |
| Oumhany Sy | 1/3 |

A sustainability forum composed of representatives of the Group reports to the Corporate Sustainability Committee.

### Main Terms of Reference

- Define and approve the CIEL Group's environment and social policies.
- Define and approve an environmental and social management system.
- Supervise and implement any environmental and social action plans.
- Identify and manage the environment and social risks of each of its main subsidiaries and material investee companies (and, on a best effort basis, of its other investee companies).
- Define actions to achieve compliance with the environmental and social in a defined timeframe.
- Report the environment and social performances of the Company and each of its subsidiaries and material investee companies.

### Focus Areas during the Year

- Monitoring the implementation of CIEL's Environmental and Social Action Plan (including the establishment of a full-fledged sustainability governance structure within clusters of the Group, the implementation of CIEL's responsible supply chain management and whistle blowing policies and the progress made on the sustainability audits at selected operational sites).
- Environmental & Social incident report for the half-year ended 31 December 2019.
- CIEL's 2020-2030 sustainability strategy and action plan in relation thereto.
- Environmental & Social indicators report for the financial year 2018-2019.
- Implementation of the Sky platform, a digital tool designed for data collection and self-assessment purposes at business unit level.
- Cluster sustainability reports and roadmaps.

FIND OUT MORE
Terms of Reference of Board Committees

## PRINCIPLE 3: DIRECTOR APPOINTMENT PROCEDURES

### Appointment and Re-Election of Directors/Chairman

| | |
|---|---|
| **Step 1** | • The board charter provides that the Directors shall be a natural person of not less than 18 years old and not more than 80 years old.<br>• The board charter also provides that the Chairman shall not be older than 75 years old and shall hold office for a period of five years and may, at the term of his office, be re-elected by the Board for a further period of five years or such other term as may be determined by simple majority of the Board.<br>• The chairmanship of P. Arnaud Dalais has been renewed until 24 January 2024.<br>• The Corporate Governance, Ethics, Nomination & Remuneration Committee recommends all new appointments on the Board and committees. Skills, knowledge, industry experience, diversity and independence are important factors that are being considered prior to recommending any appointment. |
| **Step 2** | • Board approval - The Directors have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors so that the total number of Directors shall not at any time exceed the number fixed in accordance with the constitution.<br>• The Director appointed to fill up the vacancy or as an addition to the existing Directors shall hold office only until the next following annual meeting of shareholders and shall then be eligible for re-election. |
| **Step 3** | • Induction of the directors upon appointment. |
| **Step 4** | • Board nomination submitted for approval by the shareholders at Annual Meeting (“AM”).<br>• Directors are also re-elected annually at the AM by way of separate resolutions.<br>• Directors over the age of 70 are appointed at the AM in accordance with section 138(6) of the Companies Act 2001. |

### Induction of the Directors

The Board assumes its responsibility for the induction of newly appointed Directors, through a process which is facilitated by the company secretary. They undergo an induction programme under the guidance of the Chairman and the company secretary, which enable them to gain an in-depth understanding of the Company’s business model, governance framework, activities and strategy. In addition to their letter of appointment, newly appointed directors are encouraged to meet the CEOs of the Group and perform site visits to acquaint themselves with CIEL’s operations and culture. All Directors have unrestricted access to the Company’s records. There has been no appointment during the financial year under review.

## Directors' Profiles

The biographical details of the Directors of the Company are provided hereunder.
The Board has decided to only disclose directorships in listed companies.

### P. Arnaud Dalais

**Chairman/Non-Executive Director**
**Joined the Board in November 1991**

Skills and Experience:

- Joined the CIEL Group in August 1977.
- Appointed Group Chief Executive and Director in November 1991.
- Under his leadership, the CIEL Group at large went through an important growth both locally and internationally.
- Plays an active role at the level of the Mauritian private sector and has assumed the chairmanship of several organisations including the Joint Economic Council from 2000 to 2002 and Business Mauritius from 2015 to 2017.

Directorships in other listed companies:
Alteo Limited, Sun Limited.

Core competencies:
Leadership, entrepreneurship, deal structuring, business management, strategic development, hotel & property development.

### Sébastien Coquard

**Non-Executive Director**
**Joined the Board in May 2014**

Skills and Experience:

- Head of Investments at FFP, the listed investment company majority-owned by the Peugeot family.
- Representative of FFP Invest on the Board of Directors of OPCI Lapillus II and IDI Emerging Markets SA and on the Advisory Board of IDI SCA.
- Former representative of FFP Invest on the Board of Directors of Onet, Ipsos and LT Participations.
- Director of FFP Investments UK Ltd.
- Held long-term investments positions at Allianz France, worked at Oddo Corporate Finance on M&A and ECM transactions and in the corporate banking division of Paribas.

Directorships in other listed companies:
IDI SCA.

Core competencies:
Corporate finance, capital markets, valuation.

### Guillaume Dalais

**Non-Executive Director**
**Joined the Board in June 2019**

Skills and Experience:

- Former experience in the investment Banking sector by working at Métier Investments & Advisory Services in South Africa and CIEL Capital Limited in Mauritius.
- Joined the CIEL Textile Group in 2010.
- Appointed Executive Director of the Knits Cluster of the CIEL Textile Group in 2012.
- Chief Executive Officer of the Knitwear cluster of the CIEL Textile Group since July 2016.
- CEO of CIEL Properties since 01 July 2020.

Directorships in other listed companies:
C-Care (Mauritius) Ltd.

Core competencies:
Private equity, textile, manufacturing, entrepreneurship, strategic business development, deal structuring.

### Jean-Pierre Dalais

**Executive Director and Group Chief Executive**
**Joined the Board in February 1995**

Skills and Experience:

- Joined CIEL Group in January 1992 and is its Group Chief Executive since January 2017, overseeing all Group operations.
- Was formerly Executive Director at CIEL, focusing particularly on the development of the Group's Hotels & Resorts, Financial Services and Healthcare clusters.
- Before that, Jean-Pierre Dalais was the Chief Executive Officer of CIEL Investment Limited.
- Graduated with an MBA from the International University of America, San Francisco, and previously worked at Arthur Andersen (Mauritius and France).

Directorships in other listed companies:
Alteo Limited, Phoenix Beverages Limited (Alternate Director), Sun Limited (Chairman).

Core competencies:
Strategy and corporate finance, building business partnership, international development, new business opportunities, hotel & property development.

## Directors' Profiles (Cont'd)

### Marc Dalais
**Non-Executive Director**
**Joined the Board in June 2017**

Skills and Experience:

- Founder and Executive Chairman of Celero group, a leading logistics and shipping group operating mainly in Mauritius and Madagascar.
- Previous International working experience with Nedlloyds shipping in RSA and the Bollore group in Paris.
- Worked at IBL group as General Manager of a trading division then heading and growing its Aviation, Logistics & Shipping division in the Indian Ocean.
- Served on boards of Mauritius Export Association and a company pioneering Freeport operations in Mauritius.

Directorships in other listed companies:
None.

Core competencies:
Logistics, business and management, strategic planning, leadership.

### R. Thierry Dalais
**Non-Executive Director**
**Joined the Board in August 2013**

Skills and Experience:

- More than 30 years' experience in the financial services and private equity investment industry.
- Co-founder of two private equity investment firms and acted as a key person and principal in numerous private investment programs over the last 25 years.
- Former director and trustee on numerous boards, including listed companies in Mauritius and abroad.
- Completed degrees in Commerce and Accounting at the University of the Witwatersrand and qualified as a Chartered Accountant in South Africa.

Directorships in other listed companies:
Sun Limited.

Core competencies:
Private equity, strategic development, entrepreneurship and international business management, deal structuring, hotel & property development.

### Pierre Danon
**Independent Non-Executive Director**
**Joined the Board in January 2014**

Skills and Experience:

- Chairman of Solocal Group, the European leader in digital communication.
- Chairman of Volia in Kiev, the Ukrainian leading cable and broadband company.
- Former Chairman of Eircom in Dublin and TDC in Copenhagen, Vice Chairman of AgroGeneration, a public company listed on the Alternext of NYSE, Chief Operating Officer of the Capgemini Group, one of the world's foremost providers of consulting, technology and outsourcing services, Chief Officer of British Telecom Retail and non-executive Director of Standard Life in Edinburgh.

Directorships in other listed companies:
None.

Core competencies:
Digital, international business management, entrepreneurship, deal structuring.

### L. J. Jérôme De Chasteauneuf
**Executive Director and Group Finance Director**
**Joined the Board in April 2012**

Skills and Experience:

- Former working experience with PriceWaterhouseCoopers in the UK, where he qualified as a Chartered Accountant.
- Key leading position within the CIEL Group, becoming its Head of Finance in 2000.
- Involved in the financial reengineering which accompanied the development of the CIEL Group.
- Currently representing CIEL on numerous boards of subsidiaries.

Directorships in other listed companies:
Alteo Limited, Harel Mallac & Co. Limited, Sun Limited.

Core competencies:
Business development and finance, accounting & audit, strategic development, deal structuring.

## Directors' Profiles (Cont'd)

### Roger Espitalier Noël
**Non-Executive Director**
**Joined the Board in January 2014**

Skills and Experience:

- Former Corporate Sustainability Advisor of CIEL.
- Former General Manager of Floreal Knitwear Limited.
- Holds more than 35 years' experience in the textile industry.
- Involved in the restructuring and restart of the Madagascar Production Units after the political unrest of 2001, and as from 2008, acting as consultant for the CIEL Textile Limited where his activities were focused on the environmental, logistics, utilities as well as the retail aspects of the Knits division.

Directorships in other listed companies:
ENL Limited, Phoenix Beverages Limited (Alternate Director) and Phoenix Investment Limited (Alternate Director).

Core competencies:
Textile, manufacturing and operations, environment and sustainability.

### M. A. Louis Guimbeau
**Non-Executive Director**
**Joined the Board in July 1991**

Skills and Experience:

- Held senior positions in different sectors of the Mauritian economy, gaining a vast experience in strategy development, administration, finance and accounting until his retirement in 2010.
- Co-founder of La Meule Permaculture Farm in 2014, a sustainable living project.
- Former Director of Sun Limited.

Directorships in other listed companies:
None.

Core competencies:
Finance, accounting, business management.

### J. Harold Mayer
**Non-Executive Director**
**Joined the Board in January 2014**

Skills and Experience:

- Retired as CEO of the CIEL Textile Group on 30 June 2020.
- Was formerly Chief Executive Officer of the CIEL Textile Group since 2006.
- He joined CIEL Textile in 1990 and has been holding key positions within the Group since then. He started his career as Head of Finance of New Island Clothing and was promoted General Manager of Aquarelle Clothing Ltd in 1995. He was also Chief Operating Officer of the clothing operations.
- He is a qualified Chartered Accountant and holds a Bachelor's Degree in Commerce.

Directorships in other listed companies:
Sun Limited, Omnicane Limited (Chairman).

Core competencies:
Corporate finance, accounting, operational excellence, textile, entrepreneurship.

### Marc Ladreit de Lacharrière
**Non-Executive Director**
**Joined the Board in September 2014**

Skills and Experience:

- Founder of Fimalac, a formerly listed company held by Group Marc de Lacharrière, which operates in four business areas: capital investment with Warburg Pincus, digital media in entertainment through Webedia, entertainment with the organisation of shows and venue management (FIMALAC Entertainment), and leisure activities and hotels through the Group Barrière.
- Former Executive of Banque de Suez et de l'Union des Mines, which was renamed Indosuez following the integration of Banque de l'Indochine.
- Former CFO of L'Oréal where he progressively became Vice-Chairman Deputy CEO.

Directorships in other listed companies:
Société Fermière du Casino Municipal de Cannes (SFCMC).

Core competencies:
International business and management, leisure and hospitality.

## Directors' Profiles (Cont'd)

### Catherine McIlraith

**Independent Non-Executive Director**
**Joined the Board in January 2015**

Skills and Experience:

- Member of the South African Institute of Chartered Accountants since 1992.
- Fellow Member of the Mauritius Institute of Directors.
- Serves as an Independent Non-Executive Director and as a member of various Committees of several public and private companies in Mauritius, South Africa and England.
- Served her Articles with Ernst & Young in Johannesburg before joining the investment banking industry where she held senior positions in corporate and specialised finance for Ridge Corporate Finance, BoE NatWest and BoE Merchant Bank in Johannesburg.
- Former Head of Banking at Investec Bank (Mauritius Branch).

Directorships in other listed companies:
Astoria Investments Ltd, Grit Real Estate Income Group Limited, Les Gaz Industriels Ltd, Paradise Hospitality Group Ltd, The Mauritius Union Assurance Company Limited, MUA Limited, Barak Fund SPC Limited.

Core competencies:
Corporate finance, accounting, audit, investment banking.

### Jean-Louis Savoye

**Non-Executive Director**
**Joined the Board in September 2017**

Skills and Experience:

- Deputy General Manager of Dentressangle, a French société par actions simplifiée which is the investment holding company of the Dentressangle family.
- Has been instrumental in helping Dentressangle to realise its investment strategy during the last 15 years.
- Prior to joining Dentressangle in 2003 as CFO, Jean-Louis Savoye, served with PwC and ran due-diligences acquisitions in M&A for various Private Equity firms and French leading industrial companies.
- Is a graduate of the Toulouse Business School with a major in Finance.

Directorships in other listed companies:
Sun Limited, Tessi.

Core competencies:
Finance, accounting, mergers & acquisition, private equity, international business and management, property investment.

### Xavier Thiéblin

**Non-Executive Director**
**Joined the Board in December 2013**

Skills and Experience:

- Started in the banking sector before joining, in 1970, Société Sucrière de Quartier Français.
- Former Chairman of that group which became a major player of the sugar industry.
- Played important roles in the sectors of sugar and rum, in Réunion Island, Paris and Brussels.
- Manages and administers several companies, including OXACO, a family holding which invests in the Indian Ocean and Europe and assumes some professional responsibilities in several enterprises.

Directorships in other listed companies:
None.

Core competencies:
International business and management, agro-industry, entrepreneurship.

### Jacques Toupas

**Joined the Board as Alternate Director of Marc Ladreit de Lacharrière in February 2016**

Skills and Experience:

- Joined Fimalac Group in 2009. Member of its investment team and responsible of the financial portfolio monitoring and investment.
- Serves as Board member of various Fimalac Group's subsidiaries.
- Former working experience in investment banking, both in Paris and London and started his career at Arthur Andersen in Paris as a financial auditor prior to moving to PwC as a senior auditor and later as a manager in the Transaction Services department.
- Worked in Private Equity as a manager at European Capital.

Directorships in other listed companies:
None.

Core competencies:
Finance, accounting, audit, private equity, international business management.

## Senior Management Team of CIEL and CEO's of CIEL's Subsidiaries

### Jean-Pierre Dalais
**Group Chief Executive of CIEL**

Refer to Directors' Profiles

### L. J. Jérôme De Chasteauneuf
**Group Finance Director of CIEL**

Refer to Directors' Profiles

### Guillaume Dalais
**Chief Executive Officer of CIEL Properties**

Refer to Directors' Profiles

### Eric Dorchies
**Chief Executive Officer of CIEL Textile**

Eric Dorchies is the Chief Executive Officer of CIEL Textile since 1 July 2020. In this capacity, Eric Dorchies also sits on the Board of CIEL Textile Limited ("CTL"). CTL has strategic geographic positioning with manufacturing locations in Mauritius, Madagascar, India and Bangladesh. It is on these three main pillars: "our talents, sustainable development and digitalisation" in which CTL will continue to accelerate its transformation. Eric Dorchies has a long-standing career in CTL group which he joined in 1998 as Chief Executive Officer of Consolidated Fabrics Limited. He was appointed Managing Director of Aquarelle Clothing Ltd in 2003 and became the Chief Executive Officer of the woven cluster from 2008 till 2019, instrumental in driving several strategic initiatives for the group bringing it to an international level. More recently, in October 2017, he was appointed CTL's Chief Operations Officer. Eric Dorchies has a solid track record in the textile industry with strong marketing capabilities. Prior to joining CTL, he was leading his own textile company in Europe. He had graduated in Business and Finance from ESCP Europe (Ecole Supérieure de Commerce de Paris).

### Francois Eynaud
**Chief Executive Officer of SUN**

Francois Eynaud is the Chief Executive Officer of SUN since 1 September 2019. Prior to joining SUN, Francois Eynaud was the CEO of Veranda Leisure & Hospitality ("VLH"), managing the Hotels Division of Rogers Group, where he spent 11 years. Prior to joining VLH, he had spent 14 years with CIEL Textile where he was Executive Director at Tropic Knits. Francois Eynaud was President of AHRIM (the National Hotel Association) in 2013 and 2014. Prior to returning to Mauritius in 1991, Francois Eynaud has worked 7 years at SAGEM France as Export Director, Country Manager in the Caribbean and the UK. He holds a French Business School Diploma (Institut Commercial de Nancy – ICN).

### Marc-Emmanuel Vives
**Chief Executive Officer of CIEL Finance**

Marc-Emmanuel Vives joined CIEL Finance Limited as its CEO in September 2014, bringing with him more than 25 years' experience at Société Générale ("SG"). After initial steps within the General Inspection of the group, he spent the next 18 years of his career in various assignments in emerging countries, first in Argentina as Commercial Director, then as Chairman and CEO of SG Argentina. Moved then to Russia as CEO of SG Vostok, before becoming First Deputy Chairman of Rosbank, and finally to India as Country Manager. Holds a master's Degree in Business Administration from HEC Business School France and a degree in History from Sorbonne University in Paris.

### Hélène Echevin
**Chief Executive Officer of CIEL Healthcare**

Since 1 July 2019, Hélène Echevin is the Chief Executive Officer of CIEL Healthcare Ltd which regroups all our healthcare activities – C-Care (Mauritius), IMG (Uganda) and Hygeia (Nigeria). In this capacity, she is also the Executive Chairman of C-Care (Mauritius) Ltd and sits on the Board of Directors of CIEL Healthcare. Since joining CIEL in March 2017, she has played a key role developing our healthcare portfolio and leading CIEL's operational excellence journey. Prior to joining CIEL, Hélène Echevin worked for Eclosia Group and Harel Mallac Group and counts 17 years of experience in operations and project management, at both company and corporate levels. She holds an engineering degree in Food Technology from Polytech, France and completed her academic skills by an executive management program at INSEAD. Hélène Echevin was the first lady President of the Mauritius Chamber of Commerce. She is a member of the board of Maurilait Ltd and MARENA.

## Professional Development

As part of their duties as Directors, it is critical for Board members to have a thorough knowledge of the environment within which the clusters of the Group operate. An investment report is issued to the Directors on a quarterly basis; it includes economic updates on countries within which the Group operates, peer review and financial results. No other training was offered to the Directors.

## Succession Planning

The Board assumes its responsibility for the succession planning of its clusters' leaders, which is a systematic effort and process of identifying and developing candidates for key leadership positions over time to ensure the continuity of management and leadership in an organisation. The objective of succession planning is to ensure that the organisation continues to operate successfully when individuals occupying critical positions and hard to replace competencies depart. As part of its terms of reference, the Corporate Governance, Ethics, Nomination & Remuneration Committee has reviewed the succession plan for key executives of the Group.

It has identified Top 10 roles to kick-start the succession planning process as part of a long-term initiative to prepare potential candidates. Incumbents in the current Top 10 roles were consulted for their inputs on succession plan. The committee will track and monitor the progress achieved in the implementation of the succession plan. The successors were identified in 4 categories, namely:

| | |
|---|---|
| **Emergency** | The individual is ready to step into the role/job/position in case of an emergency vacancy but may not be the most suitable successor long-term. Typically oversees role for 3-6 months pending permanent replacement. |
| **Ready Now** | This indicates that this employee was in the highest level of readiness and could transition into the role with minimal development. |
| **Ready C+1** | The employee would be ready for the role within the next two to three years and may include one additional role or assignment for development purposes. |
| **Ready C+2** | The employee will be ready for the role in 3 to 5 years and may include one or two additional roles or assignments for development purposes. |

# PRINCIPLE 4: DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

## Legal Duties

Directors are made aware of their legal duties upon their appointment and are reminded of same annually by the company secretary when asked to update the register of interests. Several documents and policies have also been implemented to help them fulfil their roles, namely, the code of ethics, conflict of interest/related party transactions policy, share dealings policy and board charter.

## Directors' and Officers' Liability Insurance

A Directors' and Officers' Liability insurance policy has been subscribed by CIEL covering the Company, its subsidiaries and some of its associates.

## Conflict of Interests/Related Party Transactions Policy

Transactions with related parties are disclosed in the financial statements. A Conflict of Interest/Related Party Transactions Policy has been approved by the Board to ensure that the deliberations and decisions made by CIEL are transparent and in the best interests of the Company. It also aims to protect the interests of the Officers from any appearance of impropriety and to ensure compliance with statutory disclosures and law. Notwithstanding the above, Directors of CIEL are also invited by the company secretary, on an annual basis, to notify the Company of any direct and indirect interest in any transactions or proposed transaction with the Company. Declarations made by the Directors are entered in the interests' register which is maintained by the company secretary; same is available for inspection by the shareholders upon written request to the company secretary.

## Information, Information Technology and Information Security Governance

### Board Information

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

### Information Technology Policy

An Information Technology Policy has been created using accepted standards (ITIL and COBIT 5) to regulate the use, security standards, control and access rights for the entities of CIEL, hosted at the Company's Head Office in Ebène. The Information Technology Policy, as approved by the Board, is being implemented, monitored and revised as needed by the IT and Digital Officer. The document has been circulated to all the staff using the Information Technology Infrastructure at Company's head office in Ebène, and awareness sessions are planned in a timely manner for them to commit to it. Even though each cluster of the Group operates its own IT policy, a Group IT Forum has been launched by CIEL, whereat critical IT-related issues are debated from a Group-wide perspective. For example, CIEL Finance cyber security forum has been extended to all companies of the Group. A budget for information technology is allocated annually, based on business needs for each financial year.

### EU General Data Protections Regulations

In compliance with the EU General Data Protection Regulations ("GDPR") and the Data Protection Act 2017, CIEL has approved (i) a Group Data Privacy Policy ("Group Policy") with a view to promoting a privacy culture within the Group and ensuring that all clusters, business units and employees protect the privacy of personal information of individuals in their daily operations and (ii) a Personal Data Breach Policy to define the methodology for assessing the severity of any potential personal data breach, the escalation process when discovering a breach and the procedures to notify the relevant authorities in the event of a breach.

The Group Policy defines the Group's requirements regarding the collection, storage, use, transmission, disclosure to third parties and retention of personal information. The Group Policy is used as a general guideline to the clusters and business units, which remain responsible to adopt their own policies on data privacy to address the specific context of their respective activities without derogating from the core principles.

Anusha Dabee-Ramphul, Barrister-at-law, who forms part of the legal team at CIEL Corporate Services Ltd has been appointed Group Data Protection Officer. She monitors compliance with and provide advice on the data protection laws as well as coordinate with the supervisory authority.

## Share Dealing Policy

Directors ensure that their dealings in the shares of the Company are conducted in accordance with the principles of the Model Code for Securities Transactions by Directors of Listed Companies, as detailed in Appendix 6 of Listing Rules of the SEM. In that spirit, the Board has approved a Share Dealing Policy that reiterates the procedures to provide clear guidance to the Directors and Officers of CIEL on the practice to be followed when dealing in shares of the Company to avoid the abuse of price-sensitive information (insider dealing). Directors are strictly prohibited to deal in shares of the Company during close periods.

## Board Evaluation

A board effectiveness survey was performed last year by the financial services department of BDO, in association with Insync Surveys, using a benchmark survey approach. The Board has decided that Board evaluation will be conducted every two years and as such, no evaluation was performed during the financial year under review.

## Statement of Remuneration Policy

The Board has approved a policy that sets the purpose, process, performance measures and quantum for the remuneration of its Directors. CIEL strives towards remunerating its Directors in a manner that supports the achievements of CIEL's strategic objectives, while attracting and retaining scarce skills and rewarding high levels of performance. The Corporate Governance, Ethics, Nomination & Remuneration Committee determines the adequate remuneration to be paid to the Directors. There are no established policies for remunerating Executive Directors approaching retirement. This will be determined by the Board as and when required.

## Directors' Remuneration and Benefits

Directors of CIEL were entitled to the following remuneration for the financial year under review.

Directors of CIEL have voluntarily decided to reduce partly or wholly the amount of their remuneration so that such amount be donated by the Company to the CIEL COVID Fund (please refer to the next section for more information on the CIEL COVID Fund). The figures below represent the full amount Directors were entitled to before donation to the CIEL COVID Fund.

| Directors | Board Fees | Audit & Risk Committee Fees | Corporate Governance, Ethics, Nomination & Remuneration Committee Fees | Strategic & Advisory Committee Fees | Corporate Sustainability Fees | Total Fees |
|---|---|---|---|---|---|---|
| | (MUR) | (MUR) | (MUR) | (MUR) | (MUR) | (MUR) |
| P. Arnaud Dalais (Chairman)[1] | 2,200,000 | NIL | 100,000 | 300,000 | NIL | 2,600,000 |
| Sébastien Coquard | 350,000 | NIL | NIL | 300,000 | NIL | 750,000 |
| Guillaume Dalais | 350,000 | NIL | NIL | NIL | NIL | 350,000 |
| Marc Dalais | 350,000 | NIL | NIL | NIL | NIL | 350,000 |
| R. Thierry Dalais | 350,000 | NIL | 100,000 | 400,000 | NIL | 850,000 |
| Pierre Danon[2] | 400,000 | 200,000 | 150,000 | 300,000 | NIL | 1,050,000 |
| Roger Espitalier Noël | 350,000 | NIL | NIL | NIL | 400,000 | 750,000 |
| M. A. Louis Guimbeau | 350,000 | 200,000 | NIL | NIL | NIL | 550,000 |
| J. Harold Mayer | 350,000 | NIL | NIL | NIL | NIL | 350,000 |
| Marc Ladreit de Lacharrière | 350,000 | NIL | NIL | NIL | NIL | 350,000 |
| Catherine McIlraith | 400,000 | 350,000 | NIL | NIL | NIL | 750,000 |
| Jean-Louis Savoye[3] | 350,000 | NIL | NIL | NIL | NIL | 350,000 |
| Xavier Thiéblin | 175,000 | NIL | 50,000 | NIL | NIL | 225,000 |

Note 1: The Chairman of the Board also received travelling allowance of MUR 951,000 in addition to the above
Note 2: Payment to Cordial Consulting Limited
Note 3: Payment to Di Cirne Holding Ltd

# CIEL
## COVID Fund

The Directors of CIEL have voluntary donated part or the whole amount of their remuneration to the CIEL COVID Fund which has been created in view of providing employees of the Group impacted by the COVID-19 crisis with adequate support through specific medical assistance, training and/or empowerment programmes. The fund will concentrate its actions on programmes that mobilise the Group's internal expertise over a 12-month period.

These actions are categorised as follows:

### Health and Wellbeing

- Psychological support and counselling
- Medical assistance

### Staff Mobility

- Listing of affected workforce and vacancies
- CV writing and preparation for interviews

### Training & Strategic Support

- Formal certification and training
- Start-up/entrepreneurship training and assistance

A project manager and team has been constituted to conduct activities under the oversight of a high-level fund committee. Appeal for funding has been made to the companies of the Group, its directors, main shareholders of CIEL, DFIs and employees.

FIND OUT MORE

Share Dealing Policy | Conflict of Interest
Related Party Transactions Policy | IT Policy

### Directors' Remuneration and Benefits (Cont'd)

The Executive Directors are remunerated by CIEL Corporate Services Ltd (a wholly-owned subsidiary of CIEL), with which CIEL holds an agreement for the provision of combined corporate services and strategic support.

The remuneration of the Executive Directors ("the Scheme") is composed of a basic pay and an incentive scheme linked to (i) market capitalisation growth with an annual high watermark principle, (ii) annual ordinary dividend pay-out and (iii) Group profit after tax. The main objective of the Scheme is to motivate the executives towards increasing the total value of the Company and reward them for the creation of long-term value. This bonus is payable partly in cash and partly in ordinary shares, out of the treasury shares held by the Company. The Remuneration and benefits paid to the Executive Directors of CIEL for the financial year ended 30 June 2020 amounts to MUR 44.9M. The remuneration of the Executive Directors has not been disclosed individually due to its commercially sensitive nature. The payment made during this financial year (June 2020) under the Scheme relates to the bonus computed for the financial year to June 2019.

The Chairman of the Board is no longer entitled to an incentive scheme. The remuneration and benefits received, or due and receivable by the Directors of the Company and its subsidiaries as at 30 June 2020, have been disclosed in the section Statutory Disclosures made pursuant section 221 of the Mauritius Companies Act 2001.

## PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

### Risk Management

The Board has the ultimate responsibility for risk governance and internal control systems as well as determining the nature and extent of the principal risks it is willing to take to achieve its strategic objectives, while ensuring that an appropriate risk culture has been embedded throughout the Group. CIEL's Enterprise Risk Management ("ERM") has been designed to facilitate the identification, assessment and mitigation of the inherent business risks to which the Company is exposed, while providing reasonable assurances pertaining to compliance with regulatory obligations, reliability of financial information and safeguarding of assets under management. The ERM is not intended towards eliminating such risks but can be considered as an adequate protection against material misstatement or loss which might result from adverse events. The ERM governance structure and identification of the key risks for the Company and how they are managed are detailed in the Risk Report.

## PRINCIPLE 6: REPORTING WITH INTEGRITY

Since 2017, CIEL has adopted the integrated reporting format to provide additional and transparent information to its stakeholders. It has been developed following the guidelines of the International Integrated Reporting Council ("IIRC"). The annual report provides key information - considered material at Group level - to understand and assess the governance, performance, and strategy of our Group and its six clusters. More in-depth information can be found in each company's Annual Report.

The Directors affirm their responsibilities in preparing the Annual Report and the Financial Statements of the Company and its subsidiaries which comply with International Financial Reporting Standards and the Mauritius Companies Act 2001. The Board also considers that taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders and other stakeholders to assess CIEL's position, performance and outlook. Please refer to the Statement of Directors' Responsibilities.

### Charitable and Political Contributions

| | The Company | | Subsidiaries | |
|---|---|---|---|---|
| | **2020 MUR'000** | 2019 MUR'000 | **2020 MUR'000** | 2019 MUR'000 |
| Charitable* | **1,440** | 2,199 | **7,687** | 14,754 |
| Political | **2,500** | - | **9,000** | 393 |

* Includes CSR donations which have been channeled to CIEL Foundation, registered as a special purpose vehicle accredited to receive CSR contributions.

### Sustainability

CIEL Board of Directors has adopted in February 2020 a new sustainability strategy 2020-2030, which presents the Group's sustainability vision, key commitments and strategic pillars. Leveraging on the governance structure and E&S management systems previously established within our operations, the new strategy provides a clear roadmap to drive a sustainable transformation of our Group. We invite you to read more about our commitments online at https://www.cielgroup.com/en/sustainability/our-commitments

In addition, non-financial KPIs have been identified and a new Group digital platform specially developed to facilitate clear progress tracking as well as sustainability data management.

### Community Engagement

The Group pursues its inclusive growth agenda through on-going community actions at enterprise and site level. In addition, CIEL Foundation has been once again very active in driving long-term and high impact community projects. You can read more about CIEL Foundation on our website: https://www.cielgroup.com/en/sustainability/ciel-foundation

### COVID-19 Health & Safety Protocol

The Group aims to act as a good employer in providing and maintaining a safe and healthy work environment for all its employees. The objective being the optimisation of work efficiency and the prevention of accidents at work, through the implementation of safety standards in all its operations across the Group. As the COVID-19 pandemic went global, strict health protocols were adopted and implemented across our operations. Flexible working arrangements were also given to employees. A specific back to work protocol as well as protective equipment were also adopted and provided post lockdown to all employees. In addition to ensuring health and safety, all Group clusters launched specific initiatives to help fight the global pandemic. More can be found on https://www.cielgroup.com/en/news/2020/COVID-19-mobilisation-of-ciel-teams-to-support-national-efforts

### Mobilisation around Wakashio Oil Spill

Following the environmental oil spill crisis caused by the bulk carrier MV WAKASHIO, CIEL immediately set a crisis committee and team under the chairmanship of Guillaume Dalais. Mobilising Group resources and volunteers, an action plan was defined to protect the area between Rivière des Créoles and Vieux Grand Port in the region of Ferney in close coordination with government authorities.

From all over the country volunteers joined at Falaise Rouge and Anahita for the relentless manufacture of floating booms made of fabric and cane straws with the objective of containing the oil from reaching the shores. The mobilisation of the CIEL Group companies was outstanding as they provided the crisis committee with several tons of fabrics, wool, cane straws, gloves, boots, masks and personal protective equipment.

### Commitment to Reduce Printing

CIEL strongly believes in the protection of the environment and as such, encourages its shareholders to opt for the opportunity to receive communications electronically. Choosing that option will result in a significant reduction in the consumption of paper and impact positively on the environment, in addition to a significant reduction in costs.

## PRINCIPLE 7: AUDIT

### External Audit

PricewaterhouseCoopers (“PwC”) is the external auditor of CIEL. PwC was appointed external auditor of the Group, in replacement of BDO & Co, at the annual meeting of shareholders held in December 2017 and has been re-appointed auditor by the shareholders of CIEL at the annual meetings held in December 2018 and 2019. Significant audit issues are discussed at the Audit & Risk Committee, which are reported under the Key Audit Matters in the auditors' report. Furthermore, critical policies, judgements and estimates are brought to the attention of the members and discussed with the external auditors during Audit & Risk Committees, especially when the audited accounts of the Company and Group are tabled for consideration.

The Audit & Risk Committee regularly meets the external auditors in the presence of management since it has no impact on the objectivity of the meeting. It has considered that if the need arises, they will meet the auditors without management.

The fees paid to the auditors for audit and other services for the financial year are described under Other Statutory Disclosures. The non-audit services provided by the external auditors relate mainly to tax computation, compliance and transaction advisory. Hence, the objectivity and independence of the external auditors are safeguarded since the teams involved are not the same as the one providing audit services.

The Board is satisfied that the members of the Audit & Risk Committee have financial expertise to fulfil their duties and that they have effectively discharged their responsibilities during the year under review according to their terms of reference.

### Internal Audit

EY, internal auditors of CIEL, report to the Audit & Risk Committee and maintain an open and constructive line of communication with management. During the year under review, EY performed the following assignment:

- Review of budget and monitoring process

The internal auditors have unlimited access to the Company's records and management.

# PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

## Shareholding Structure/Cascade Holding Structure

As at 30 June 2020, CIEL had in issue (i) 1,689,901,209 Ordinary Shares (of which 3,149,707 were held as treasury shares) and (ii) 3,008,886,600 Redeemable Restricted A Shares ("RRAS").

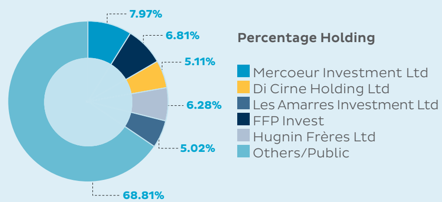
### Shareholding Structure at 30 June 2020

Based on 1,686,751,502 ordinary shares issued (excluding treasury shares), ordinary shares represented 35.92% of the total voting rights of CIEL (Ordinary + RRAS).

**Direct Shareholders holding > 5% of the Ordinary Shares**

| | | |
|---|---|---|
| **7.97%** Mercoeur Investment Ltd (P. Arnaud Dalais[1]) | **6.81%** FFP Invest (Peugeot family) | **6.28%** Hugnin Frères Ltd (Hugnin family) |
| **5.11%** Di Cirne Holding Ltd (Dentressangle family) | **5.02%** Les Amarres Investment Ltd (Jean-Pierre Dalais[2]) | **68.81%** Others Public |

**Note 1:** P. Arnaud Dalais also hold shares under his name bringing his total shareholding to 8.02% of the ordinary shareholding.
**Note 2:** Jean-Pierre Dalais also hold shares under his name bringing his total shareholding to held 5.46% of the ordinary shareholding.




**Ordinary Shares**
Hold voting rights/Listed on the Stock Exchange of Mauritius/Entitled to Dividends

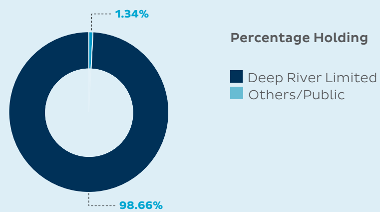
**35.92%**

Based on 3,008,886,600 RRAS – RRAS represented 64.08% of the total voting rights of CIEL (Ordinary + RRAS).

**Direct Shareholders holding > 5% of RRAS**

| | |
|---|---|
| **98.66%** Deep River Limited | **1.34%** Others/Public |

**Note:** Deep River Limited is controlled by Deep River Holding Limited (a family holding enterprise).




**RRAS**
Hold voting rights/Not listed on the Stock Exchange of Mauritius/Not Entitled to Dividends

**64.08%**

Ciel

## Common Directors within the Holding Structure at 30 June 2020

| Directors | Mercoeur Investment Ltd | FFP Invest | Hugnin Frères Ltd | Di Cirne Holding Ltd | Les Amarres Investment Ltd | Deep River Ltd | Deep River Holding Ltd |
|---|---|---|---|---|---|---|---|
| P. Arnaud Dalais | Director | | | | | Chairman | Chairman |
| Sébastien Coquard | | Nominee | | | | | |
| Guillaume Dalais | Director | | | | | Director | Director |
| Jean-Pierre Dalais | | | | | Director | Director | Director |
| Marc Dalais | | | | | | Director | Director |
| R. Thierry Dalais | | | | | | Director | Director |
| M. A. Louis Guimbeau | | | | | | Director | |
| Roger Espitalier Noël | | | Director | | | Director | Director |
| Jean-Louis Savoye | | | | Nominee | | | |
| Xavier Thiéblin | | | | | | Director | |

## Shares in Public Hands

In accordance with the Listing Rules of the SEM, more than 25% of the shareholding of CIEL is in the hands of the public.

## Directors' Interests in the Shareholding of CIEL as at 30 June 2020

| Shareholding as at 30 June 2020 | Direct No of Ordinary Shares | Indirect No of Ordinary Shares |
|---|---|---|
| P. Arnaud Dalais | 977,411 | 134,487,049 |
| Sébastien Coquard | Nil | Nil |
| Guillaume Dalais | 603,860 | 134,487,038 |
| Jean-Pierre Dalais | 1,148,117 | 90,956,053 |
| Marc Dalais | 15,315,520 | Nil |
| R. Thierry Dalais | Nil | 38,819,460 |
| Pierre Danon | Nil | 1,049,138 |
| L. J. Jérôme De Chasteauneuf | 662,844 | 11,064,698 |
| Roger Espitalier Noël | 76,505 | 2,167,409 |
| M. A Louis Guimbeau | 11,361,365 | Nil |
| Marc Ladreit De Lacharrière | Nil | 50,263,138 |
| J. Harold Mayer | 3,517,694 | Nil |
| Catherine McIlraith | Nil | Nil |
| Jean-Louis Savoye | Nil | Nil |
| Xavier Thiéblin | Nil | 33,736,500 |
| **Alternate Director** | | |
| Jacques Toupas | Nil | Nil |
| **Transactions during the Year** | **Direct No of Shares** | **Indirect No of Shares** |
| P. Arnaud Dalais | 298,893 | - |
| Jean-Pierre Dalais | (28,331,770) | 29,415,115 |
| L. J. Jérôme De Chasteauneuf | (10,391,789) | 11,057,443 |
| Roger Espitalier Noël | 55,500 | - |

The following Directors hold shares in Deep River Limited:

| Shareholding as at 30 June 2020 | Direct No of Redeemable B Shares | Indirect No of Redeemable B Shares |
|---|---|---|
| M. A. Louis Guimbeau | 43,740,000 | Nil |
| Xavier Thiéblin | Nil | 124,946,000 |

The following Directors hold shares in Deep River Holding Limited:

| Shareholding as at 30 June 2020 | Direct No of Redeemable Shares | Indirect No of Redeemable Shares |
|---|---|---|
| P. Arnaud Dalais | - | 460,852,228 |
| Jean-Pierre Dalais | - | 247,217,780 |
| Marc Dalais | 56,336,464 | - |
| R. Thierry Dalais | - | 155,277,840 |
| Roger Espitalier Noël | 210,000 | 3,484,200 |

## Shareholders' Agreements

Following a private placement which was completed in May 2014, the Company entered into shareholders' agreements with some of the main strategic investors to provide amongst other things some usual reserved matters, seats on Board and sub-committees of the Board and tag along rights.

## Third Parties Agreements

- CIEL holds an agreement with CIEL Corporate Services Ltd ("CCS") (CIEL Head Office) for the provision of strategic support & Group strategy harmonisation, legal, company secretarial and payroll services to the companies of the Group. Amount paid to CCS for the financial year ended 30 June 2020 - MUR 38.5M.
- CIEL holds a treasury agreement with Azur Financial Services Ltd (a subsidiary of CIEL) for the provision of cash management services, treasury advisory services and foreign exchange & money market brokerage services to the Group. CIEL pays a fixed monthly fee for the cash management together with a variable fee, based on the volume of intercompany transactions processed by Azur Financial Services Ltd for the Group. Amount paid to Azur Financial Services Ltd for the financial year ended 30 June 2020 – MUR 0.7M.
- CIEL holds an agreement with Deep River Ltd ("DRL") for the provision of strategic support & Group strategy. Amount paid to CCS for the financial year ended 30 June 2020 - MUR 710k.

## Dividend

| | |
|---|---|
| **POLICY**<br>A minimum of 75% of net profits after tax of the Company, depending on the cash flow and financial needs | **FINAL DIVIDEND**<br>June 2020: NIL<br>(2019: MUR 0.14 per share) |
| **INTERIM DIVIDEND**<br>December 2019: MUR 0.08 per share<br>(2019: MUR 0.07per share) | **TOTAL DIVIDEND PAID FOR THE YEAR**<br>MUR 0.08 per share<br>(2019: MUR 0.21 per share) |

## Key Stakeholders' Communication

The Board of CIEL is committed to promoting an open and transparent communication with its stakeholders to ensure that they receive the correct and adequate information while upholding trustworthy relationships with them.

It tries to maintain an ongoing dialogue with its shareholders by keeping them abreast of all material business developments that influence the Group in a transparent and timely manner through various communication channels.

In addition to official press announcements and occasional press conferences, CIEL's website provides for an adapted and comprehensive self-service interface.

CIEL also communicates via different social media platforms. CIEL understand the importance of a transparent communication to its stakeholders and as such, has developed a website which provides a good presentation of its activities, leadership, governance, initiatives etc.

We invite you to visit CIEL's newly revamped website:
www.cielgroup.com

CIEL's key stakeholders and the way it has responded to their expectations are described below:

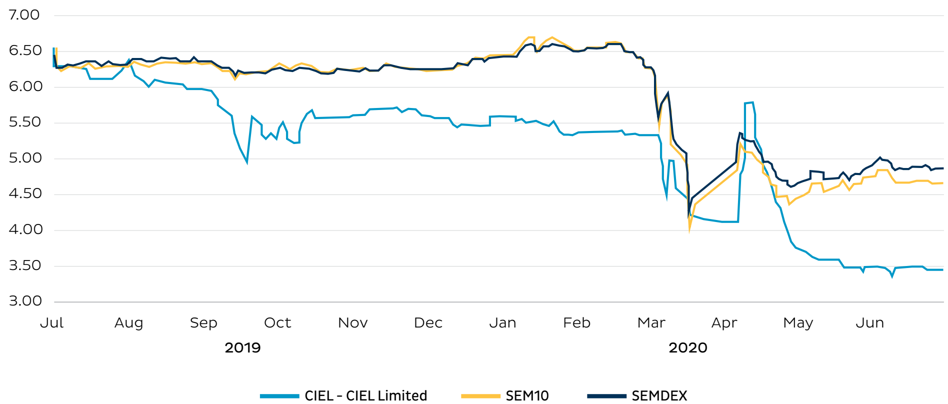
| | |
|---|---|
| **Shareholders** | The Board considers the Annual Meeting as an important corporate event and shareholders are encouraged to attend to express their views and receive feedback from Board members directly on the Group's financial performance and strategic directions. In case a shareholder cannot attend, votes can still be cast on all resolutions through completion of the proxy form/postal vote. Notices of annual meetings are sent to the shareholders within the prescribed delay imposed by law and are also published in the press.<br><br>The annual integrated report, which includes the notice of annual meeting, may also be viewed on the Company's website.<br><br>The Company also publishes, on a quarterly basis, a financial review document together with its unaudited abridged financial statements. This document provides a detailed review on the clusters of the Group to facilitate the understanding of the financial results. Additionally, CIEL strives to promote dialogue through analysts' meetings which are conducted twice yearly with a presentation of the financial statements being made by the Executives of the Group. |
| **Financial and Strategic Partners** | Communication with financial institutions and the financial community in general usually takes places through investor meetings. The main recurring topic of discussion is financial performance. The presentation made to financial analysts is also posted on CIEL's website. |
| **Regulators, government and public authorities** | CIEL's business activities are conditional on regulatory requirements meaning that regulators have a high level of influence and interest in the Company's operations. The Company ensures at all times that it complies with regulatory provisions and guidelines in the conduct of its activities. |
| **Employees of the Group** | CIEL recognises that its workforce is key to its performance and development. |

## Shareholders' Information and Calendar of Events

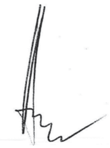
| Event | Month |
|---|---|
| Financial year end | 30 June |
| Annual Meeting of shareholders | December |
| **Declaration/payment of dividend (conditional to approval by the Board):** | |
| - Interim | December/January |
| - Final | June/July |
| Publication of first quarter results | November |
| Publication of half-yearly results | February |
| Publication of third quarter results | May |
| Publication of full year results | September |

During the financial year, shareholders were convened at the annual meeting held on 20 December 2019. The notices, including the agenda, were published in the press, in line with statutory requirements, and posted on CIEL's website. The resolutions submitted to the approval of the shareholders at both meetings were approved.

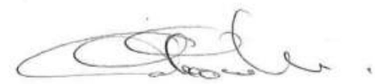
## Share Price Information (MUR)



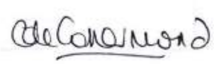

This report has been approved by the Board upon recommendation of the Corporate Governance, Ethics, Nomination & Remuneration Committee.



**P. Arnaud Dalais**
Chairman



**Catherine McIlraith**
Director



**Clothilde de Comarmond, ACIS**
Group Company Secretary
For and on behalf of CIEL Corporate Services Ltd

13 November 2020

# OTHER STATUTORY DISCLOSURES

(Section 221 of the Mauritius Companies Act 2001)

## Principal Activity and History

CIEL Limited, formerly known as Deep River Investment Limited, incorporated on 31 August 1948, is a public company listed on the Official Market of the SEM since 4 February 2014. On 24 January 2014, CIEL Investment Limited was amalgamated with and into Deep River Investment Limited ("DRI"). DRI, as surviving company post Amalgamation, was renamed CIEL Limited. CIEL is also registered as a Reporting Issuer with the FSC since the promulgation of the Securities Act 2005. CIEL is an investment holding company, with investments in six distinct business sectors:

- CIEL Agro
- CIEL Finance
- CIEL Healthcare
- CIEL Hotels & Resorts
- CIEL Properties
- CIEL Textile

## Directors' Service Contracts

The Executive Directors are remunerated by CIEL Corporate Services Ltd, a subsidiary of CIEL, with no expiry terms to their terms and conditions of their employment. The persons who held office as Directors of CIEL as at 30 June 2020 are disclosed in the corporate governance report.

## Shareholding Profile

| Ownership by Size of Shareholding | Ordinary Shares | | |
|---|---|---|---|
| | Shareholder Count | Number of Shares | Percentage Held |
| 1 - 500 | 960 | 181,502 | 0.0108 |
| 501 - 1,000 | 281 | 225,082 | 0.0133 |
| 1,001 - 5,000 | 652 | 1,700,203 | 0.1008 |
| 5,001 - 10,000 | 348 | 2,601,231 | 0.1542 |
| 10,001 - 50,000 | 738 | 18,431,097 | 1.0927 |
| 50,001 - 100,000 | 258 | 18,734,782 | 1.1107 |
| 100,001 - 250,000 | 280 | 45,108,648 | 2.6743 |
| 250,001 - 500,000 | 131 | 46,472,131 | 2.7551 |
| 500,001 and above | 235 | 1,553,296,826 | 92.0881 |
| **Total** | **3,883** | **1,686,751,502** | **100** |

| Ownership by category of shareholding | Ordinary Shares | | |
|---|---|---|---|
| Category | Shareholder Count | Number of Shares | Percentage Held |
| Individuals | 3,442 | 565,404,261 | 33.5203 |
| Insurance and Assurance companies | 19 | 64,459,562 | 3.8215 |
| Investment and Trust companies | 72 | 259,839,139 | 15.4047 |
| Pensions and Provident funds | 76 | 160,645,021 | 9.5239 |
| Other Corporate Bodies | 274 | 636,403,519 | 37.7295 |
| **Total** | **3,883** | **1,686,751,502** | **100** |

The above number of shareholders is indicative due to consolidation of multi portfolios for reporting purposes.
The total number of active shareholders as at 30 June 2020 was 3,980.

## Directors of Subsidiaries

Directors of subsidiaries as at 30 June 2019 are listed in Annexure A.

## Retirement Benefit Obligations

The details of the total amount of provisions booked or otherwise recognised by the Company are provided in the financial statements.

## Directors' Remuneration and Benefits

| | The Company | | Subsidiaries | |
|---|---|---|---|---|
| | **2020 MUR'000** | 2019 MUR'000 | **2020 MUR'000** | 2019 MUR'000 |
| **Directors of the Company** | | | | |
| Executive Directors | **-** | - | **45,363** | 46,588 |
| Non-Executive Directors | **10,126** | 6,700 | **69,445** | 45,677 |
| **Directors of Subsidiaries** | | | | |
| Executive Directors | **-** | - | **277,350** | 271,209 |
| Non-Executive Directors | **-** | - | **15,175** | 9,912 |

## Audit Fees as at 30 June 2020

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

| | The Company | | Subsidiaries | |
|---|---|---|---|---|
| | **2020 MUR'000** | 2019 MUR'000 | **2020 MUR'000** | 2019 MUR'000 |
| **Local External Auditors:** | | | | |
| Audit Fees - PwC | **808** | 783 | **15,840** | 17,505 |
| Audit Fees | **-** | - | **2,599** | - |
| Other Fees | **298** | 25 | **2,264** | 6,349 |
| **Foreign External Auditors:** | | | | |
| Audit Fees | **-** | - | **13,627** | 9,718 |
| Other Fees | **-** | - | **1,647** | 2,598 |

The fees in respect of other services pertain mainly to review of quarterly financial statements, tax computation & compliance and group accounts consolidation.

## Related Party Transactions

Transactions with related parties are disclosed in detail in the financial statements.

## Contract of Significance

There were no contracts of significance subsisting during or at the end of the year in which a Director of the Company is or was materially interested, either directly or indirectly.

## Share Registry & Transfer Office

CIEL's Share Registry and Transfer Office is administered by MCB Registry & Securities Ltd. If you have any queries regarding your shares, wish to change your name or address, or have questions about lost certificates, share transfers or dividends, you may contact either your Investment Dealer or the Share Registry and Transfer Office, whose contact details are as follows:

*MCB Registry & Securities Ltd*
*Ground Floor, Raymond Lamusse Building*
*9/11 Sir William Newton Street*
*Port Louis*
*Tel: +230 202 5640*

On Behalf of the Board

**P. Arnaud Dalais**
Chairman

**Catherine McIlraith**
Director

13 November 2020

# STATEMENT OF COMPLIANCE

(Section 75 (3) of the Financial Reporting Act 2004)

**Name of Public Interest Entity ("PIE"):** CIEL Limited ("CIEL"/"the Company")
**Reporting Period:** 30 June 2020

On behalf of the Board of Directors of CIEL, we confirm, to the best of our knowledge, that throughout the financial year ended 30 June 2020 and to the best of the Board's knowledge, the Company has partially complied with the obligations of the National Code of Corporate Governance for Mauritius (2016).
The area of non-compliance, whose reasons are included in the Corporate Governance Report, is as follows, namely:

- Principle 4 – Remuneration of Directors

**P. Arnaud Dalais**
Chairman

**Catherine McIlraith**
Director

13 November 2020

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

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare Financial Statements in accordance with International Financial Reporting Standards ("IFRS") for each financial year, which present fairly the financial position, financial performance and cash flows of the Group and the Company.

The Directors confirm that, in preparing the Financial Statements, they have to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State that IFRS have been adhered to, subject to any material departures being disclosed and explained in the Financial Statements.
- Prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.
- Ensure application of the Code of Corporate Governance ("Code") and provide reasons in case of non-application with the Code.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and Company to enable them to ensure that the Financial Statements comply with the Mauritius Companies Act 2001, IFRS and the Financial Reporting Act 2004.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors hereby confirm that they have complied with the above requirements.

Approved by the Board of Directors on 13 November 2020.

**On Behalf of the Board**

**P. Arnaud Dalais**
Chairman

**Catherine McIlraith**
Director

# CERTIFICATE FROM THE COMPANY SECRETARY

In our capacity as Company Secretary of CIEL Limited ("the Company"), we hereby confirm that, to the best of our knowledge and belief, the Company has lodged with the Registrar of Companies as at 30 June 2020, all such returns as are required for a company in terms of the Mauritius Companies Act 2001, and that such returns are true, correct and up to date.

**Clothilde de Comarmond, ACIS**
Per CIEL Corporate Services Ltd
Group Company Secretary

13 November 2020

## Annexure A - Directoships of Subsdiaries - FY 2020

| | Ajax Sweaters Ltd | Ambre Resort Ltd | Anahita Hotel Ltd | Antsirabe Knitwear SA | Aquarelle Clothing Ltd | Aquarelle India (Private) Ltd | Aquarelle International Ltd | Aquarelle Madagascar SA | Azur Financial Services Ltd | BNI Madagascar SA | Bois des Amourettes Ltd | C Healthcare (EA) Ltd | C-Care (Mauritius) Ltd | CDL Knits Ltd | CIEL Agro & Property Limited | CIEL Corporate Services Ltd | CIEL Finance Data Services Limited | Ciel Finance Limited | CIEL Healthcare Africa Limited | CIEL Healthcare Ltd | CIEL Hotels & Resorts Ltd | CIEL Properties Ltd | Cieltex SA Pty Ltd | CIEL Textile Ltd | City & Beach Hotels (Mtius) Ltd | Consolidated Fabrics Ltd | CTL Retail Ltd |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ABITBOL Arnaud | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ABITBOL Laurent | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ACKERMAN André | | | | | | | | | | | | | ✓ | | | | | | | | | | | | | | |
| AGGARWAL Kapil | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AMELOT Marc | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ANDERSON David James | | R | R | | | | | | | | | | | | | | | | | | | | | | R | | R |
| Aquarelle Madagascar SA | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | | |
| AUFORT Aurélien | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AUTAR Amal | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BACHUN Bishwarnath | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BADIDA Murali Krishna Nagesh | | | | | | ✓ | | | | | | | | | | | | | | | | | | | | | |
| BEZARA Rakotobe | | | | | | | | | | A | | | | | | | | | | | | | | | | | |
| BOCUS Sidick | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BOSQUET Jean-Pierre | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BOTHA Peter | | | | | | | | | | | | | | | | | | | | R | | | | | | | |
| BRAUD Damien | | | | | | | | | | | | | | | | | | | | ✓ | | | | | | | |
| BROCCHETTO Dora | | | | | | | | | | | | | | | | | | | | | | | ✓ | | | | |
| CAUDE Alexis | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CAUSY Navin | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | | |
| CHIDAINE Xavier | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CHOOLUN Shamad | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CHUNG KIM YUEN Clive | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CIEL Textile Limited | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | | |
| COURTENAY Anthony | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| COUVE DE MURVILLE Jérôme | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DALAIS Guillaume | ✓ | | | ✓ | | | | | | | | | | ✓ | | | | | | | | | | ✓ | | | |
| DALAIS Jean-Pierre | | ✓ | ✓ | | ✓ | | | | | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | | ✓ | | ✓ | ✓ | | | ✓ | ✓ | ✓ | ✓ |

| | Ebene Skies Ltd | EM Insurance Brokers Limited *(Formerly known as Corporate and Commercial Risk Management Services Ltd)* | Falaise Rouge Estate Ltd (Incorporated on 13/08/2019) | Ferney Ltd | Ferney Spinning Mills Ltd | Ferney Trail Limited | Floreal International Ltd | Floreal Knitwear Ltd | Floreal Madagascar SA | Floreal Property Limited | Floreal Trading Limited | Greensun Management Ltd | Halifax International Ltd | Healthcare East Africa Limited | IMG Pharmaceuticals Limited | Indian Ocean Financial Holdings Ltd | International Air Ambulance Limited | International Hospital Kampala Limited | International Medical Centres Limited | International Medical Group Limited | Investment Professionals Ltd | IPRO Fund Management Ltd | IPRO Funds Ltd | La Vallée de Ferney Co Ltd | Laguna Clothing (Mauritius) Ltd | Laguna Clothing LLP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ABITBOL Arnaud | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ABITBOL Laurent | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ACKERMAN André | | | | | | | | | | | | | | | ✓ | | ✓ | ✓ | ✓ | ✓ | | | | | | |
| AGGARWAL Kapil | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AMELOT Marc | | | | | | | | | | | | ✓ | | | | | | | | | | | | | | |
| ANDERSON David James | | | | | | | | | | | | R | | | | | | | | | | | | | | |
| Aquarelle Madagascar SA | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AUFORT Aurélien | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AUTAR Amal | | | | | | | | | | | | | R | | | | | | | | | | | | | |
| BACHUN Bishwarnath | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BADIDA Murali Krishna Nagesh | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BEZARA Rakotobe | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BOCUS Sidick | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BOSQUET Jean-Pierre | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BOTHA Peter | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BRAUD Damien | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BROCCHETTO Dora | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CAUDE Alexis | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CAUSY Navin | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CHIDAINE Xavier | | | | | | | | | | | | | | | | | | | | | AD | | | | | |
| CHOOLUN Shamad | | | | | | | | | R | | | | | | | | | | | | | | | | | |
| CHUNG KIM YUEN Clive | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CIEL Textile Limited | | | | | | | | | | | | | | | | | | | | | | | | | | |
| COURTENAY Anthony | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | |
| COUVE DE MURVILLE Jérôme | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DALAIS Guillaume | | | | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | |
| DALAIS Jean-Pierre | | | ✓ | ✓ | ✓ | | | ✓ | | | | | | ✓ | | ✓ | | | | | | | | | ✓ | |

**A -** Appointed **R -** Resigned **AD -** Alternate Director

## Annexure A - Directoships of Subsdiaries - FY 2020 (Cont'd)

| | Laguna Madagascar SA | Le Café du Volcan Ltée | Loisirs des Iles Ltd | Long Beach IHS Ltd | Long Beach Resort Ltd | Mauritius International Trust Company Ltd | MITCO Corporate Services Ltd | MITCO Group Ltd | MITCO International Holdings Ltd | MITCO Limited | MITCO Services Ltd | Operational Excellence Management and Leadership Ltd | Reinette Facilities Management Ltd | Rising India Focus Fund Limited | Riviere Champagne Ltd | Rockwood Textiles Ltd | Société Bonneterie Malagasy - SOBOMA | Societe Civile Immobilière des Mascareignes |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ABITBOL Arnaud | | | | | | | | | | | | | | | | | | |
| ABITBOL Laurent | | | | | | | | | | | | | | | | | | |
| ACKERMAN André | | | | | | | | | | | | | | | | | | |
| AGGARWAL Kapil | | | | | | | | | | | | | | | | | | |
| AMELOT Marc | | | | | | | | | | | | | | | | | | |
| ANDERSON David James | | | R | R | R | | | | | | | | | | | | | |
| Aquarelle Madagascar SA | | | | | | | | | | | | | | | | | | |
| AUFORT Aurélien | | | | | | | | | | | | | | | | | | |
| AUTAR Amal | | | | | | R | R | | R | R | R | | | | | | | |
| BACHUN Bishwarnath | | | | | | | | | | R | | | | | | | | |
| BADIDA Murali Krishna Nagesh | | | | | | | | | | | | | | | | | | |
| BEZARA Rakotobe | | | | | | | | | | | | | | | | | | |
| BOCUS Sidick | | | | | | | | | | | | | | | | | | |
| BOSQUET Jean-Pierre | | | | | | | | | | | | | | | | | | |
| BOTHA Peter | | | | | | | | | | | | | | | | | | |
| BRAUD Damien | | | | | | | | | | | | | | | | | | |
| BROCCHETTO Dora | | | | | | | | | | | | | | | | | | |
| CAUDE Alexis | | | | | | | | | | | | | | | | | | |
| CAUSY Navin | | | | | | | | | | | | | | | | | | |
| CHIDAINE Xavier | | | | | | | | ✓ | | | | | | | | | | |
| CHOOLUN Shamad | | | | | | | | | | | | | | | | | | |
| CHUNG KIM YUEN Clive | | A | | | | | | | | | | | | | | | | |
| CIEL Textile Limited | | | | | | | | | | | | | | | | | | |
| COURTENAY Anthony | | | | | | | | | | | | | | | | | | |
| COUVE DE MURVILLE Jérôme | | | | | | | | | | | | | | | | | ✓ | |
| DALAIS Guillaume | | | | | | | | | | | | | | | | | | |
| DALAIS Jean-Pierre | | | ✓ | ✓ | ✓ | | | | | | | | | | ✓ | ✓ | | |

| | Société Textile d'Andraharo SA - TEXARO | Solea Vacances SA | SRL FS Ltd | SRL Kanuhura Ltd | SRL Maldives Ltd | SRL Management Ltd | SRL Marketing Ltd | SRL Property Ltd | SRL Touessrok Hotel Ltd | SRL Touessrok Residences & Villas Ltd | Sun Centralised Services Ltd | Sun Hotel & Resorts GMBH | Sun Hotel Holdings Ltd | Sun Hotel Investment Ltd | Sun International Management Ltd | Sun Leisure Hotels Ltd | Sun Leisure Investments Ltd | Sun Limited |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ABITBOL Arnaud | | ✓ | | | | | | | | | | | | | | | | |
| ABITBOL Laurent | | ✓ | | | | | | | | | | | | | | | | |
| ACKERMAN André | | | | | | | | | | | | | | | | | | |
| AGGARWAL Kapil | | | | | | | | | ✓ | ✓ | | | | | | | | |
| AMELOT Marc | | | | | | | | | | | | | | | | | | |
| ANDERSON David James | | R | R | R | R | R | R | R | R | R | R | | R | R | R | R | R | R |
| Aquarelle Madagascar SA | | | | | | | | | | | | | | | | | | |
| AUFORT Aurélien | | ✓ | | | | | | | | | | | | | | | | |
| AUTAR Amal | | | | | | | | | | | | | | | | | | |
| BACHUN Bishwarnath | | | | | | | | | | | | | | | | | | |
| BADIDA Murali Krishna Nagesh | | | | | | | | | | | | | | | | | | |
| BEZARA Rakotobe | | | | | | | | | | | | | | | | | | |
| BOCUS Sidick | | | | | | | | | | | | | | | | | | |
| BOSQUET Jean-Pierre | | | | | | | ✓ | | | | | | | | | | | |
| BOTHA Peter | | | | | | | | | | | | | | | | | | |
| BRAUD Damien | | | | | | | | | | | | | | | | | | |
| BROCCHETTO Dora | | | | | | | | | | | | | | | | | | |
| CAUDE Alexis | | | | | | | | | | | | | | | | | | ✓ |
| CAUSY Navin | | | | | | | | | | | | | | | | | | |
| CHIDAINE Xavier | | | | | | | | | | | | | | | | | | |
| CHOOLUN Shamad | | | | | | | | | | | | | | | | | | |
| CHUNG KIM YUEN Clive | | | | | | | | | | | | | | | | | | |
| CIEL Textile Limited | | | | | | | | | | | | | | | | | | |
| COURTENAY Anthony | | | | | | | | | | | | | | | | | | |
| COUVE DE MURVILLE Jérôme | | | | | | | | | | | | | | | | | | |
| DALAIS Guillaume | | | | | | | | | | | | | | | | | | |
| DALAIS Jean-Pierre | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

| | Sun Logistics Ltd | Sun Resorts CSR Fund Ltd | Sun Resorts France Sarl | Sun Resorts Hotel Management Ltd | Sun Resorts International Ltd | Sun Styled Boutiques Ltd | Sun Support Ltd | Sun Training Institute Ltd | Supply Chain Experts Ltd | TBLIMG Ltd | Tinka International Ltd | TKL International Ltd | TKL Knits (India) Private Limited | Tropic Knits Ltd | Tropic Mad SA | Washright Services Ltd | Wolmar Sun Hotels Ltd | World Leisure Holidays (Pty) Ltd |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ABITBOL Arnaud | | | | | | | | | | | | | | | | | | |
| ABITBOL Laurent | | | | | | | | | | | | | | | | | | |
| ACKERMAN André | | | | | | | | | | | | | | | | | | |
| AGGARWAL Kapil | | | | | | | | | | | | | | | | | | |
| AMELOT Marc | | | | | | | | | | | | | | | | | | |
| ANDERSON David James | R | R | | R | R | R | R | R | R | | | | | | | R | R | R |
| Aquarelle Madagascar SA | | | | | | | | | | | | | | | | | | |
| AUFORT Aurélien | | | | | | | | | | | | | | | | | | |
| AUTAR Amal | | | | | | | | | | | | | | | | | | |
| BACHUN Bishwarnath | | | | | | | | | | | | | | | | | | |
| BADIDA Murali Krishna Nagesh | | | | | | | | | | | | | A | | | | | |
| BEZARA Rakotobe | | | | | | | | | | | | | | | | | | |
| BOCUS Sidick | | | | | | | | | | | | | | | R | | | |
| BOSQUET Jean-Pierre | | | | | | | | | | | | | | | | | | |
| BOTHA Peter | | | | | | | | | | | | | | | | | | |
| BRAUD Damien | | | | | | | | | | | | | | | | | | |
| BROCCHETTO Dora | | | | | | | | | | | | | | | | | | |
| CAUDE Alexis | | | | | | | | | | | | | | | | | | |
| CAUSY Navin | | | | | | | | | | | | | | | | | | |
| CHIDAINE Xavier | | | | | | | | | | | | | | | | | | |
| CHOOLUN Shamad | | | | | | | | | | | | | | | | | | |
| CHUNG KIM YUEN Clive | | | | | | | | | | | | | | | | | | |
| CIEL Textile Limited | | | | | | | | | | | | | | | | | | |
| COURTENAY Anthony | | | | | | | | | | | | | | | | | | |
| COUVE DE MURVILLE Jérôme | | | | | | | | | | | | ✓ | | ✓ | ✓ | | | |
| DALAIS Guillaume | | | | | | | | | | | | ✓ | R | ✓ | | | | |
| DALAIS Jean-Pierre | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | | ✓ | | ✓ | ✓ | ✓ |

**A -** Appointed **R -** Resigned **AD -** Alternate Director

## Annexure A - Directoships of Subsdiaries - FY 2020 (Cont'd)

| | Ajax Sweaters Ltd | Ambre Resort Ltd | Anahita Hotel Ltd | Antsirabe Knitwear SA | Aquarelle Clothing Ltd | Aquarelle India (Private) Ltd | Aquarelle International Ltd | Aquarelle Madagascar SA | Azur Financial Services Ltd | BNI Madagascar SA | Bois des Amourettes Ltd | C Healthcare (EA) Ltd | C-Care (Mauritius) Ltd | CDL Knits Ltd | CIEL Agro & Property Limited | CIEL Corporate Services Ltd | CIEL Finance Data Services Limited | Ciel Finance Limited | CIEL Healthcare Africa Limited | CIEL Healthcare Ltd | CIEL Hotels & Resorts Ltd | CIEL Properties Ltd | Cieltex SA Pty Ltd | CIEL Textile Ltd | City & Beach Hotels (Mtius) Ltd | Consolidated Fabrics Ltd | CTL Retail Ltd | Ebene Skies Ltd | EM Insurance Brokers Limited *(Formerly known as Corporate and Commercial Risk Management Services Ltd)* | Falaise Rouge Estate Ltd (Incorporated on 13/08/2019) | Ferney Ltd | Ferney Spinning Mills Ltd | Ferney Trail Limited | Floreal International Ltd | Floreal Knitwear Ltd | Floreal Madagascar SA | Floreal Property Limited | Floreal Trading Limited | Greensun Management Ltd | Halifax International Ltd | Healthcare East Africa Limited | IMG Pharmaceuticals Limited | Indian Ocean Financial Holdings Ltd | International Air Ambulance Limited | International Hospital Kampala Limited | International Medical Centres Limited | International Medical Group Limited | Investment Professionals Ltd | IPRO Fund Management Ltd | IPRO Funds Ltd | La Vallée de Ferney Co Ltd | Laguna Clothing (Mauritius) Ltd | Laguna Clothing LLP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| DALAIS Marc | | | | | | | | | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DALAIS P. Arnaud | | | | | ✓ | | | | | | | | | ✓ | ✓ | ✓ | | | | | ✓ | | | ✓ | | ✓ | | | | | ✓ | ✓ | | | ✓ | | | | | | | | | | | | | | | | | | |
| DALAIS R. Thierry | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DANON Pierre | | | | | | | | | | | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DE CHASTEAUNEUF Jérôme | | | ✓ | | ✓ | | | | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | | AD | | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ | | | | | | | | ✓ | | | | | ✓ | | | | | |
| DE SIMARD DE PITRAY Henri | | | | | | | | | | | | | | | | | | | | | | | | R | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DELAPORTE Antoine | | | | | | | | | | | | | | | | R | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DEMEY Laurent | | | | | | | | | | | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DORCHIES Eric | | | | | ✓ | ✓ | ✓ | ✓ | | | | | | A | | | | | | | | | | ✓ | | A | | | | | | A | | | A | | | | | | | | | | | | | | | | | ✓ | R |
| Dr. CLARKE Ian | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | ✓ | | ✓ | ✓ | ✓ | ✓ | | | | | | |
| Dr. SEBUYIRA Jeff M. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | ✓ | | ✓ | ✓ | ✓ | ✓ | | | | | | |
| DURR Elaine Mercia | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ECHEVIN Hélène | | | | | | | | | | | | | ✓ | | | | | | ✓ | ✓ | | ✓ | | ✓ | | | | ✓ | | ✓ | | | | | | | | | | | | ✓ | | | ✓ | ✓ | ✓ | | | | ✓ | | |
| EL GUEDDARI Adnane | | | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | ✓ | | | | | | | | | | |
| ESPITALIER NOEL Roger | | | | | R | | | ✓ | | | | | | R | ✓ | | | | | | | | | ✓ | | R | | | | | ✓ | R | | | R | ✓ | | | | | | | | | | | | | | | | | |
| ESPITALIER-NOEL Alexandre | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EYNAUD Francois | | A | A | | | | | | | | | | | | | | | | | | | | | | A | | A | | | | | | | | | | | | A | | | | | | | | | | | | | | |
| FONTANILLE Arnaud | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| GANGWAR Krishna Kant | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| GERMAIN Stephanie | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| GHOSE Sarbajit | | | | | | | | | | | | | | | | | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | ✓ | ✓ |
| GUIMBEAU M.A. Louis | | | | | | | | | | | | | | | ✓ | ✓ | | | | | | | | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | |
| GUJJALI Rajiv | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | ✓ | | | | | | | | | |
| HAREL Didier | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HENRY Stéphane | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | ✓ | ✓ | ✓ | | | |
| HERBERT Mukoza | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| HERY MANANTENANSOA Micheline | | | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

**A -** Appointed **R -** Resigned **AD -** Alternate Director

## Annexure A – Directoships of Subsdiaries – FY 2020 (Cont'd)

| | Laguna Madagascar SA | Le Café du Volcan Ltée | Loisirs des Iles Ltd | Long Beach IHS Ltd | Long Beach Resort Ltd | Mauritius International Trust Company Ltd | MITCO Corporate Services Ltd | MITCO Group Ltd | MITCO International Holdings Ltd | MITCO Limited | MITCO Services Ltd | Operational Excellence Management and Leadership Ltd | Reinette Facilities Management Ltd | Rising India Focus Fund Limited | Riviere Champagne Ltd | Rockwood Textiles Ltd | Société Bonneterie Malagasy - SOBOMA | Societe Civile Immobilière des Mascareignes |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| DALAIS Marc | | | | | | | | | | | | | | | | | | |
| DALAIS P. Arnaud | | | | | | | | | | | | | | | | R | | |
| DALAIS R. Thierry | | | | | | | | | | | | | | | | | | |
| DANON Pierre | | | | | | | | | | | | | | | | | | |
| DE CHASTEAUNEUF Jérôme | | | | | | | | ✓ | | | | | R | | ✓ | ✓ | | |
| DE SIMARD DE PITRAY Henri | | | | | | | | | | | | | | | | | | |
| DELAPORTE Antoine | | | | | | | | | | | | | | | | | | |
| DEMEY Laurent | | | | | | | | | | | | | | | | | | |
| DORCHIES Eric | ✓ | | | | | | | | | | | | | | | | | |
| Dr. CLARKE Ian | | | | | | | | | | | | | | | | | | |
| Dr. SEBUYIRA Jeff M. | | | | | | | | | | | | | | | | | | |
| DURR Elaine Mercia | | | | | | | | | | | | | | | | | | |
| ECHEVIN Hélène | | ✓ | | | | | | | | | | | ✓ | | | | | |
| EL GUEDDARI Adnane | | | | | | | | | | | | | | | | | | |
| ESPITALIER NOEL Roger | | | | | | | | | | | | | | | | | | |
| ESPITALIER-NOEL Alexandre | | | | | | | | | | | | | | | | | | |
| EYNAUD Francois | | | A | A | A | | | | | | | | | | | | | |
| FONTANILLE Arnaud | | | | | | | | | | | | | | | | | | |
| GANGWAR Krishna Kant | | | | | | | | | | | | | | | | | | |
| GERMAIN Stephanie | | | | | | | | | | | | | | | | | | |
| GHOSE Sarbajit | | | | | | | | | | | | | | | | | | |
| GUIMBEAU M.A. Louis | | | | | | | | | | | | | | | | | | |
| GUJJALI Rajiv | | | | | | | | | | | | | | | | | | |
| HAREL Didier | | | | | | | | | | | | | | | | | | |
| HENRY Stéphane | | | | | | | | | | | | | | ✓ | | | | |
| HERBERT Mukoza | | | | | | | | | | | | | | | | | | |
| HERY MANANTENANSOA Micheline | | | | | | | | | | | | | | | | | | |

| | Société Textile d'Andraharo SA - TEXARO | Solea Vacances SA | SRL FS Ltd | SRL Kanuhura Ltd | SRL Maldives Ltd | SRL Management Ltd | SRL Marketing Ltd | SRL Property Ltd | SRL Touessrok Hotel Ltd | SRL Touessrok Residences & Villas Ltd | Sun Centralised Services Ltd | Sun Hotel & Resorts GMBH | Sun Hotel Holdings Ltd | Sun Hotel Investment Ltd | Sun International Management Ltd | Sun Leisure Hotels Ltd | Sun Leisure Investments Ltd | Sun Limited |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| DALAIS Marc | | | | | | | | | | | | | | | | | | |
| DALAIS P. Arnaud | | | | | | | | | | | | | | | | | | ✓ |
| DALAIS R. Thierry | | | | | | | | | | | | | | | | | | ✓ |
| DANON Pierre | | | | | | | | | | | | | | | | | | |
| DE CHASTEAUNEUF Jérôme | | | | | | | | | ✓ | | | | | | | | | ✓ |
| DE SIMARD DE PITRAY Henri | | | | | | | | | | | | | | | | | | |
| DELAPORTE Antoine | | | | | | | | | | | | | | | | | | |
| DEMEY Laurent | | | | | | | | | | | | | | | | | | |
| DORCHIES Eric | | | | | | | | | | | | | | | | | | |
| Dr. CLARKE Ian | | | | | | | | | | | | | | | | | | |
| Dr. SEBUYIRA Jeff M. | | | | | | | | | | | | | | | | | | |
| DURR Elaine Mercia | | | | | | | | | | | | | | | | | | |
| ECHEVIN Hélène | | | | | | | | | | | | | | | | | | ✓ |
| EL GUEDDARI Adnane | | | | | | | | | | | | | | | | | | |
| ESPITALIER NOEL Roger | ✓ | | | | | | | | | | | | | | | | | |
| ESPITALIER-NOEL Alexandre | | ✓ | | | | | | | | | | | | | | | | |
| EYNAUD Francois | | A | A | A | A | A | A | A | A | A | A | | A | A | A | A | A | A |
| FONTANILLE Arnaud | | ✓ | | | | | | | | | | | | | | | | |
| GANGWAR Krishna Kant | | | | | | | | | | | | | | | | | | |
| GERMAIN Stephanie | | | | | ✓ | ✓ | | | | | | | | | | | | |
| GHOSE Sarbajit | | | | | | | | | | | | | | | | | | |
| GUIMBEAU M.A. Louis | | | | | | | | | | | | | | | | | | |
| GUJJALI Rajiv | | | | | | | | | | | | | | | | | | |
| HAREL Didier | | | | | | | | | | | | | | | | | | ✓ |
| HENRY Stéphane | | | | | | | | | | | | | | | | | | |
| HERBERT Mukoza | | | | | | | | | | | | | | | | | | |
| HERY MANANTENANSOA Micheline | | | | | | | | | | | | | | | | | | |

| | Sun Logistics Ltd | Sun Resorts CSR Fund Ltd | Sun Resorts France Sarl | Sun Resorts Hotel Management Ltd | Sun Resorts International Ltd | Sun Styled Boutiques Ltd | Sun Support Ltd | Sun Training Institute Ltd | Supply Chain Experts Ltd | TBLIMG Ltd | Tinka International Ltd | TKL International Ltd | TKL Knits (India) Private Limited | Tropic Knits Ltd | Tropic Mad SA | Washright Services Ltd | Wolmar Sun Hotels Ltd | World Leisure Holidays (Pty) Ltd |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| DALAIS Marc | | | | | | | | | | | | | | | | | | |
| DALAIS P. Arnaud | | | | | | | | | | | | | | ✓ | | | | |
| DALAIS R. Thierry | | | | | | | | | | | | | | | | | | |
| DANON Pierre | | | | | | | | | | | | | | | | | | |
| DE CHASTEAUNEUF Jérôme | | | | | | | | | | | | | | ✓ | | | | |
| DE SIMARD DE PITRAY Henri | | | | | | | | | | | | | | | | | | |
| DELAPORTE Antoine | | | | | | | | | | | | | | | | | | |
| DEMEY Laurent | | | | | | | | | | | | | | | | | | |
| DORCHIES Eric | | | | | | | | | | | ✓ | | | A | | | | |
| Dr. CLARKE Ian | | | | | | | | | | | | | | | | | | |
| Dr. SEBUYIRA Jeff M. | | | | | | | | | | | | | | | | | | |
| DURR Elaine Mercia | | | | | | | | | | | | | | | | | | ✓ |
| ECHEVIN Hélène | | | | | | | | | | | | | | | | | | |
| EL GUEDDARI Adnane | | | | | | | | | | | | | | | | | | |
| ESPITALIER NOEL Roger | | | | | | | | | | | | | | R | ✓ | | | |
| ESPITALIER-NOEL Alexandre | | | | | | | | | | | | | | | | | | |
| EYNAUD Francois | A | A | | A | A | A | A | A | A | | | | | | | A | A | A |
| FONTANILLE Arnaud | | | | | | | | | | | | | | | | | | |
| GANGWAR Krishna Kant | | | | | | | | | | | | | R | | | | | |
| GERMAIN Stephanie | | | | | | | | | | | | | | | | | | |
| GHOSE Sarbajit | | | | | | | | | | | | | A | | | | | |
| GUIMBEAU M.A. Louis | | | | | | | | | | | | | | | | | | |
| GUJJALI Rajiv | | | | | | | | | | | | | | | | | | |
| HAREL Didier | | | | | | | | | | | | | | | | | | |
| HENRY Stéphane | | | | | | | | | | | | | | | | | | |
| HERBERT Mukoza | | | | | | | | | | | | | | | | | | |
| HERY MANANTENANSOA Micheline | | | | | | | | | | | | | | | | | | |

**A -** Appointed **R -** Resigned **AD -** Alternate Director

## Annexure A - Directoships of Subsdiaries - FY 2020 (Cont'd)

| | Ajax Sweaters Ltd | Ambre Resort Ltd | Anahita Hotel Ltd | Antsirabe Knitwear SA | Aquarelle Clothing Ltd | Aquarelle India (Private) Ltd | Aquarelle International Ltd | Aquarelle Madagascar SA | Azur Financial Services Ltd | BNI Madagascar SA | Bois des Amourettes Ltd | C Healthcare (EA) Ltd | C-Care (Mauritius) Ltd | CDL Knits Ltd | CIEL Agro & Property Limited | CIEL Corporate Services Ltd | CIEL Finance Data Services Limited | Ciel Finance Limited |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| HIRIDJEE Hassanein Shahreza | | | | | | | | | | | | | | | | | | |
| HOAREAU Daniella | | | | | | | | | | | | | | | | | | |
| HOVENIER Robert | | | | | | | | | | | | | | | | | | |
| HUGNIN Thierry | | | | | | | | | | | | | | | | | | |
| IP WAN SHEK Pit-Lan Kan Youne (Francoise) | ✓ | | | | | | | | | | | | | | | | | |
| JEENARAIN Rameswarsingh | | | | | | | | | | | | | | | | | | |
| JOELISOA Liliane | | | | | | | | | | R | | | | | | | | |
| JULIE Bernardette Suzanne | | | | | | | | | | | | | | | | | | |
| KEENOO-SEEGOOLAM Poonam | | | | | | | | | | | | | | | | | | |
| KHUSHIRAM Khushhal Chand | | | | | | | | | | | | | | | | | | |
| KISSOONDARY Yougendranath | | | | | | | | | | | | | | | | | | |
| KISTOO Ravindranath | | | | | | | | | | | | | | | | | | |
| KOCH Philippe | | | | | | | | | | | | | | | | | | |
| KOUASSI-OLSSON Laureen | | | | | | | | | | | | | | | | | | ✓ |
| KUMAR Rajesh | | | | | | | | | | | | | | | | | | |
| LAGESSE Thierry | | | | | | | | | | | | | | | | | | |
| Laguna Clothing (Mauritius) Ltd | | | | | | | | | | | | | | | | | | |
| LECLEZIO Arnaud | | | | | | | | | | | | | | | | | | |
| LEECH Paul Ernest | | | | | | | | | | | | | | | | | | ✓ |
| LI KWONG WING Kate | | | | | | | | | | | | | | | | | | |
| LONBORG-NIELSEN Annabelle | | | | | | | | | | | | | | | | | | |
| LOWICK Jonathan | | | | | | | | | | | | | | | | | | |
| MAKOOND Deonanan (Raj) | | | | | | | | | | | | | ✓ | | | | | |
| MAYER Harold | | | | | ✓ | | | | | | | | | ✓ | | | | |
| MAYER J.R Michel | | | | | | | | | | | | | | ✓ | | | | |
| MCILRAITH CATHERINE | | | | | | | | | | | | | | | | | | ✓ |
| MONTI Bruno | | | | | | | | | | | | | | | | | | |

| | CIEL Healthcare Africa Limited | CIEL Healthcare Ltd | CIEL Hotels & Resorts Ltd | CIEL Properties Ltd | Cieltex SA Pty Ltd | CIEL Textile Ltd | City & Beach Hotels (Mtius) Ltd | Consolidated Fabrics Ltd | CTL Retail Ltd | Ebene Skies Ltd | EM Insurance Brokers Limited *(Formerly known as Corporate and Commercial Risk Management Services Ltd)* | Falaise Rouge Estate Ltd (Incorporated on 13/08/2019) | Ferney Ltd | Ferney Spinning Mills Ltd | Ferney Trail Limited | Floreal International Ltd | Floreal Knitwear Ltd | Floreal Madagascar SA |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| HIRIDJEE Hassanein Shahreza | | | | | | | | | | | | | | | | | | |
| HOAREAU Daniella | | | | | | | | | | | | | | | | | | |
| HOVENIER Robert | | | | | | | | | | | | | | | | | | |
| HUGNIN Thierry | | ✓ | | | | | | | | | | | | | ✓ | | | |
| IP WAN SHEK Pit-Lan Kan Youne (Francoise) | | | | | | | | | | | | | | | | ✓ | | ✓ |
| JEENARAIN Rameswarsingh | | | | | | | | | | | | | | | | | | |
| JOELISOA Liliane | | | | | | | | | | | | | | | | | | |
| JULIE Bernardette Suzanne | | | | | | | | | | | | | | | | | | |
| KEENOO-SEEGOOLAM Poonam | | | | | | | | | | | | | | | | | | |
| KHUSHIRAM Khushhal Chand | | | | | | | | | | | | | | | | | | |
| KISSOONDARY Yougendranath | | | | ✓ | | | | | | | ✓ | | | | | | | |
| KISTOO Ravindranath | | | | | | | | | | | | | | | | | | |
| KOCH Philippe | | | | | | | | | | | | | | | | | | |
| KOUASSI-OLSSON Laureen | | | | | | | | | | | | | | | | | | |
| KUMAR Rajesh | | | | | | | | | | | | | | | | | | |
| LAGESSE Thierry | | | | | | | | | | | | | ✓ | | | | | |
| Laguna Clothing (Mauritius) Ltd | | | | | | | | | | | | | | | | | | |
| LECLEZIO Arnaud | | | | | | | | | | | | | | | | | | |
| LEECH Paul Ernest | | | | | | | | | | | | | | | | | | |
| LI KWONG WING Kate | | | | | | | | | | | | | | | | | | |
| LONBORG-NIELSEN Annabelle | | | | | | | | | | | | | | | | | | |
| LOWICK Jonathan | | A | | | | | | | | | | | | | | | | |
| MAKOOND Deonanan (Raj) | | | | | | | | | | | | | | | | | | |
| MAYER Harold | | | | | | ✓ | | ✓ | | | | | | ✓ | | | ✓ | |
| MAYER J.R Michel | | | | | | | | | | | | | | | | | | |
| MCILRAITH CATHERINE | | | | | | | | | | | | | | | | | | |
| MONTI Bruno | | | | | | | | | | | | | | | | | | |

| | Floreal Property Limited | Floreal Trading Limited | Greensun Management Ltd | Halifax International Ltd | Healthcare East Africa Limited | IMG Pharmaceuticals Limited | Indian Ocean Financial Holdings Ltd | International Air Ambulance Limited | International Hospital Kampala Limited | International Medical Centres Limited | International Medical Group Limited | Investment Professionals Ltd | IPRO Fund Management Ltd | IPRO Funds Ltd | La Vallée de Ferney Co Ltd | Laguna Clothing (Mauritius) Ltd | Laguna Clothing LLP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| HIRIDJEE Hassanein Shahreza | | | | | | | ✓ | | | | | | | | | | |
| HOAREAU Daniella | | | | | | | | | | | | | | | | | |
| HOVENIER Robert | | | | ✓ | | | | | | | | | | | | | |
| HUGNIN Thierry | | | | | | | | | | | | | | | | | |
| IP WAN SHEK Pit-Lan Kan Youne (Francoise) | ✓ | | | | | | | | | | | | | | | | |
| JEENARAIN Rameswarsingh | | | | | | | | | | | | | | | | | |
| JOELISOA Liliane | | | | | | | | | | | | | | | | | |
| JULIE Bernardette Suzanne | | | | | | | | | | | | | | | | | |
| KEENOO-SEEGOOLAM Poonam | | | | A | | | | | | | | | | | | | |
| KHUSHIRAM Khushhal Chand | | | | | | | | | | | | ✓ | | ✓ | | | |
| KISSOONDARY Yougendranath | | | | | | ✓ | | ✓ | ✓ | ✓ | ✓ | | | | ✓ | | |
| KISTOO Ravindranath | | | | | | ✓ | | ✓ | ✓ | ✓ | ✓ | | | | | | |
| KOCH Philippe | | | | | | | | | | | | | R | ✓ | | | |
| KOUASSI-OLSSON Laureen | | | | | | | | | | | | | | | | | |
| KUMAR Rajesh | | | | | | | | | | | | | | | | | R |
| LAGESSE Thierry | | | | | | | | | | | | | | | | | |
| Laguna Clothing (Mauritius) Ltd | | | | | | | | | | | | | | | | | |
| LECLEZIO Arnaud | | | | | | | | | | | | | | | | | |
| LEECH Paul Ernest | | | | | | | | | | | | | | | | | |
| LI KWONG WING Kate | | | | | | | | | | | | | | | | | |
| LONBORG-NIELSEN Annabelle | | | | | | | | | | | | | | | | | |
| LOWICK Jonathan | | | | | | | | | | | | | | | | | |
| MAKOOND Deonanan (Raj) | | | | | | | | | | | | | | | | | |
| MAYER Harold | | | | | | | | | | | | | | | | | |
| MAYER J.R Michel | | | | | | | | | | | | | | | | | |
| MCILRAITH CATHERINE | | | | | | | | | | | | | | | | | |
| MONTI Bruno | | | | | | | | | | | | | | | | ✓ | |

**A -** Appointed **R -** Resigned **AD -** Alternate Director

# Annexure A - Directoships of Subsdiaries - FY 2020 (Cont'd)

| | Laguna Madagascar SA | Le Café du Volcan Ltée | Loisirs des Iles Ltd | Long Beach IHS Ltd | Long Beach Resort Ltd | Mauritius International Trust Company Ltd | MITCO Corporate Services Ltd | MITCO Group Ltd | MITCO International Holdings Ltd | MITCO Limited | MITCO Services Ltd | Operational Excellence Management and Leadership Ltd | Reinette Facilities Management Ltd | Rising India Focus Fund Limited | Riviere Champagne Ltd | Rockwood Textiles Ltd | Société Bonneterie Malagasy - SOBOMA | Societe Civile Immobilière des Mascareignes |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| HIRIDJEE Hassanein Shahreza | | | | | | | | | | | | | | | | | | |
| HOAREAU Daniella | | | | | | | | | | | | | | | | | | |
| HOVENIER Robert | | | | | | ✓ | ✓ | ✓ | ✓ | A | ✓ | | | | | | | |
| HUGNIN Thierry | | | | | | AD | | ✓ | | | | | | | | | | |
| IP WAN SHEK Pit-Lan Kan Youne (Francoise) | | | | | | | | | | | | | | | | | | |
| JEENARAIN Rameswarsingh | | | | | | | | | | | | | | | | | | |
| JOELISOA Liliane | | | | | | | | | | | | | | | | | | |
| JULIE Bernardette Suzanne | | | | | | | | | | | | | | | | | | |
| KEENOO-SEEGOOLAM Poonam | | | | | | | A | | A | A | A | | | | | | | |
| KHUSHIRAM Khushhal Chand | | | | | | | | | | | | | | | | | | |
| KISSOONDARY Yougendranath | | | | | | | | | | | | | ✓ | | | | | |
| KISTOO Ravindranath | | | | | | | | | | | | | | | | | | |
| KOCH Philippe | | | | | | | | | | | | | | | | | | |
| KOUASSI-OLSSON Laureen | | | | | | | | | | | | | | | | | | |
| KUMAR Rajesh | | | | | | | | | | | | | | | | | | |
| LAGESSE Thierry | | | | | | | | | | | | | | | | | | |
| Laguna Clothing (Mauritius) Ltd | ✓ | | | | | | | | | | | | | | | | | |
| LECLEZIO Arnaud | | | | | | | | | | | | | | ✓ | | | | |
| LEECH Paul Ernest | | | | | | | | | | | | | | | | | | |
| LI KWONG WING Kate | | | | | | ✓ | | ✓ | | | | | | | | | | |
| LONBORG-NIELSEN Annabelle | | | | | | | | | | | | ✓ | | | | | | |
| LOWICK Jonathan | | | | | | | | | | | | | | | | | | |
| MAKOOND Deonanan (Raj) | | | | | | | | | | | | | | | | | | |
| MAYER Harold | | | | | | | | | | | | ✓ | | | | | | |
| MAYER J.R Michel | | | | | | | | | | | | | | | | | | |
| MCILRAITH CATHERINE | | | | | | | | | | | | | | | | | | |
| MONTI Bruno | ✓ | | | | | | | | | | | | | | | | | |

| | Société Textile d'Andraharo SA - TEXARO | Solea Vacances SA | SRL FS Ltd | SRL Kanuhura Ltd | SRL Maldives Ltd | SRL Management Ltd | SRL Marketing Ltd | SRL Property Ltd | SRL Touessrok Hotel Ltd | SRL Touessrok Residences & Villas Ltd | Sun Centralised Services Ltd | Sun Hotel & Resorts GMBH | Sun Hotel Holdings Ltd | Sun Hotel Investment Ltd | Sun International Management Ltd | Sun Leisure Hotels Ltd | Sun Leisure Investments Ltd | Sun Limited |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| HIRIDJEE Hassanein Shahreza | | | | | | | | | | | | | | | | | | |
| HOAREAU Daniella | | | | | AD | AD | | | | | | | | | | | | |
| HOVENIER Robert | | | | | | | | | | | | | | | | | | |
| HUGNIN Thierry | | | | | | | | | | | | | | | | | | |
| IP WAN SHEK Pit-Lan Kan Youne (Francoise) | ✓ | | | | | | | | | | | | | | | | | |
| JEENARAIN Rameswarsingh | | | | | | | | | | | | | | | | | | |
| JOELISOA Liliane | | | | | | | | | | | | | | | | | | |
| JULIE Bernardette Suzanne | | | | | ✓ | ✓ | | | | | | | | | | | | |
| KEENOO-SEEGOOLAM Poonam | | | | | | | | | | | | | | | | | | |
| KHUSHIRAM Khushhal Chand | | | | | | | | | | | | | | | | | | |
| KISSOONDARY Yougendranath | | | | | | | | | | | | | | | | | | |
| KISTOO Ravindranath | | | | | | | | | | | | | | | | | | |
| KOCH Philippe | | | | | | | | | | | | | | | | | | |
| KOUASSI-OLSSON Laureen | | | | | | | | | | | | | | | | | | |
| KUMAR Rajesh | | | | | | | | | | | | | | | | | | |
| LAGESSE Thierry | | | | | | | | | | | | | | | | | | |
| Laguna Clothing (Mauritius) Ltd | | | | | | | | | | | | | | | | | | |
| LECLEZIO Arnaud | | | | | | | | | | | | | | | | | | |
| LEECH Paul Ernest | | | | | | | | | | | | | | | | | | |
| LI KWONG WING Kate | | | | | | | | | | | | | | | | | | |
| LONBORG-NIELSEN Annabelle | | | | | | | | | | | | | | | | | | |
| LOWICK Jonathan | | | | | | | | | | | | | | | | | | |
| MAKOOND Deonanan (Raj) | | | | | | | | | | | | | | | | | | |
| MAYER Harold | | | | | | | | | | | | | | | | | | ✓ |
| MAYER J.R Michel | | | | | | | | | | | | | | | | | | |
| MCILRAITH CATHERINE | | | | | | | | | | | | | | | | | | |
| MONTI Bruno | | | | | | | | | | | | | | | | | | |

| | Sun Logistics Ltd | Sun Resorts CSR Fund Ltd | Sun Resorts France Sarl | Sun Resorts Hotel Management Ltd | Sun Resorts International Ltd | Sun Styled Boutiques Ltd | Sun Support Ltd | Sun Training Institute Ltd | Supply Chain Experts Ltd | TBLIMG Ltd | Tinka International Ltd | TKL International Ltd | TKL Knits (India) Private Limited | Tropic Knits Ltd | Tropic Mad SA | Washright Services Ltd | Wolmar Sun Hotels Ltd | World Leisure Holidays (Pty) Ltd |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| HIRIDJEE Hassanein Shahreza | | | | | | | | | | | | | | | | | | |
| HOAREAU Daniella | | | | | | | | | | | | | | | | | | |
| HOVENIER Robert | | | | | | | | | | | | | | | | | | |
| HUGNIN Thierry | | | | | | | | | | | | | | | | | | |
| IP WAN SHEK Pit-Lan Kan Youne (Francoise) | | | | | | | | | | | | | | | | | | |
| JEENARAIN Rameswarsingh | | | | | | | | | | | | | | | | | | ✓ |
| JOELISOA Liliane | | | | | | | | | | | | | | | | | | |
| JULIE Bernardette Suzanne | | | | | | | | | | | | | | | | | | |
| KEENOO-SEEGOOLAM Poonam | | | | | | | | | | | | | | | | | | |
| KHUSHIRAM Khushhal Chand | | | | | | | | | | | | | | | | | | |
| KISSOONDARY Yougendranath | | | | | | | | | | | | | | | | | | |
| KISTOO Ravindranath | | | | | | | | | | | | | | | | | | |
| KOCH Philippe | | | | | | | | | | | | | | | | | | |
| KOUASSI-OLSSON Laureen | | | | | | | | | | | | | | | | | | |
| KUMAR Rajesh | | | | | | | | | | | | | | | | | | |
| LAGESSE Thierry | | | | | | | | | | | | | | | | | | |
| Laguna Clothing (Mauritius) Ltd | | | | | | | | | | | | | | | | | | |
| LECLEZIO Arnaud | | | | | | | | | | | | | | | | | | |
| LEECH Paul Ernest | | | | | | | | | | | | | | | | | | |
| LI KWONG WING Kate | | | | | | | | | | | | | | | | | | |
| LONBORG-NIELSEN Annabelle | | | | | | | | | | | | | | | | | | |
| LOWICK Jonathan | | | | | | | | | | | | | | | | | | |
| MAKOOND Deonanan (Raj) | | | | | | | | | | | | | | | | | | |
| MAYER Harold | | | | | | | | | | | | | R | ✓ | | | | |
| MAYER J.R Michel | | | | | | | | | | | | | | | | | | |
| MCILRAITH CATHERINE | | | | | | | | | | | | | | | | | | |
| MONTI Bruno | | | | | | | | | | | | | | | | | | |

**A -** Appointed **R -** Resigned **AD -** Alternate Director

## Annexure A - Directoships of Subsdiaries - FY 2020 (Cont'd)

| | Ajax Sweaters Ltd | Ambre Resort Ltd | Anahita Hotel Ltd | Antsirabe Knitwear SA | Aquarelle Clothing Ltd | Aquarelle India (Private) Ltd | Aquarelle International Ltd | Aquarelle Madagascar SA | Azur Financial Services Ltd | BNI Madagascar SA | Bois des Amourettes Ltd | C Healthcare (EA) Ltd | C-Care (Mauritius) Ltd | CDL Knits Ltd | CIEL Agro & Property Limited | CIEL Corporate Services Ltd | CIEL Finance Data Services Limited | Ciel Finance Limited |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MONTI Emmanuel | | | | | | | | | | | | | | | | | | |
| MONTI Manuel | | | | | | | | | | | | | | | | | | |
| MOOTOO Maryeven | | | | | | | | | | | | | | | | | | |
| MOREAU Denis | | | | | | | | | | | | | | | | | ✓ | |
| MORIARTY Emmett | | | | | | | | | | | | | | | | | | |
| MUBEEZI Charity Melody | | | | | | | | | | | | | | | | | | |
| MUHIEDDINE Hassane | | | | | | | | | | ✓ | | | | | | | | |
| MUNISAMY Neera | ✓ | | | ✓ | | | | | | | | | | | | | | |
| NOWJEE Nitish Rao | | | | | | | | | | | | | | | | | | |
| ONY Sandrine Duglat Claire | | | | | | | | | | | | | | | | | | |
| PASCAL Sylvain | | | | | | | | | | | | | A | | | | | |
| PAVEY GEORGE | | | | | | | | | | | | | | | | | | ✓ |
| PERDIGON Véronique | | | | | | | | | | ✓ | | | | | | | | |
| PERRIER Charles | ✓ | | | | | | | | | | | | | | | | | |
| RABESISOA Haingo Fanapera | | | | | | | | | | ✓ | | | | | | | | |
| RAMLAGUN Neelmanee | | | | | | | | | | | | | | | | | | |
| RASERIJAONA José Pierre Yvon | | | | | | | | | | | | | | | | | | |
| RAVELOARIVONY Vonifanja | | | | | | | | ✓ | | | | | | | | | | |
| RAZE Mathieu | | | | | | | | | | | | | | | | | | |
| REY Alain | | | | | A | | | | | | | | | A | | | | |
| RICHÉ Olivier | | | | | | | | | | | | | | | | | | |
| RIVALLAND Bertrand | ✓ | | | | | | ✓ | ✓ | ✓ | | | | | | | | | |
| RIVET Jean-Marc | | | | | | | | | | | | | | | | | | |
| ROSTAND Tom | | | | | | | | | | | | | | | | | | |
| ROUS Nicholas | | | | | | | | | R | | | | | | | | | |
| RUNGHEN Satuda | | | | | | | | | ✓ | | | | | | | | | |
| Sathisha | | | | | | ✓ | | | | | | | | | | | | |

| | CIEL Healthcare Africa Limited | CIEL Healthcare Ltd | CIEL Hotels & Resorts Ltd | CIEL Properties Ltd | Cieltex SA Pty Ltd | CIEL Textile Ltd | City & Beach Hotels (Mtius) Ltd | Consolidated Fabrics Ltd | CTL Retail Ltd | Ebene Skies Ltd | EM Insurance Brokers Limited *(Formerly known as Corporate and Commercial Risk Management Services Ltd)* | Falaise Rouge Estate Ltd (Incorporated on 13/08/2019) | Ferney Ltd | Ferney Spinning Mills Ltd | Ferney Trail Limited | Floreal International Ltd | Floreal Knitwear Ltd | Floreal Madagascar SA |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MONTI Emmanuel | | | | | | | | | | | | | | | | | | |
| MONTI Manuel | | | | | | | | | | | | | | | | | | |
| MOOTOO Maryeven | | | | | | | | | | | | | | | | | | |
| MOREAU Denis | | | | | | | | | | | | | | | | | | |
| MORIARTY Emmett | | ✓ | | | | | | | | | | | | | | | | |
| MUBEEZI Charity Melody | | | | | | | | | | | | | | | | | | |
| MUHIEDDINE Hassane | | | | | | | | | | | | | | | | | | |
| MUNISAMY Neera | | | | | | | | | | | | | | | | | | |
| NOWJEE Nitish Rao | | AD | | | | | | | | | | | | | | | | |
| ONY Sandrine Duglat Claire | | | | | | | | | | | | | | | | | | |
| PASCAL Sylvain | | | | | | | | | | | | | | | | | | |
| PAVEY GEORGE | | | | | | | | | | | | | | | | | | |
| PERDIGON Véronique | | | | | | | | | | | | | | | | | | |
| PERRIER Charles | | | | | | | | | | | | | | | | ✓ | | ✓ |
| RABESISOA Haingo Fanapera | | | | | | | | | | | | | | | | | | |
| RAMLAGUN Neelmanee | | | | | | | | | | | | | | | | | | |
| RASERIJAONA José Pierre Yvon | | | | | | | | | | | | | | | | | | |
| RAVELOARIVONY Vonifanja | | | | | | | | | | | | | | | | | | ✓ |
| RAZE Mathieu | | | | | | | | | | | | | | | | | | |
| REY Alain | | | | | | ✓ | | A | | | | | | A | | | A | |
| RICHÉ Olivier | | | | | | | | | | | | | | | | | | |
| RIVALLAND Bertrand | | | | | ✓ | | | | | | | | | | | ✓ | | ✓ |
| RIVET Jean-Marc | | | | | | | | | | | | | | | ✓ | | | |
| ROSTAND Tom | | AD | | | | | | | | | | | | | | | | |
| ROUS Nicholas | | | | | | | | | | | | | | | | | | |
| RUNGHEN Satuda | | | | | | | | | | | | | | | | | | |
| Sathisha | | | | | | | | | | | | | | | | | | |

| | Floreal Property Limited | Floreal Trading Limited | Greensun Management Ltd | Halifax International Ltd | Healthcare East Africa Limited | IMG Pharmaceuticals Limited | Indian Ocean Financial Holdings Ltd | International Air Ambulance Limited | International Hospital Kampala Limited | International Medical Centres Limited | International Medical Group Limited | Investment Professionals Ltd | IPRO Fund Management Ltd | IPRO Funds Ltd | La Vallée de Ferney Co Ltd | Laguna Clothing (Mauritius) Ltd | Laguna Clothing LLP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MONTI Emmanuel | | | | | | | | | | | | | | | | | |
| MONTI Manuel | | | | | | | | | | | | | | | | ✓ | |
| MOOTOO Maryeven | | | | | | | | | | | | | | | ✓ | | |
| MOREAU Denis | | | | | | | | | | | | | | | | | |
| MORIARTY Emmett | | | | | | | | | | | | | | | | | |
| MUBEEZI Charity Melody | | | | | | ✓ | | | ✓ | ✓ | | | | | | | |
| MUHIEDDINE Hassane | | | | | | | ✓ | | | | | | | | | | |
| MUNISAMY Neera | | ✓ | | | | | | | | | | | | | | | |
| NOWJEE Nitish Rao | | | | | | | | | | | | | | | | | |
| ONY Sandrine Duglat Claire | | | | | | | | | | | | | | | | | |
| PASCAL Sylvain | | | | | | | | | | | | | | | | | |
| PAVEY GEORGE | | | | | | | | | | | | | | | | | |
| PERDIGON Véronique | | | | | | | | | | | | | | | | | |
| PERRIER Charles | ✓ | ✓ | | | | | | | | | | | | | | | |
| RABESISOA Haingo Fanapera | | | | | | | | | | | | | | | | | |
| RAMLAGUN Neelmanee | | | | | | | | | | | | | | | | | |
| RASERIJAONA José Pierre Yvon | | | | | | | R | | | | | | | | | | |
| RAVELOARIVONY Vonifanja | | | | | | | | | | | | | | | | | |
| RAZE Mathieu | | | | | | | | | | | | | | | ✓ | | |
| REY Alain | | | | | | | | | | | | | | | | | |
| RICHÉ Olivier | | | | | | | | | | | | | | | | | |
| RIVALLAND Bertrand | ✓ | ✓ | | | | | | | | | | | | | | | |
| RIVET Jean-Marc | | | | | | | | | | | | | | | ✓ | | |
| ROSTAND Tom | | | | | | | | | | | | | | | | | |
| ROUS Nicholas | | | | | | | | | | | | | | | | | |
| RUNGHEN Satuda | | | | | | | | | | | | | | | | | |
| Sathisha | | | | | | | | | | | | | | | | | |

**A** - Appointed **R** - Resigned **AD** - Alternate Director

## Annexure A - Directoships of Subsdiaries - FY 2020 (Cont'd)

| | Laguna Madagascar SA | Le Café du Volcan Ltée | Loisirs des Iles Ltd | Long Beach IHS Ltd | Long Beach Resort Ltd | Mauritius International Trust Company Ltd | MITCO Corporate Services Ltd | MITCO Group Ltd | MITCO International Holdings Ltd | MITCO Limited | MITCO Services Ltd | Operational Excellence Management and Leadership Ltd | Reinette Facilities Management Ltd | Rising India Focus Fund Limited | Riviere Champagne Ltd | Rockwood Textiles Ltd | Société Bonneterie Malagasy - SOBOMA | Societe Civile Immobilière des Mascareignes | Société Textile d'Andraharo SA - TEXARO | Solea Vacances SA | SRL FS Ltd | SRL Kanuhura Ltd | SRL Maldives Ltd | SRL Management Ltd | SRL Marketing Ltd | SRL Property Ltd | SRL Touessrok Hotel Ltd | SRL Touessrok Residences & Villas Ltd | Sun Centralised Services Ltd | Sun Hotel & Resorts GMBH | Sun Hotel Holdings Ltd | Sun Hotel Investment Ltd | Sun International Management Ltd | Sun Leisure Hotels Ltd | Sun Leisure Investments Ltd | Sun Limited | Sun Logistics Ltd | Sun Resorts CSR Fund Ltd | Sun Resorts France Sarl | Sun Resorts Hotel Management Ltd | Sun Resorts International Ltd | Sun Styled Boutiques Ltd | Sun Support Ltd | Sun Training Institute Ltd | Supply Chain Experts Ltd | TBLIMG Ltd | Tinka International Ltd | TKL International Ltd | TKL Knits (India) Private Limited | Tropic Knits Ltd | Tropic Mad SA | Washright Services Ltd | Wolmar Sun Hotels Ltd | World Leisure Holidays (Pty) Ltd |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MONTI Emmanuel | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MONTI Manuel | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MOOTOO Maryeven | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MOREAU Denis | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MORIARTY Emmett | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MUBEEZI Charity Melody | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MUHIEDDINE Hassane | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MUNISAMY Neera | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NOWJEE Nitish Rao | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ONY Sandrine Duglat Claire | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | ✓ | | | |
| PASCAL Sylvain | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PAVEY GEORGE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PERDIGON Véronique | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PERRIER Charles | | | | | | | | | | | | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| RABESISOA Haingo Fanapera | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| RAMLAGUN Neelmanee | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | ✓ | | | | | | | | | | |
| RASERIJAONA José Pierre Yvon | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| RAVELOARIVONY Vonifanja | ✓ | | | | | | | | | | | | | | | | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | ✓ | | | |
| RAZE Mathieu | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| REY Alain | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | A | | | | |
| RICHÉ Olivier | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | |
| RIVALLAND Bertrand | ✓ | | | | | | | | | | | | | | | | ✓ | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | ✓ | ✓ | ✓ | | ✓ | | | |
| RIVET Jean-Marc | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ROSTAND Tom | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ROUS Nicholas | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| RUNGHEN Satuda | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sathisha | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

**A -** Appointed **R -** Resigned **AD -** Alternate Director

## Annexure A - Directoships of Subsdiaries - FY 2020 (Cont'd)

| | Ajax Sweaters Ltd | Ambre Resort Ltd | Anahita Hotel Ltd | Antsirabe Knitwear SA | Aquarelle Clothing Ltd | Aquarelle India (Private) Ltd | Aquarelle International Ltd | Aquarelle Madagascar SA | Azur Financial Services Ltd | BNI Madagascar SA | Bois des Amourettes Ltd | C Healthcare (EA) Ltd | C-Care (Mauritius) Ltd | CDL Knits Ltd | CIEL Agro & Property Limited | CIEL Corporate Services Ltd | CIEL Finance Data Services Limited | Ciel Finance Limited | CIEL Healthcare Africa Limited | CIEL Healthcare Ltd | CIEL Hotels & Resorts Ltd | CIEL Properties Ltd | Cieltex SA Pty Ltd | CIEL Textile Ltd | City & Beach Hotels (Mtius) Ltd | Consolidated Fabrics Ltd | CTL Retail Ltd | Ebene Skies Ltd | EM Insurance Brokers Limited *(Formerly known as Corporate and Commercial Risk Management Services Ltd)* | Falaise Rouge Estate Ltd (Incorporated on 13/08/2019) | Ferney Ltd | Ferney Spinning Mills Ltd | Ferney Trail Limited | Floreal International Ltd | Floreal Knitwear Ltd | Floreal Madagascar SA | Floreal Property Limited | Floreal Trading Limited | Greensun Management Ltd | Halifax International Ltd | Healthcare East Africa Limited | IMG Pharmaceuticals Limited | Indian Ocean Financial Holdings Ltd | International Air Ambulance Limited | International Hospital Kampala Limited | International Medical Centres Limited | International Medical Group Limited | Investment Professionals Ltd | IPRO Fund Management Ltd | IPRO Funds Ltd | La Vallée de Ferney Co Ltd | Laguna Clothing (Mauritius) Ltd | Laguna Clothing LLP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SAUZIER Christine | | | | | | | | | | | | ✓ | ✓ | | ✓ | | | | | ✓ | | | | | | | | | ✓ | | ✓ | | ✓ | | | | | | | | ✓ | | | | | | | ✓ | | ✓ | | | |
| SAVOYE Jean-Louis | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SCHMITT Olivier | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SHIH Kristin Chienlun | | | | | | | | | | | | | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SHIW MAHARAJ Lockmanya | | | | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SIVARAMEN Samila | | | | | | | | | ✓ | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | AD | | ✓ | | | |
| SOLOMON Brent | | | | | | | | | | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SUNDARAM Ramasubramanian | | | | | | | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TAJOO Ayaz | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TEEROOVENGADUM Kevindra | | | | | | | | | | | | | | | ✓ | | | | | | | | | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | |
| TERRIEN Denis | | | | | | | | | | | | | | | | | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| THEVENAU Bertrand | | | | | | | | | | | | | | ✓ | | | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| THOMAS Michel | | | | | | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tropic Mad SA | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| VAQUIER Pierre | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| VEERASAMY Naderasen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| VIDAL Jérôme | | | | | | | | | | | | | A | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| VISWESWARAN Ramesh | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | A |
| VIVES Marc-Emmanuel | | | | | | | | | | ✓ | | | | | | | ✓ | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | ✓ | | | | | ✓ | ✓ | ✓ | | | |
| WALTER Pascal | | | | | | | | | | | | | | | | | | | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| WONG YUN SHING Tommy | | ✓ | ✓ | | | | | | ✓ | | | | | | | | | | | | | | | | ✓ | | ✓ | | | | | | | | | | | | ✓ | | | | | | | | | | | | | | |
| YEE SAK CHAN Jane | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| YEUNG KAN CHING Eddy | | | | | R | | | | | | | | | R | | | | | | | | | | R | | R | | | | | | R | | | R | | | | | | | | | | | | | | | | | | |

**A -** Appointed **R -** Resigned **AD -** Alternate Director

## Annexure A - Directoships of Subsdiaries - FY 2020 (Cont'd)

| | Laguna Madagascar SA | Le Café du Volcan Ltée | Loisirs des Iles Ltd | Long Beach IHS Ltd | Long Beach Resort Ltd | Mauritius International Trust Company Ltd | MITCO Corporate Services Ltd | MITCO Group Ltd | MITCO International Holdings Ltd | MITCO Limited | MITCO Services Ltd | Operational Excellence Management and Leadership Ltd | Reinette Facilities Management Ltd | Rising India Focus Fund Limited | Riviere Champagne Ltd | Rockwood Textiles Ltd | Société Bonneterie Malagasy - SOBOMA | Societe Civile Immobilière des Mascareignes | Société Textile d'Andraharo SA - TEXARO | Solea Vacances SA | SRL FS Ltd | SRL Kanuhura Ltd | SRL Maldives Ltd | SRL Management Ltd | SRL Marketing Ltd | SRL Property Ltd | SRL Touessrok Hotel Ltd |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SAUZIER Christine | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SAVOYE Jean-Louis | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SCHMITT Olivier | | R | | | | | | | | | | | R | | | | | | | | | | | | | | |
| SHIH Kristin Chienlun | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SHIW MAHARAJ Lockmanya | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SIVARAMEN Samila | | | | | | AD | | ✓ | | | | | | | | | | | | | | | | | | | |
| SOLOMON Brent | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SUNDARAM Ramasubramanian | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TAJOO Ayaz | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TEEROOVENGADUM Kevindra | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | | |
| TERRIEN Denis | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| THEVENAU Bertrand | | | | | | | | | | | | | | | | | ✓ | | | | | | | | | | |
| THOMAS Michel | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tropic Mad SA | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| VAQUIER Pierre | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| VEERASAMY Naderasen | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| VIDAL Jérôme | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| VISWESWARAN Ramesh | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| VIVES Marc-Emmanuel | | | | | | ✓ | | ✓ | | | | | | | | | | | | | | | | | | | |
| WALTER Pascal | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| WONG YUN SHING Tommy | | | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | ✓ | ✓ | ✓ | A | A | ✓ | ✓ | |
| YEE SAK CHAN Jane | | | | | | | | | | | | | | | | | ✓ | | | | | | | | | | |
| YEUNG KAN CHING Eddy | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | SRL Touessrok Residences & Villas Ltd | Sun Centralised Services Ltd | Sun Hotel & Resorts GMBH | Sun Hotel Holdings Ltd | Sun Hotel Investment Ltd | Sun International Management Ltd | Sun Leisure Hotels Ltd | Sun Leisure Investments Ltd | Sun Limited | Sun Logistics Ltd | Sun Resorts CSR Fund Ltd | Sun Resorts France Sarl | Sun Resorts Hotel Management Ltd | Sun Resorts International Ltd | Sun Styled Boutiques Ltd | Sun Support Ltd | Sun Training Institute Ltd | Supply Chain Experts Ltd | TBLIMG Ltd | Tinka International Ltd | TKL International Ltd | TKL Knits (India) Private Limited | Tropic Knits Ltd | Tropic Mad SA | Washright Services Ltd | Wolmar Sun Hotels Ltd | World Leisure Holidays (Pty) Ltd |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SAUZIER Christine | | | | | | | | | | | | | | | | | | | ✓ | | | | | | | | |
| SAVOYE Jean-Louis | | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | |
| SCHMITT Olivier | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SHIH Kristin Chienlun | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SHIW MAHARAJ Lockmanya | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SIVARAMEN Samila | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SOLOMON Brent | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SUNDARAM Ramasubramanian | | | | | | | | | | | | | | | | | | | | | ✓ | ✓ | ✓ | | | | |
| TAJOO Ayaz | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TEEROOVENGADUM Kevindra | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TERRIEN Denis | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| THEVENAU Bertrand | | | | | | | | | | | | | | | | | | | | ✓ | ✓ | ✓ | ✓ | ✓ | | | |
| THOMAS Michel | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tropic Mad SA | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| VAQUIER Pierre | | | | | | | | | ✓ | | | | | | | | | | | | | | | | | | |
| VEERASAMY Naderasen | | | | | | | | | ✓ | | ✓ | | | | | | | | | | | | | | | | |
| VIDAL Jérôme | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| VISWESWARAN Ramesh | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| VIVES Marc-Emmanuel | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| WALTER Pascal | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| WONG YUN SHING Tommy | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | | | | | ✓ | ✓ | ✓ |
| YEE SAK CHAN Jane | | | | | | | | | | | | | | | | | | | | | ✓ | ✓ | | ✓ | | | |
| YEUNG KAN CHING Eddy | | | | | | | | | | | | | | | | | | | | | | | R | | | | |

**A -** Appointed **R -** Resigned **AD -** Alternate Director

Go Beyond

**FINANCIAL STATEMENTS**

YEAR ENDED 30 June 2020

# Independent Auditor's Report

## To the Shareholders of CIEL Limited

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

### Our Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of CIEL Limited (the "Company") and its subsidiaries (together the "Group") and of the Company standing alone as at 30 June 2020, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

**What we have audited**

Ciel Limited's consolidated and separate financial statements set out on pages 45 to 191 comprise:

- the consolidated and separate statements of financial position as at 30 June 2020;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

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

PricewaterhouseCoopers, PwC Centre, Avenue de Telfair, Telfair 80829, Moka, Republic of Mauritius
Tel: +230 404 5000, Fax:+230 404 5088, www.pwc.com/mu
Business Registration Number: F07000530

# Independent Auditor's Report

## To the Shareholders of CIEL Limited (Continued)

## Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| Company<br><br>**Valuation of investments in subsidiary companies, joint ventures, associates and other financial assets.**<br><br>As explained in notes 12, 13, 14 and 15 to the financial statements, the Company carries its investments in subsidiary companies, joint ventures and associates at fair value in its separate financial statements. Management applies different approaches to estimating fair values of its investments.<br><br>The valuation of the Company's investments in subsidiaries, associates, joint ventures and other financial assets held at fair value was a key area of audit focus owing to their magnitude, the estimation uncertainties in the assumptions, and the degree of judgement required from management, particularly in the context of the economic uncertainty. | For the more judgemental valuations, which may depend on unobservable inputs, we evaluated the assumptions, methodologies and models used by the Company.<br><br>We performed an independent valuation of a sample of positions, in order to assess whether management's valuations were within a reasonable range of outcomes in the context of the inherent uncertainties disclosed in the financial statements.<br><br>We also involved our valuation experts to review the appropriateness of the methodologies used in the context of the relevant investment securities held. |

# Independent Auditor's Report

## To the Shareholders of CIEL Limited (Continued)

## Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

### Key Audit Matters (Continued)

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| Group<br><br>**Impairment of non-current assets**<br><br>The Group has non-current assets for which indicators of impairment exist as at 30 June 2020. The Group has impaired the carrying amount of non-current assets by MUR 972M in the year ended 30 June 2020.<br><br>Management assessed the recoverable amount of non-current assets for which indicators of impairment exist as at 30 June 2020 using a discounted cash flow model to determine the value in use of the cash generating unit (CGU) to which the assets relate to. This requires the use of a number of key assumptions and judgements, including the estimated future cash flows, long-term growth rates, profitability levels and discount rates applied.<br><br>This was an area of focus in light of the amounts involved and the level of judgement and estimation required from management. | We obtained management's assessment of the recoverable amounts of these CGUs. We assessed the validity of the assumptions used in the cash flow models by comparing these assumptions to our independently derived expectations. In order to address management bias in the forecasted cash flows, the budgeted figures of the CGUs that were used in the previous year were back tested to the actual experience.<br><br>We also considered reasonably possible changes in key assumptions, including making allowance for the near-term weaker trading from the impact of Covid-19. Terminal growth rates have been assessed for reasonableness based on market expected long-term growth rates.<br>In order to determine the reasonableness of the discount rates, the rates used in the cash flow models (on a sample basis) were compared to a range of discount rates independently calculated by us, with the support of our internal valuation specialists, based on the markets in which the CGU operate and taking into account the nature of the CGUs. We also verified the mathematical accuracy of the models.<br><br>We assessed whether appropriate disclosures were made by management in the financial statements. |

# Independent Auditor's Report

## To the Shareholders of CIEL Limited (Continued)

## Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

### Key Audit Matters (Continued)

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| Group<br><br>**Loans and advances carried at amortised cost**<br><br>The Group applied IFRS 9 'Financial Instruments' which requires the recognition of Expected Credit Losses ('ECL') on financial assets carried at amortised cost. The ECL impairment model entails the use of complex models and significant assumptions about future economic conditions and credit behaviour, particularly for the Group's banking segment.<br><br>As detailed in Note 2 to the financial statements, management exercised significant judgement and used estimates in respect of:<br><br>(a) The accounting interpretations, modelling assumptions and data used to build the ECL model;<br>(b) The allocation of assets to stage 1, 2 or 3 using criteria in accordance with IFRS 9;<br>(c) The identification of instruments that have experienced a significant increase in credit risk;<br>(d) The assumptions used in the ECL model to estimate the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD");<br>(e) The incorporation of forward-looking information reflecting potential future economic events in the ECL model. | With the assistance of our internal experts:<br><br>• We tested the controls relating to the approval of credit facilities, subsequent monitoring and remediation of exposures and key system reconciliations.<br><br>• We critically assessed the methodology applied to determine the PD, LGD and EAD used to compute the ECL against the prerequisites of IFRS 9 and challenged the appropriateness of the parameters and significant assumptions, including forward-looking information, incorporated into the ECL model, by benchmarking these against independent external sources, with a particular focus on the impact of Covid-19.<br><br>• We evaluated the Bank's staging assessment, in light of the moratoriums granted and challenged the judgements used to determine whether borrowers will only face temporary cash flow issues or more chronic problems which might cause them to default even after the payment deferral period is over.<br><br>• We considered the impact of events occurring subsequent to year end, namely the extension granted on moratoriums, on the ECL results.<br><br>• We assessed the adequacy of the financial statement disclosures against the requirements of IFRS 9 to ensure that these appropriately reflect the Bank's credit risk exposures. |

# Independent Auditor's Report

## To the Shareholders of CIEL Limited (Continued)

## Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

### Key Audit Matters (Continued)

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| <u>Group</u><br><br>**Basis of preparation – impact of Covid-19 on the Textile and Hotels & Resorts segments**<br><br>As disclosed in note 2 of the financial statements, the directors have applied significant judgement in evaluating the risks that are inherent to each of the Group's operating segments, which may impact the segments' financial resources and their ability to continue operations over a period of at least a year from the end of the financial period.<br><br>Management has considered the impact of Covid-19 pandemic on the Textile and Hotels & Resorts segments given the suspension of normal operations arising from national and global lockdowns, and travel bans.<br><br>Management's assessment of the going concern of the two segments is based on future cash flows projections, taking into account any funding arrangements that have been secured. The assessments have included sensitivity analysis of the impact of possible variations in the underlying cash flows drivers such as sales volumes, occupancy rates and average room rates.<br><br>Whereas the judgements and assumptions in the assessment of cash flows projections are based on the best available information, they could be influenced by management bias. In addition, the actual future outcomes could be significantly different from the projections. | We obtained the cash flow forecasts prepared by management for both the Textile and Hotels & Resorts segments for the financial year 2021 and checked the mathematical accuracy of the forecasts.<br><br>We tested management's underlying cash flow projections by agreeing data to other external and internal sources and compared the cost assumptions to historical figures. We also tested the reasonableness of revenue forecasts against order books for the Textile segment.<br><br>We obtained evidence about the additional funding arrangements that have been secured in the upcoming financial year.<br><br>We assessed the maturity profile of the Hotels & Resorts segment's borrowings and considered the refinancing events occurring after the reporting period, focusing on management's plan to service the existing debts.<br><br>We obtained and reviewed the amended terms of the existing and new debt facilities of the Hotels & Resorts segment and critically assessed its ability to continue to meet the financial covenants of these facilities under reasonably foreseeable stressed scenarios that could erode the liquidity headroom.<br><br>Through inquiry and inspection of the latest banking arrangements and the changes to the terms of the facility, we considered the intent and ability of the Hotels & Resorts segment's lenders to continue to support the segment with existing facilities.<br><br>Furthermore, we reviewed the adequacy and appropriateness of management's going concern disclosures in the financial statements. |

# Independent Auditor's Report

## To the Shareholders of CIEL Limited (Continued)

## Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

### Other Information

The directors are responsible for the other information. The other information comprises the corporate governance report, the other statutory disclosures (section 221 of the Mauritius Companies Act 2001), the statement of compliance, the statement of directors' responsibilities in respect of the preparation of financial statements, the certificate from the company secretary and the risk report but does not include the consolidated and separate financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report and other reports, which are expected to be made available to us after that date.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other reports not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

In addition to the responsibilities described above and our work undertaken in the course of the audit, the Financial Reporting Act 2004 requires us to report certain matters as described below.

#### Corporate Governance Report

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

### Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

# Independent Auditor's Report

## To the Shareholders of CIEL Limited (Continued)

## Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

### Responsibilities of the Directors for the Consolidated and Separate Financial Statements (Continued)

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

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

### Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

# Independent Auditor's Report

## To the Shareholders of CIEL Limited (Continued)

## Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

### Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

pwc

# Independent Auditor's Report

## To the Shareholders of CIEL Limited (Continued)

## Report on Other Legal and Regulatory Requirements

**Mauritian Companies Act 2001**

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

(a) we have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditor and tax advisor of the Company and some of its subsidiaries, and dealings in the ordinary course of business with some of the subsidiaries;
(b) we have obtained all the information and explanations we have required; and
(c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

## Other Matter

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

PricewaterhouseCoopers

Robert Coutet, licensed by FRC

13 November 2020

## CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – YEAR ENDED JUNE 30, 2020

| | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | **Notes** | **2020 MUR' 000** | 2019 MUR' 000 | **2020 MUR' 000** | 2019 MUR' 000 |
| Revenue | 4 | **21,923,306** | 24,206,459 | **381,044** | 342,885 |
| | | ========= | ========= | ========= | ========= |
| **Earnings before interest, tax, depreciation, amortisation, impairments and reorganisation costs** | 5(a) | **3,291,845** | 3,443,392 | **305,754** | 265,576 |
| Depreciation and amortisation | | **(1,515,738)** | (1,215,821) | **-** | - |
| - On right-of-use assets | 9(b) | **(179,748)** | - | **-** | - |
| - On property, plant and equipment, intangible assets and leasehold rights | 9(a) 11 | **(1,335,990)** | (1,215,821) | **-** | - |
| | | --------- | --------- | --------- | --------- |
| **Earnings before interest, tax, impairments and reorganisation costs** | | **1,776,107** | 2,227,571 | **305,754** | 265,576 |
| Impairment | | **(1,913,302)** | (2,078,127) | **-** | - |
| - Goodwill | 11 | **(128,058)** | (1,877,286) | **-** | - |
| - Non-financial assets | 9 (a) & 19 | **(1,045,031)** | (200,841) | **-** | - |
| - Financial assets | 5(b) | **(740,213)** | - | **-** | - |
| Reorganisation costs | 5(b) | **(107,951)** | - | **-** | - |
| Finance income | 6 | **47,654** | 32,138 | **3,829** | 668 |
| Finance costs | 6 | **(1,589,532)** | (812,721) | **(143,791)** | (109,486) |
| - Ineffective portion of cash flow hedge | | **(368,929)** | - | **-** | - |
| - Lease liabilities | | **(283,275)** | - | **-** | - |
| - On bank loans and other borrowings | | **(937,328)** | (812,721) | **(143,791)** | (109,486) |
| Share of results of joint ventures | 13 | **(67,047)** | 161,215 | **-** | - |
| Share of results of associates | 14 | **15,513** | (232,261) | **-** | - |
| Impairment of associates | 14 | **(108,744)** | (50,835) | **-** | - |
| | | --------- | --------- | --------- | --------- |
| **(Loss)/profit before income tax** | | **(1,947,302)** | (753,020) | **165,792** | 156,758 |
| Income tax expense | 36 | **(215,425)** | (436,041) | **(606)** | (899) |
| | | --------- | --------- | --------- | --------- |
| **(Loss)/profit for the year** | | **(2,162,727)** | (1,189,061) | **165,186** | 155,859 |
| | | ========= | ========= | ========= | ========= |
| **(Loss)/profit attributable to:** | | | | | |
| Owners | | **(1,671,990)** | (860,428) | **165,186** | 155,859 |
| Non-controlling interests | | **(490,737)** | (328,633) | **-** | - |
| | | --------- | --------- | --------- | --------- |
| | | **(2,162,727)** | (1,189,061) | **165,186** | 155,859 |
| | | ========= | ========= | ========= | ========= |
| **Basic and diluted (loss)/earnings per share (MUR)** | 8 | **(0.99)** | (0.52) | **0.10** | 0.09 |

The notes on pages 55 to 191 form an integral part of these financial statements.

## CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED JUNE 30, 2020 (CONT'D)

| | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | Notes | 2020 MUR' 000 | 2019 MUR' 000 | 2020 MUR' 000 | 2019 MUR' 000 |
| (Loss)/profit for the year | | (2,162,727) | (1,189,061) | 165,186 | 155,859 |
| **Other comprehensive income:** | | | | | |
| *Items that will not be reclassified to profit or loss:* | | | | | |
| Impairment of property, plant and equipment | 9 | - | (393,238) | - | - |
| Deferred income tax on property, plant and equipment | 31 | - | 61,370 | - | - |
| Gain on revaluation of land and buildings | 9 | 1,075,647 | 65,954 | - | - |
| Deferred income tax on revaluation gain | 31 | (140,364) | (12,322) | - | - |
| Remeasurements of post-employment benefit obligations | 32 | (327,825) | (94,099) | - | - |
| Deferred income tax on remeasurements of post-employment benefit obligations | 31 | 37,904 | 1,522 | - | - |
| Change in the fair value of equity instruments at fair value through other comprehensive income | 12-15 | 6,484 | (42,975) | (1,727,285) | (2,211,319) |
| Share of other comprehensive income of associates and joint ventures | 13, 14 | 39,125 | (35,338) | - | - |
| *Items that may be reclassified to profit or loss:* | | | | | |
| Currency translation differences | | 297,692 | (265,069) | - | - |
| Cash flow hedges | | (104,626) | (33,646) | - | - |
| Deferred income tax on cash flow hedges | 31 | (1,012) | 3,869 | - | - |
| **Other comprehensive income for the year, net of tax** | | 883,025 | (743,972) | (1,562,099) | (2,211,319) |
| **Total comprehensive income for the year** | | (1,279,702) | (1,933,033) | (1,562,099) | (2,055,460) |
| **Total comprehensive income attributable to:** | | | | | |
| Owners of the parent | | (1,074,880) | (1,398,752) | - | (2,055,460) |
| Non-controlling interests | | (204,822) | (534,281) | (1,562,099) | - |
| | | (1,279,702) | (1,933,033) | (1,562,099) | (2,055,460) |

The notes on pages 55 to 191 form an integral part of these financial statements.

## CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION – YEAR ENDED JUNE 30, 2020

| | Notes | THE GROUP 2020 MUR' 000 | THE GROUP 2019 MUR' 000 | THE COMPANY 2020 MUR' 000 | THE COMPANY 2019 MUR' 000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Property, plant and equipment | 9 (a) | **24,920,225** | 24,678,838 | - | - |
| Right-of-use assets | 9 (b) | **3,248,457** | - | - | - |
| Investment properties | 10 | **1,780,315** | 1,611,573 | - | - |
| Intangible assets | 11 | **1,524,605** | 1,702,272 | - | - |
| Investments in subsidiary companies | 12 | - | - | **12,928,917** | 14,005,297 |
| Investments in joint ventures | 13 | **1,973,154** | 1,718,847 | **35,371** | 43,896 |
| Investments in associates | 14 | **3,987,741** | 4,297,488 | **75,028** | 48,369 |
| Investments in other financial assets | 15 | **372,489** | 356,968 | **28,928** | 43,816 |
| Loans and advances to customers | 23 | **5,544,688** | 3,851,791 | - | - |
| Investments in securities | 25 | **2,909,918** | 3,052,680 | - | - |
| Leasehold rights and land prepayments | 17 | - | 534,677 | - | - |
| Non-current receivables | 18 | **45,663** | 51,456 | - | - |
| Deferred income tax assets | 31 | **427,768** | 161,685 | - | - |
| | | **46,735,023** | 42,018,275 | **13,068,244** | 14,141,378 |
| **Current assets** | | | | | |
| Inventories | 19 | **3,417,231** | 3,842,766 | - | - |
| Trade and other receivables | 20 | **5,479,616** | 6,145,043 | **15,302** | 186,509 |
| Derivative financial instruments | 43 | **107,479** | 53,044 | - | - |
| Loans and advances to customers | 23 | **11,063,963** | 8,833,893 | - | - |
| Loans to banks | 24 | **40,297** | 413,309 | - | - |
| Investments in securities | 25 | **1,802,616** | 1,446,156 | - | - |
| Current income tax assets | 36 | **45,087** | 14,002 | - | - |
| Cash and cash equivalents | 21 | **8,239,849** | 6,204,956 | **25,649** | 318,921 |
| | | **30,196,138** | 26,953,169 | **40,951** | 505,430 |
| Non-current assets classified as held for sale | 22 | **131,969** | 12,726 | - | - |
| | | **30,328,107** | 26,965,895 | **40,951** | 505,430 |
| **TOTAL ASSETS** | | **77,063,130** | 68,984,170 | **13,109,195** | 14,646,808 |

These financial statements have been approved for issue by the Board of Directors on 13 November 2020.

CHAIRMAN DIRECTOR

The notes on pages 55 to 191 form an integral part of these financial statements.

## CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION – YEAR ENDED JUNE 30, 2020 (CONT'D)

| | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | **Notes** | **2020** | 2019 | **2020** | 2019 |
| | | **MUR' 000** | MUR' 000 | **MUR' 000** | MUR' 000 |
| **EQUITY AND LIABILITIES** | | | | | |
| Capital and reserves | | | | | |
| Stated capital | 26 | **5,139,579** | 5,099,561 | **5,139,579** | 5,099,561 |
| Redeemable restricted A shares | 27 | **39,233** | 39,233 | **39,233** | 39,233 |
| Retained earnings | | **2,540,467** | 5,115,438 | **2,302,675** | 2,271,796 |
| Revaluation, fair value and other reserves | | **3,542,962** | 2,830,296 | **2,656,930** | 4,398,397 |
| | | **11,262,241** | 13,084,528 | **10,138,417** | 11,808,987 |
| Less treasury shares | 26 | **(18,005)** | (149,347) | **(18,005)** | (149,347) |
| Owners' interest | | **11,244,236** | 12,935,181 | **10,120,412** | 11,659,640 |
| Non-controlling interests | | **7,292,242** | 9,195,956 | **-** | - |
| **Total equity** | | **18,536,478** | 22,131,137 | **10,120,412** | 11,659,640 |
| **Non-current liabilities** | | | | | |
| Borrowings | 30 | **10,642,879** | 11,706,614 | **2,487,637** | 2,264,093 |
| Lease liabilities | 9 (b) | **3,536,529** | - | **-** | - |
| Deferred income tax liabilities | 31 | **1,471,979** | 1,208,158 | **-** | - |
| Retirement benefit obligations | 32 | **1,026,263** | 797,035 | **-** | - |
| Deposits from customers | 38 | **8,253** | 667,338 | **-** | - |
| Provisions for other liabilities and charges | 33 | **96,428** | 130,420 | **-** | - |
| Other payables and deferred revenue | 34 | **243,207** | 193,702 | **-** | - |
| | | **17,025,538** | 14,703,267 | **2,487,637** | 2,264,093 |
| **Current liabilities** | | | | | |
| Borrowings | 30 | **9,932,587** | 5,739,531 | **480,805** | 455,481 |
| Lease liabilities | 9 (b) | **233,287** | - | **-** | - |
| Trade and other payables | 35 | **6,534,921** | 6,585,702 | **19,898** | 35,155 |
| Derivative financial instruments | 43 | **132,003** | 27,375 | **-** | - |
| Deposits from customers | 38 | **24,624,024** | 19,410,977 | **-** | - |
| Current income tax liabilities | 36 | **21,949** | 113,224 | **443** | - |
| Provisions for other liabilities and charges | 33 | **22,343** | 40,519 | **-** | - |
| Dividend payable | 37 | **-** | 232,438 | **-** | 232,439 |
| | | **41,501,114** | 32,149,766 | **501,146** | 723,075 |
| **TOTAL LIABILITIES** | | **58,526,652** | 46,853,033 | **2,988,783** | 2,987,168 |
| **TOTAL EQUITY AND LIABILITIES** | | **77,063,130** | 68,984,170 | **13,109,195** | 14,646,808 |
| Net asset value per share (MUR) | 8 | **6.67** | 7.79 | **6.00** | 7.02 |

These financial statements have been approved for issue by the Board of Directors on 13 November 2020.

CHAIRMAN

DIRECTOR

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED JUNE 30, 2020

| THE GROUP | Notes | Stated capital MUR' 000 | Redeemable Restricted A shares MUR' 000 | Treasury shares MUR' 000 | Share appreciation rights and other scheme MUR' 000 | Fair value reserve MUR' 000 | Revaluation and other reserves MUR' 000 | Retained earnings MUR' 000 | Total MUR' 000 | Non controlling interest MUR' 000 | Total equity MUR' 000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Attributable to owners | | | | | | | | | |
| **Balance at 1 July 2019** | | 5,099,561 | 39,233 | (149,347) | 19,450 | 42,558 | 2,768,288 | 5,115,438 | 12,935,181 | 9,195,956 | 22,131,137 |
| - Effect of adoption of IFRS 16 | 2 | - | - | - | - | - | - | (510,507) | (510,507) | (446,237) | (956,744) |
| Restated balance at 1 July 2019 | | 5,099,561 | 39,233 | (149,347) | 19,450 | 42,558 | 2,768,288 | 4,604,931 | 12,424,674 | 8,749,719 | 21,174,393 |
| Profit for the year | | - | - | - | - | - | - | (1,671,990) | (1,671,990) | (490,737) | (2,162,727) |
| Other comprehensive income for the year | | - | - | - | - | 11,432 | 674,783 | (89,105) | 597,110 | 285,915 | 883,025 |
| **Total comprehensive income for the year** | | - | - | - | - | 11,432 | 674,783 | (1,761,095) | (1,074,880) | (204,822) | (1,279,702) |
| **Transactions with owners in their capacity as owners** | | | | | | | | | | | |
| Issue of shares | 26, 28 | **36,855** | **-** | **119,641** | **(14,183)** | **-** | **-** | **-** | **142,313** | **-** | **142,313** |
| Change in ownership interest that do not result in loss of control | 12 | **-** | **-** | **-** | **-** | **-** | **-** | **(128,428)** | **(128,428)** | **(793,961)** | **(922,389)** |
| Employee share option scheme | 26 | **3,163** | **-** | **11,701** | **-** | **-** | **-** | **-** | **14,864** | **-** | **14,864** |
| Dividends | 37 | **-** | **-** | **-** | **-** | **-** | **-** | **(134,747)** | **(134,747)** | **(458,694)** | **(593,441)** |
| Unclaimed dividends written back | | **-** | **-** | **-** | **-** | **-** | **-** | **440** | **440** | **-** | **440** |
| Other movements | | **-** | **-** | **-** | **-** | **-** | **40,634** | **(40,634)** | **-** | **-** | **-** |
| **Total transactions with owners** | | **40,018** | **-** | **131,342** | **(14,183)** | **-** | **40,634** | **(303,369)** | **(105,558)** | **(1,252,655)** | **(1,358,213)** |
| **Balance at 30 June 2020** | | **5,139,579** | **39,233** | **(18,005)** | **5,267** | **53,990** | **3,483,705** | **2,540,467** | **11,244,236** | **7,292,242** | **18,536,478** |

The notes on pages 55 to 191 form an integral part of these financial statements.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED JUNE 30, 2020 (CONT'D)

| THE GROUP | Notes | Stated capital MUR' 000 | Redeemable Restricted A shares MUR' 000 | Treasury shares MUR' 000 | Share appreciation rights and other scheme MUR' 000 | Fair value reserve MUR' 000 | Revaluation and other reserves MUR' 000 | Retained earnings MUR' 000 | Total MUR' 000 | Non-controlling interest MUR' 000 | Total equity MUR' 000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Attributable to owners of the parent | | | | | | | | | |
| Balance at 1 July 2018 | | 5,072,296 | 39,233 | (234,263) | 24,823 | 77,927 | 3,204,939 | 6,195,652 | 14,380,607 | 10,394,240 | 24,774,847 |
| Profit for the year | | - | - | - | - | - | - | (860,428) | (860,428) | (328,633) | (1,189,061) |
| Other comprehensive income for the year | | - | - | - | - | (35,369) | (487,741) | (15,214) | (538,324) | (205,648) | (743,972) |
| Total comprehensive income for the year | | - | - | - | - | (35,369) | (487,741) | (875,642) | (1,398,752) | (534,281) | (1,933,033) |
| Transactions with owners in their capacity as owners | | | | | | | | | | | |
| Issue of shares | 26 | 22,979 | - | 75,815 | - | - | - | - | 98,794 | - | 98,794 |
| Change in ownership interest that do not result in a loss of control | 12 | - | - | - | - | - | - | 193,954 | 193,954 | (193,954) | - |
| Employee share option scheme | | 4,286 | - | 9,101 | (5,373) | - | - | - | 8,014 | - | 8,014 |
| Dividends | 37 | - | - | - | - | - | - | (347,436) | (347,436) | (468,963) | (816,399) |
| Other movements | | - | - | - | - | - | 51,090 | (51,090) | - | (1,086) | (1,086) |
| Total transactions with owners of the parent | | 27,265 | - | 84,916 | (5,373) | - | 51,090 | (204,572) | (46,674) | (664,003) | (710,677) |
| Balance at 30 June 2019 | | 5,099,561 | 39,233 | (149,347) | 19,450 | 42,558 | 2,768,288 | 5,115,438 | 12,935,181 | 9,195,956 | 22,131,137 |

The notes on pages 55 to 191 form an integral part of these financial statements.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED JUNE 30, 2020 (CONT'D)

**Other movements are mainly made up of:**

(i) Statutory reserve which comprises the accumulated annual transfer of 15% of the net profit for the year in line with Article 41 of Ordinance n° 88-005 dated 15th April 1988 pertaining to the regulations applicable to the banking sector in Madagascar.

(ii) Movements in the General Banking Reserve is at the discretion of BNI Madagascar and the shareholders choose to increase the reserve by the profit for the year net of dividends payable and the amount transferred to statutory reserve.

**Movement in reserves of joint venture are made up of:**

(i) Statutory reserve movement which comprises the accumulated annual transfer of 15% of the net profit for the year of Bank One Ltd in line with Section 21(1) of the Mauritian Banking Act 2004.

(ii) General Banking reserve movement which comprises of provisions in line with the Bank of Mauritius macroprudential guidelines.

(iii) Movement between revaluation and retained earnings of Alteo due to their group restructuring at Alteo Limited and Alteo Agri Ltd.

## SEPARATE STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED JUNE 30, 2020

| THE COMPANY | Notes | Stated capital MUR' 000 | Redeemable Restricted A shares MUR' 000 | Treasury shares MUR' 000 | Share appreciation rights and other scheme MUR' 000 | Fair value reserves MUR' 000 | Retained earnings MUR' 000 | Total equity MUR' 000 |
|---|---|---|---|---|---|---|---|---|
| Balance at 1 July 2019 | | 5,099,561 | 39,233 | (149,347) | 19,450 | 4,378,947 | 2,271,796 | 11,659,640 |
| Profit for the year | | - | - | - | - | - | 165,186 | 165,186 |
| Other comprehensive income for the year | | - | - | - | - | (1,727,285) | - | (1,727,285) |
| Total comprehensive income for the year | | - | - | - | - | (1,727,285) | 165,186 | (1,562,099) |
| Transactions with owners in their capacity as owners | | | | | | | | |
| Issue of shares | 26 | 36,855 | - | 119,641 | (14,182) | - | - | 142,314 |
| Dividends | 37 | | - | - | - | - | (134,747) | (134,747) |
| Employee share option scheme | 26 | 3,163 | - | 11,701 | - | - | - | 14,864 |
| Unclaimed dividends written back | 37 | - | - | - | - | - | 440 | 440 |
| Total transactions with owners of parent | | 40,018 | - | 131,342 | (14,182) | - | (134,307) | 22,871 |
| Balance at 30 June 2020 | | 5,139,579 | 39,233 | (18,005) | 5,268 | 2,651,662 | 2,302,675 | 10,120,412 |

The notes on pages 55 to 191 form an integral part of these financial statements.

## SEPARATE STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED JUNE 30, 2020 (CONT'D)

| THE COMPANY | Notes | Stated capital MUR' 000 | Redeemable Restricted A shares MUR' 000 | Treasury shares MUR' 000 | Share appreciation rights and other scheme MUR' 000 | Fair value reserves MUR' 000 | Retained earnings MUR' 000 | Total equity MUR' 000 |
|---|---|---|---|---|---|---|---|---|
| Balance at 1 July 2018 | | 5,072,296 | 39,233 | (234,263) | 24,823 | 6,590,266 | 2,459,641 | 13,951,996 |
| Profit for the year | | - | - | - | - | - | 155,859 | 155,859 |
| Other comprehensive income for the year | | - | - | - | - | (2,211,319) | - | (2,211,319) |
| Total comprehensive income for the year | | - | - | - | - | (2,211,319) | 155,859 | (2,055,460) |
| Transactions with owners in their capacity as owners | | | | | | | | |
| Issue of shares | 26 | 22,979 | - | 75,815 | - | - | - | 98,794 |
| Dividends | 37 | - | - | - | - | - | (347,435) | (347,435) |
| Employee share option scheme | 26, 28 | 4,286 | - | 9,101 | (5,373) | - | - | 8,014 |
| Unclaimed dividends written back | | - | - | - | - | - | 3,731 | 3,731 |
| Total transactions with owners of parent | | 27,265 | - | 84,916 | (5,373) | - | (343,704) | (236,896) |
| Balance at 30 June 2019 | | 5,099,561 | 39,233 | (149,347) | 19,450 | 4,378,947 | 2,271,796 | 11,659,640 |

The notes on pages 55 to 191 form an integral part of these financial statements.

## CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS - YEAR ENDED JUNE 30, 2020

| | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | Notes | 2020 MUR '000 | 2019 MUR '000 | 2020 MUR '000 | 2019 MUR '000 |
| **Cash flows from operating activities** | | | | | |
| Cash generated from operations | 39 | **3,103,406** | 2,489,168 | **460,906** | 364,240 |
| Interest paid | | **(855,026)** | (812,721) | **(143,795)** | (109,486) |
| Interest received | | **47,651** | 32,138 | **3,829** | 668 |
| Tax paid | 36 | **(399,666)** | (399,817) | **(163)** | (899) |
| Net cash generated from operating activities | | **1,896,365** | 1,308,768 | **320,777** | 254,523 |
| **Cash flows from investing activities** | | | | | |
| Purchase of property, plant and equipment (PPE) | 9 | **(965,484)** | (1,163,127) | - | - |
| Purchase of investment properties | 10 | **(1,670)** | (1,875) | - | - |
| Acquisition of interests in subsidiary company | | **(820,664)** | (100,630) | **(512,488)** | (100,630) |
| Purchase of investments in associated companies | 14 | **(3,047)** | (2,128) | - | - |
| Purchase of investments in joint venture | 13 | **(300,000)** | - | - | - |
| Purchase of other financial assets | 15 | **(25,480)** | (34,532) | - | - |
| Purchase of intangible assets | 11 | **(35,673)** | (75,435) | - | - |
| Purchase of leasehold rights | 17 | - | (126,308) | - | - |
| Redemption of investment | 14, 12 | - | 62,766 | - | 45,060 |
| Proceeds from disposal of intangible asset | | - | 8,625 | - | - |
| Proceeds from disposal of PPE | | **23,438** | 48,946 | - | - |
| Proceeds from disposal of investment property | | **4,536** | - | - | - |
| Dividends received from associates and joint ventures | 13, 14 | **138,197** | 113,726 | - | - |
| Proceeds from disposal of held-for-sale assets | | - | 107,564 | - | - |
| Proceeds from disposal of financial assets | | **17,326** | 47,138 | **16,316** | 36,637 |
| Net movement in non-current receivables | | **5,793** | (14,077) | - | - |
| Net cash (used in)/generated from investing activities | | **(1,962,728)** | (1,129,347) | **(496,172)** | (18,933) |
| **Cash flow from financing activities** | | | | | |
| Proceeds from borrowings | 40 | **5,611,484** | 1,815,708 | **350,546** | 995,028 |
| Repayment of borrowings | 40 | **(2,355,580)** | (1,312,295) | **(70,051)** | (300,000) |
| Lease payment | | **(290,048)** | - | - | - |
| Dividends paid to non-controlling interests | | **(458,694)** | (368,410) | - | - |
| Dividends paid to executive directors | | - | (5,599) | - | - |
| Issue of shares to non-controlling interest | | **56,674** | - | - | - |
| Dividends paid | 37 | **(366,745)** | (328,564) | **(366,745)** | (328,562) |
| Net cash (used in)/generated from financing activities | | **2,197,091** | (199,160) | **(86,250)** | 366,466 |
| (Decrease)/increase in cash and cash equivalents | | **2,130,728** | (19,739) | **(261,645)** | 602,056 |
| **Movement in cash and cash equivalents** | | | | | |
| At 1 July | | **4,501,358** | 4,680,767 | **287,294** | (314,762) |
| Exchange differences | | **252,158** | (159,670) | - | - |
| Increase | | **2,130,728** | (19,739) | **(261,645)** | 602,056 |
| At 30 June | 40(a) | **6,884,244** | 4,501,358 | **25,649** | 287,294 |

The notes on pages 55 to 191 form an integral part of these financial statements.

## 1. GENERAL INFORMATION

On 24 January 2014, CIEL Investment Ltd was amalgamated with and into Deep River Investment Ltd (DRI). The surviving company has subsequently been renamed CIEL Limited.

CIEL Limited (the "Company") is a public company incorporated and domiciled in Mauritius and listed on the Official Market of the Stock Exchange of Mauritius. Its registered office is situated at 5th Floor, Ebène Skies, Rue de L'Institut, Ebène, Republic of Mauritius.

Its main activity is to provide long term growth and dividend income for distribution to investors.

CIEL Limited invests in a diversified portfolio of equity and equity related investments in six strategic sectors namely textile, agro, property, hotels and resorts, finance and healthcare.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

## 2. BASIS OF PREPARATION

The consolidated financial statements of CIEL Limited are prepared in compliance with the Companies Act 2001 and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board ('IASB').

The financial statements are prepared on a going concern basis and include the consolidated financial statements of the parent company and its subsidiary companies (the Group) and the separate financial statements of the parent company (the Company). The financial statements are prepared under the historical cost convention except for:

| | |
|---|---|
| Company - | Investments in subsidiaries measured at fair value through other comprehensive income ('FVOCI')<br>Investments in associates measured at FVOCI<br>Investments in joint ventures measured at FVOCI<br>Investments in other financial assets measured at FVOCI |
| Group - | Land and buildings at fair value<br>Investment properties at fair value<br>Derivative financial instruments at fair value through profit or loss ('FVPL') |

### Going concern

The outbreak of Coronavirus (Covid-19) has had unprecedented effects on the Group's and the Company's result. The measures implemented locally and worldwide, including International travel restrictions, have caused major disruptions to the Group's operations. As Covid-19 continues to progress and evolve, the extent of the impact of the pandemic remains uncertain as it is dependent on future developments that cannot be accurately predicted at this time. The Directors have assessed the Company's and Group's ability to continue as a going concern as follows:

### (a) Company

At 30 June 2020, the Company had net current liabilities of MUR 460M. This includes loan notes of MUR 330M, which is repayable in February 2021. The Directors are of the opinion that the Company will be able to continue as a going concern on the basis of:

(1) A reasonable level of dividend income to be received from the profitable subsidiaries; and
(2) Successful negotiations to fully refinance the said loan notes. A draft term sheet, dated 24 May 2020, for an amount of MUR 500M, has been obtained from the note holder through the MCB Capital Markets.

### (b) Group

The Group had net current liabilities of MUR 11.2Bn at 30 June 2020. Covid-19 had the most significant impact on CIEL Textile Limited ('the Textile segment') and SUN Limited ('the Hotels & Resorts segment'), respectively, as detailed in sections (i) and (ii) below. On the basis of the assessments carried out below, the Group's financial statements are prepared on the going concern basis. Based on the Group's available cash resources and the other actions taken by management to mitigate the financial and operational impact of Covid-19, the Directors are of the view that the Group has sufficient resources to continue operations as a going concern in a sustainable manner.

## 2. BASIS OF PREPARATION (CONT'D)

**Going concern (Cont'd)**

**(i) Textile**

At 30 June 2020, the Textile segment (CIEL Textile Limited) had net current liabilities of MUR 251M. The Textile segment accounts for 45% of the Group's revenue and represents a significant component of the Group. The Directors of the Textile segment have prepared a cash flow forecast and concluded that the segment will be able to continue as a going concern, subject to the following main assumptions:

(1) A reasonable and improved order book across all markets for 2021, with new customers in the pipeline. Although impacted by Covid-19, the Textile segment's clients are cooknsidered as Grade A and are heavily involved in online retail sales. This, coupled with existing long-term trading relationships with reputable brands, are contributing to continuous improvement in post Covid-19 order books and margins;
(2) Various cost saving measures, including the right sizing of operations in line with forecasted order books;
(3) Reduced level of marketing costs, in line with overseas travelling restrictions;
(4) Optimisation of in-house production, while strictly limiting subcontracting;
(5) No disruption in supplies of raw materials and sea freight/logistics operations;
(6) Reduced capital expenditure while prioritising digitalisation, modernisation and sustainability; and
(7) Continued access to existing banking facilities. As of date, the Textile segment has access to sufficient global banking facilities to support its present and future trade finance requirements.

**(ii) Hotels & Resorts**

The Hotels & Resorts segment (SUN Limited) had accumulated losses of MUR 1.87Bn and net current liabilities of MUR 3.56Bn at 30 June 2020. The Hotels & Resorts segment accounts for 23% of the Group's revenue and represents a significant component of the Group.

In the cash flow forecasts, the impact of the Covid-19 pandemic on the segment's operations and liquidity were considered.

On 6 October 2020, the Hotels & Resorts segment sought the support of the Mauritius Investment Corporation Ltd (MIC), to mitigate the negative financial impact of Covid-19. Two of the wholly owned subsidiaries operating in the Hotels & Resorts segment, namely Anahita Hotel Limited and Long Beach Resort Ltd, signed a binding term sheet, pursuant to which the MIC committed to subscribe to redeemable convertible secured bonds, totalling MUR 3.1Bn. All transaction agreements concerning Long Beach Resort Ltd have been signed on 3 November 2020 for MUR 2Bn and those of Anahita Hotel Limited are currently being finalised. In the meantime, the Hotels & Resorts segment has successfully finalised its refinancing plan and repaid its existing bonds which came to maturity on 4 November 2020. The total financial plan secured by the Hotels & Resorts segment is expected to cover working capital requirements for the period since lockdown in March 2020 until 30 June 2021.

The projections of the Hotels & Resorts segment are also based on a phased re-opening of the Mauritian borders which has been announced by the Government as from 1 October 2020 and expected bookings for this financial year, which are expected to be low.

Based on cash flow forecast projections for the next 12 months and the above funding secured so far, the Directors of the Hotels & Resorts segment are of the view that the segment will be able to meet its financial obligations and operational losses that may result from the Covid-19 impact on the segment's operations in the next financial year. Accordingly, the Directors of the Hotels & Resorts segment have continued to adopt the going concern basis in preparing the segment's financial statements.

*Basis of consolidation*

The consolidated financial statements comprise the financial statements of CIEL Limited and its subsidiaries as at 30 June 2020.

Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and could affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure or rights to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

## 2. BASIS OF PREPARATION (CONT'D)

*Basis of consolidation (Cont'd)*

When the Group has less than a majority of the voting or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value, unless significant influence is maintained, in which case, the investment will be accounted for using the equity method of accounting.

*New Standards effective 01 July 2019*

In the current year, the Group and the Company have applied all of the new and revised standards and interpretations issued by the International Accounting Standards Board ("IASB") that are relevant to their operations and effective for accounting periods beginning on 1 July 2019.

The nature and the impact of each relevant standard or amendment that had a significant impact on the group and company's Financial Statements are described below:

| | *Effective for accounting period beginning on or after* |
|---|---|
| IFRS 16 Leases | 01 January 2019 |

The nature and effect of the changes as a result of the adoption of these new accounting standards are described below. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements:

IFRS 16 Leases

IFRS 16 Leases was issued on 13 January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases Incentives and SIC-27 Evaluating the Substance of Transactions involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Virtually, all leasing arrangements have been brought on to the balance sheet as financial obligations and 'right-of-use' ("ROU") assets other than leases of 'low value' underlying assets and short-term leases of less than twelve months.

Lessor accounting under IFRS 16 is substantially unchanged from current accounting under IAS 17. In addition, IFRS 16 also requires both lessees and lessors to make more extensive disclosures than under IAS 17.

The Group has adopted IFRS 16 Leases retrospectively from 01 July 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 01 July 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principle of IAS 17 - Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 01 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liability varies between 5.35% to 17.22%.

## 2. BASIS OF PREPARATION (CONT'D)

*New Standards effective 01 July 2019 (Cont'd)*

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 01 July 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 01 July 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

Adjustments recognised in the statement of financial position on 01 July 2019

The change in accounting policy affected the following items in the statement of financial position on 01 July 2019:

- right-of-use assets – increase by MUR 2.7Bn.
- lease liabilities – increase by MUR 3.7Bn.

The net impact on retained earnings on 01 July 2019 was a decrease of MUR 511M and a decrease in non-controlling interests of MUR 446M.

**New standards, amendments and interpretations not yet effective**

The following amendment has been issued but is effective for account periods beginning on or after 01 July 2020.

From 1 July 2020, the Group will apply Covid-19-Related Rent Concessions (Amendment to IFRS 16).

The directors are currently assessing the impact of the amendment on the financial statements.

The other amendments and interpretation are not expected to have a material impact on the Group's reported financial performance or position.

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

### a) Critical accounting judgements and key sources of estimation of uncertainty

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcome that requires a material adjustment to the carrying amount of assets and liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur.

## 2. BASIS OF PREPARATION (CONT'D)

(i) Impairment of goodwill and non-current assets

Management has assessed the recoverable amounts, as at 30 June 2020 of cash generating units (CGUs) to which goodwill has been allocated and CGUs that have indicators for impairment. Note 11 sets out the CGUs to which goodwill has been allocated for impairment testing purposes.

The recoverable amount of CGUs are determined based on their value-in-use or their fair value less cost to disposal, if any. The value-in-use has been determined via future net cash flows based on the budget for the next 12 months as a starting point. Cash flow projections of 3 to 10 years have been considered and discounted at an appropriate discount rate and added to the estimated discounted terminal value. The determination of the cash flow projections, discount rates and terminal values entails significant assumptions made by management of the effects of uncertain future events on those assets at the reporting date. Refer to Note 8 and Note 11 for impairment assessment of PPE and impairment of goodwill respectively.

(ii) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of treasury bills that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Refer to note 32 for further details.

(iii) Revaluation of property, plant and equipment and investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the profit or loss. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The fair value is determined based on independent valuation by valuers who make use of valuation methods, depending on the type of asset being revalued. Such methods depend on a variety of assumptions which are further disclosed in notes 9 and 10.

(iv) Fair value of securities not quoted in an active market

The fair value of securities not quoted in an active market may be determined by the Group using valuation techniques including third party transactions values, earnings, net asset value or discounted cash flows, whichever is considered to be appropriate. The Group would exercise judgement and estimates on the quantity and quality of pricing sources used.

Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer to notes 12, 13, 14 and 15 for further details.

Determination of fair value

The fair value of publicly traded securities is based on:

- Their market value which is calculated by reference to the Stock Exchange - quoted prices at the close of business at the end of reporting period;
- Quoted prices plus premium; or
- Recent transaction price.

## 2. BASIS OF PREPARATION (CONT'D)

(iv) Fair value of securities not quoted in an active market (Cont'd)

Determination of fair value (Cont'd)

In assessing the fair value of unquoted investments, the Group uses a combination of discounted cash flow, price to book, earnings multiple, net asset base and dividend yield basis. The valuation policy is summarised below:

- 50% stake or more in investee companies - price earnings multiple or discounted cash flow, except for listed subsidiaries, new investments, banks and property companies.
- Less than 50% stake in investee companies - earnings multiple
- Property investee companies - net asset basis whereby properties are revalued on a regular basis on their open market value
- Investments in new ventures are valued at cost for the first year less any impairment loss recognised to reflect irrecoverable amounts
- Investment entities - net asset basis
- Banking sector - mix of price to book and price earnings ratios or dividend discounting model as appropriate
- Recent transaction price, where applicable

(v) Asset lives and residual values

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

(vi) Leases

At the commencement date of a lease, a lessee will recognise a lease liability and right-of-use (ROU) asset representing the right to use the underlying asset during the lease term. ROU assets and lease liabilities are initially recognised at the present value of the future minimum lease payments over the lease term. As most of the leases do not provide an implicit rate, the Company uses the incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The ROU asset also includes any lease payments made and excludes lease incentives and initial direct costs incurred. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the ROU asset. The depreciation rate on the right-of-use assets is computed on straight line basis over the duration of the leases varying between 1 to 60 years.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since the third party financing was received and makes adjustments specific to the lease, e.g. term, country, currency and security. The incremental borrowing rates range from 5.35% to 8.5%.

The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. In instances where lease agreements contain lease and non-lease components, they are generally accounted for separately. For certain instances where it is impractical to separate the lease from the non-lease component, the Company will account for them as a single lease component. In determining the lease term, management considers all the facts and circumstances that can create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods with termination options) are only included in the lease term if the lease term is reasonably certain to be extended (or terminated).

## 2. BASIS OF PREPARATION (CONT'D)

(vii) Determining whether forecast sales are highly probable

The Group is exposed to foreign currency risk, most significantly to the Euro, Pound Sterling and US Dollar, on the Group's sales denominated in these currencies. The Group hedges these exposures by entering into foreign currency loans ("hedging instruments") with future principal payments that will match the future sales ("hedged item") in these currencies.

To apply hedge accounting, a condition is that the forecast transaction must be "highly probable". The Group has applied judgement in assessing whether the forecasted foreign currency revenue remain "highly probable", still expected to occur or is no longer expected to occur, particularly in light of the decline in expected bookings patterns resulting from the Covid-19 pandemic and the related suspension of the operations of the Group. In making this assessment, the Group has considered the most recent budgets and plans, including the Covid-19 scenario.

(viii) Recoverability of deferred income tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The outcome of their actual utilisation may be different.

(ix) Measurement of the expected credit loss allowance

The IFRS 9 impairment requirements are based on an expected credit loss model. Madagascar's (Banking Subsidiary of CIEL Finance Limited referred to as 'The Bank') accounting policy for impairment of financial assets is listed below.

The Bank applies a three-stage approach to measuring expected credit losses (ECL) on debt instruments accounted for at amortised cost and FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

**(i) Stage 1: 12-months ECL**
For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

**(ii) Stage 2: Lifetime ECL – not credit impaired**
For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

**(iii) Stage 3: Lifetime ECL – credit impaired**
Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for financial assets since the initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

In determining whether credit risk has increased significantly since initial recognition, the Bank uses its internal credit risk grading system, external risk ratings and forecast information to assess deterioration in credit quality of a financial asset.

The Bank assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

The Bank considers its historical loss experience and adjusts this for current observable data. In addition, the Bank uses reasonable and supportable forecasts of future economic conditions including experienced judgement to estimate the amount of an expected impairment loss. IFRS 9 introduces the use of macroeconomic factors which include, but is not limited to, unemployment, interest rates, gross domestic product, inflation and commercial property prices, and requires an evaluation of both the current and forecast direction of the economic cycle. Incorporating forward-looking information increases the level of judgement as to how changes in these macroeconomic factors will affect ECL. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

## 2. BASIS OF PREPARATION (CONT'D)

(ix) Measurement of the expected credit loss allowance (Cont'd)

**(iii) Stage 3: Lifetime ECL – credit impaired (Cont'd)**
If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months ECL. In the case of debt instruments measured at FVOCI, the measurement of ECL is based on the three-stage approach as applied to financial assets at amortised cost. The Bank recognises the provision charge in profit and loss, with the corresponding amount recognised in other comprehensive income, with no reduction in the carrying amount of the asset in the statement of financial position. Further details have been disclosed in note 46.

**b) Statement of compliance**

The financial statements have been prepared on the basis of preparation as explained in 2(b) above and in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board (IASB) and in compliance with the Companies Act 2001.

**c) Foreign currencies**

(i) *Functional and presentation currency*

Items included in the financial statements are measured using Mauritian Rupees, the currency of the primary economic environment in which the entity operates ("functional currency") and rounded to the nearest thousand (MUR '000). The consolidated financial statements are presented in Mauritian Rupees, which is the Company's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash-flow hedges and qualifying net investment hedges.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from that of the presentation currency of the Company, are translated as follows:

(a) assets and liabilities are translated at the closing rate at the reporting date;
(b) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
(c) the resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. In the event of disposal of a foreign operation, exchange differences are recognised in the profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

## 2. BASIS OF PREPARATION (CONT'D)

### d) (i) Earnings before interest, tax, depreciation, amortisation, impairments and reorganisation costs

Earnings before interest, tax, depreciation, amortisation, impairments and reorganisation costs is stated after adding to earnings before interest, tax, depreciation and amortisation, the significant impairment charges incurred on the Group's assets and reorganisation costs during the year.

### (ii) Earnings before interest, tax, impairments and reorganisation costs

Earnings before interest, tax, impairments and reorganisation costs is stated after adding to earnings before interest and tax, the significant impairment charges incurred on the Group's assets and reorganisation costs during the year.

### e) Financial assets and liabilities

**Measurement methods**

The Group and the Company classify their financial assets as subsequently measured at either amortised cost or fair value depending on the Group's and the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flow; and
- the contractual terms of the financial asset represent contractual cash flow that are solely payments of principal and interest.

**Amortised cost and effective interest rate**

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets – assets that are credit-impaired at initial recognition – the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

## 2. BASIS OF PREPARATION (CONT'D)

**Initial recognition and measurement (Cont'd)**

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

**Classification and subsequent measurement**

The Group classifies its financial assets in the following measurement categories:

- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below.

**Debt instruments**

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

(i) the Group's business model for managing the asset; and
(ii) the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

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

*Business model:* the business model reflects how the Group manages the assets in order to generate cash flows; that is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

*SPPI:* Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

## 2. BASIS OF PREPARATION (CONT'D)

**Debt instruments (Cont'd)**

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

**Derecognition other than on a modification**

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

(i) the Group transfers substantially all the risks and rewards of ownership, or
(ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
(ii) Is prohibited from selling or pledging the assets; and
(iii) Has an obligation to remit any cash it collects from the assets without material delay.

**Equity instruments**

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Gains and losses on equity investments at FVPL are included in the 'Net trading income' line in the statement of profit or loss.

**Expected credit losses**

The Group assesses on a forward-looking basis the expected credit loss ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The credit risk note provides more detail of how the expected credit loss allowance is measured.

### e) Impairment of non-financial assets

The carrying amounts of assets are assessed at each reporting date determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated, being the higher of the asset's net selling price and its value-in-use, to determine, the extent of the impairment loss, if any and the carrying amount of the asset is reduced to its recoverable amount. The impairment loss is recognised as an expense immediately, unless the asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

## 2. BASIS OF PREPARATION (CONT'D)

### f) Borrowing costs

All borrowing costs are charged to the statement of profit and loss in the period in which they are incurred.

### g) Provisions

Provisions are recognised when the Group and/or the Company have a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated. Provisions are determined by discounting the expected future cash flows are a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### h) Government grants

Government grants are recognised if it is reasonably certain that the related conditions will be satisfied and the grants will actually be received. Grants in respect of wages obtained under the wage assistance scheme ("WAS") are accounted for in the statement of profit or loss as other income in the period to which the wages relate.

### i) Covid-19 levy

All employers having benefitted from the wage assistance scheme are liable to a Covid-19 levy, payable to the Mauritius Revenue Authority ("MRA"). The levy is calculated as the lower of 15% of the chargeable income for the years ended 30 June 2020 and 2021, and the total grant received under the WAS.

The Covid-19 levy is accounted for under IAS 37 Provisions, when the Group generates a chargeable income, and is netted off against other income.

## 3. SEGMENT INFORMATION

The reportable segments are strategic business units that offer different products and services. They are managed separately because each business unit requires different strategies. The Group has five reportable segments:

- Textile derives income mainly from the sale of knitwear, woven and fine knits products.
- Agro and Property earns income mainly from sugar production, land and property development.
- Hotels and Resorts derives income through the ownership and management of portfolio of hotels.
- Financial services derive income mainly from banking, fiduciary products and portfolio management.
- Healthcare derives income through the running of healthcare facilities.
- CIEL - Holding Company derives income through dividend derived from its investments.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. The Group evaluates performance on basis of Profit & Loss from operations.

**NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED JUNE 30, 2020 (CONT'D)**

**3 SEGMENT INFORMATION (CONT'D)**

| THE GROUP | Textile MUR' 000 | Agro & Property MUR' 000 | Hotels & Resorts MUR' 000 | Financial Services MUR' 000 | Healthcare MUR' 000 | CIEL And others* MUR' 000 | Eliminations/ Unallocated MUR' 000 | Total MUR' 000 |
|---|---|---|---|---|---|---|---|---|
| Year ended 30 June 2020 | | | | | | | | |
| Total revenue | 10,600,349 | 112,591 | 5,057,677 | 3,462,327 | 2,711,326 | 514,145 | (535,109) | 21,923,306 |
| Earnings before interest, tax, depreciation, amortisation, impairments and reorganisation costs | 516,641 | 183,830 | 1,028,946 | 1,294,678 | 342,301 | 293,856 | (368,407) | 3,291,845 |
| Depreciation and amortisation on lease liabilities, property, plant and equipment and leasehold rights | (366,533) | (15,309) | (746,605) | (203,498) | (157,399) | (4,440) | (21,954) | (1,515,738) |
| Earnings before interest, tax, depreciation, impairments and reorganisation costs | 150,108 | 168,521 | 282,341 | 1,091,180 | 184,902 | 289,416 | (390,361) | 1,776,107 |
| Impairment of goodwill | - | - | - | - | (128,058) | - | - | (128,058) |
| Impairment of non-financial assets | (285,400) | - | (759,631) | - | - | - | - | (1,045,031) |
| Impairment of financial assets | (266,587) | - | (76,422) | (311,011) | (75,852) | - | (10,340) | (740,213) |
| Reorganisation costs | (74,801) | - | (33,150) | - | - | - | - | (107,951) |
| Finance income | 17,352 | 829 | 21,250 | 855 | 5,719 | 1,649 | - | 47,654 |
| Finance costs | (202,788) | (10,609) | (1,091,572) | (30,972) | (115,278) | (138,313) | - | (1,589,532) |
| Share of result of joint ventures | - | (44) | (275) | (36,559) | - | - | (30,169) | (67,047) |
| Impairment of associates | - | (1,700) | (107,044) | - | - | - | - | (108,744) |
| Share of result of associates | - | (24,264) | - | (27,356) | 27,602 | 17,282 | 22,249 | 15,513 |
| Profit before income tax | (662,116) | 132,733 | (1,764,503) | 686,137 | (100,966) | 170,034 | (408,621) | (1,947,302) |
| Income tax | 6,164 | (1,605) | (38,391) | (185,246) | 4,590 | (937) | - | (215,425) |
| Profit for the year | (655,952) | 131,128 | (1,802,894) | 500,891 | (96,376) | 169,097 | (408,621) | (2,162,727) |
| Assets excluding associates & joint ventures | 10,971,455 | 3,337,794 | 20,773,782 | 32,602,096 | 3,689,834 | 11,225,005 | (11,497,730) | 71,102,236 |
| Joint ventures | - | 345 | 51,103 | 1,912,766 | - | 1,436,487 | (1,427,548) | 1,973,153 |
| Associates | - | 1,114,725 | 495,991 | 91,986 | 173,572 | 1,134,252 | 977,215 | 3,987,741 |
| Segment assets | 10,971,455 | 4,452,864 | 21,320,876 | 34,606,848 | 3,863,406 | 13,795,744 | (11,948,063) | 77,063,130 |
| Segment liabilities | 7,303,520 | 386,787 | 15,290,958 | 30,775,912 | 2,517,477 | 3,791,764 | (1,539,766) | 58,526,652 |

*CIEL and Others consist of CIEL Limited, CIEL Corporate Services, Azur Financial Services and Rockwood Textile.

**NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED JUNE 30, 2020 (CONT'D)**

## 3. SEGMENT INFORMATION (CONT'D)

| THE GROUP | Textile MUR' 000 | Agro & Property MUR' 000 | Hotels & Resorts MUR' 000 | Financial Services MUR' 000 | Healthcare MUR' 000 | CIEL And others* MUR' 000 | Eliminations/ Unallocated MUR' 000 | Total MUR' 000 |
|---|---|---|---|---|---|---|---|---|
| Year ended 30 June 2019 | | | | | | | | |
| Total revenue | 12,150,520 | 141,773 | 6,614,884 | 2,852,571 | 2,494,841 | 480,124 | (528,254) | 24,206,459 |
| Normalised earnings before interest, tax, | 1,025,481 | 144,269 | 1,253,822 | 893,556 | 206,870 | 241,294 | (321,900) | 3,443,392 |
| Depreciation and amortisation | (308,293) | (18,735) | (568,449) | (159,039) | (141,152) | (1,894) | (18,259) | (1,215,821) |
| Normalised earnings before interest and | 717,188 | 125,534 | 685,373 | 734,517 | 65,718 | 239,400 | (340,159) | 2,227,571 |
| Impairment of goodwill and other non-current assets | - | - | (1,933,373) | (3,284) | (141,470) | - | - | (2,078,127) |
| Finance income | 13,114 | 2,088 | 18,392 | 382 | 2,059 | 30,636 | (34,533) | 32,138 |
| Finance costs | (182,043) | (15,057) | (454,767) | (15,627) | (43,706) | (136,054) | 34,533 | (812,721) |
| Share of result of joint ventures | - | 237 | (7,560) | 168,538 | - | - | - | 161,215 |
| Impairment of associates | - | - | - | - | (50,835) | - | - | (50,835) |
| Share of result of associates | - | (166,914) | - | (76,789) | (24,105) | - | 35,547 | (232,261) |
| Profit before income tax | 548,259 | (54,112) | (1,691,935) | 807,737 | (192,339) | 133,982 | (304,612) | (753,020) |
| Income tax | (95,296) | (9,253) | (201,539) | (176,799) | 49,253 | (2,407) | - | (436,041) |
| Profit for the year | 452,963 | (63,365) | (1,893,474) | 630,938 | (143,086) | 131,575 | (304,612) | (1,189,061) |
| Assets excluding associates & joint ventures | 11,219,073 | 2,974,642 | 19,705,224 | 25,606,604 | 2,902,663 | 12,348,469 | (11,788,840) | 62,967,835 |
| Joint ventures | - | 389 | 43,796 | 1,630,869 | - | 1,561,757 | (1,517,964) | 1,718,847 |
| Associates | - | 1,120,498 | 702,445 | 138,610 | 248,990 | 1,406,939 | 680,006 | 4,297,488 |
| Segment assets | 11,219,073 | 4,095,529 | 20,451,465 | 27,376,083 | 3,151,653 | 15,317,165 | (12,626,798) | 68,984,170 |
| Segment liabilities | 6,431,713 | 419,294 | 12,002,184 | 23,230,424 | 1,705,836 | 2,256,654 | 806,928 | 46,853,033 |

*CIEL and Others consist of CIEL Limited, CIEL Corporate Services, Azur Financial Services and Rockwood Textile.

## 3. SEGMENT INFORMATION (CONT'D)

| The Group | Revenues from External Customers 2020 MUR' 000 | 2019 MUR' 000 | Non-current Assets 2020 MUR' 000 | 2019 MUR' 000 |
|---|---|---|---|---|
| **Geographical information** | | | | |
| Mauritius | **14,939,950** | 17,002,303 | **32,076,916** | 29,147,317 |
| Madagascar | **3,215,794** | 2,580,738 | **10,084,420** | 8,048,078 |
| Asia | **2,166,946** | 2,586,158 | **1,480,146** | 1,005,859 |
| Maldives | **422,808** | 519,200 | **2,334,116** | 2,510,300 |
| South Africa | **459,237** | 1,104,487 | **235,306** | 519 |
| Others | **718,571** | 413,573 | **524,119** | 1,318,928 |
| | **21,923,306** | 24,206,459 | **46,735,023** | 42,031,001 |

Revenues from external customers are presented based on the respective subsidiaries' country of domicile.

## 4. REVENUE

**The Group**

*Sale of goods*

Sales of goods are recognised when control of the products has been transferred, being when the products are delivered to the customer. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only passage of time is required before the payment is due.

Sales of goods comprise the sale of knits, knitwear and woven textile garments.

*Sale of services*

Services provided by the group comprise operation, management and rental of properties, tourism, hospitality and leisure activities, medical services, and banking and financial services.

Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue is recognised when control of the services are transferred to the customer at an amount that reflects the condition to which the company expects to be entitled in exchange for those services. Income from the rendering of services include the following:

| Type | Timing of recognition |
|---|---|
| Dividend income | When the shareholder's right to receive payment is established |
| Interest income | Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). |
| Management fees & other income | When control of the services is transferred to the customer at an amount that reflects the condition to which the company expects to be entitled in exchange for those services. The fees are determined through management agreements and are generally based on an agreed percentage of the Net asset Value and Profit after tax of the company. The Group determines and calculates the fees and allocates them on a quarterly basis, through the fees are earned over time. |
| Commission | Commission received from trading services is allocated to each trading activity as and when it is due as per the agreement. The commission income is recognised at a point in time when the service is rendered. |

## 4. REVENUE (CONT'D)

*Sale of services (Cont'd)*

| Type | Timing of recognition |
|---|---|
| Information and communication technology income | When control of the services is transferred to the customer at an amount that reflects the condition to which the company expects to be entitled in exchange for those services. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of reporting period as a proportion to the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours. If the contract includes an hourly fee, revenue is recognised in the amount to which the customer is entitled to be invoiced. Customers are invoiced on a monthly basis and consideration is payable when invoiced. |
| Income from foreign exchange dealings | On a settlement basis |

**The Company**

The Company's main source of revenue is dividend income generated from its subsidiaries. Dividend is recognised when the shareholder's right to receive payment is established.

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2020 MUR' 000** | 2019 MUR' 000 | **2020 MUR' 000** | 2019 MUR' 000 |
| *Revenue from contracts with customers:* | | | | |
| - Textile | **10,600,349** | 12,150,520 | **-** | - |
| - Hotel | **5,057,677** | 6,612,812 | **-** | - |
| - Banking – Interest income | **2,005,627** | 1,638,914 | **-** | - |
| - Banking – Other income | **1,234,746** | 983,685 | | |
| - Healthcare | **2,695,680** | 2,474,395 | **-** | - |
| - Agro & Property | **29,138** | 36,972 | **-** | - |
| *Dividend income* | **-** | | | |
| - Listed | **1** | - | **1** | 65,541 |
| - DEM | **1** | - | **1** | 112,609 |
| - Unquoted | **1,577** | 1,201 | **380,142** | 150,800 |
| Others: | | | | |
| Management and service fees | **230,996** | 232,100 | **-** | - |
| Rental income | **36,045** | 29,769 | **-** | - |
| Other income | **31,469** | 46,091 | **900** | 13,935 |
| | **21,923,306** | 24,206,459 | **381,044** | 342,885 |
| **Timing of revenue recognition** | | | | |
| Goods transferred at a point in time | **14,756,952** | 19,372,994 | **381,044** | 342,885 |
| Services transferred over time | **7,166,354** | 4,833,465 | **-** | - |
| | **21,923,306** | 24,206,459 | **381,044** | 342,885 |

## 5. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AMORTISATION, IMPAIRMENTS AND REORGANISATION COSTS

(a)

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2020 MUR' 000** | 2019 MUR' 000 | **2020 MUR' 000** | 2019 MUR' 000 |
| Revenue | **21,923,306** | 24,206,459 | **381,044** | 342,885 |
| Profit on disposal of property, plant and equipment | **3,280** | 486 | **-** | - |
| Profit on disposal of held for sale assets | **-** | 44,128 | **-** | - |
| Profit on disposal of investment in other financial assets | **-** | 22,188 | **-** | 22,188 |
| Other operating income | **-** | 161,586 | **-** | - |
| Government wage assistance scheme | **231,196** | - | **-** | - |
| Insurance claim receipts | **236,410** | - | **-** | - |
| Net Foreign exchange differences | **(21,019)** | 113,772 | **1,346** | 1,049 |
| Cost of goods sold - Textile | **(5,356,467)** | (6,273,847) | **-** | - |
| Cost of sales - Hotel | **(1,005,966)** | (1,411,412) | **-** | - |
| Interest expense - Banking | **(889,260)** | (730,399) | **-** | - |
| Cost of goods sold - Healthcare | **(1,164,050)** | (1,493,099) | **-** | - |
| Cost of sales - Agro & property | **(22,289)** | (35,661) | **-** | - |
| Employee benefit expenses (Note 7) | **(6,911,654)** | (6,266,003) | **-** | - |
| Management fees and services | **(66,138)** | (158,504) | **(39,862)** | (48,080) |
| Professional, legal and consultancy fees | **(65,174)** | (131,717) | **(9,168)** | (8,898) |
| Rental and leases | **(275,719)** | (785,091) | **-** | - |
| Logistics and utilities | **(1,286,712)** | (1,445,601) | **-** | - |
| Office expenses | **(284,030)** | (254,894) | **(9,407)** | (11,341) |
| Transport expenses | **(132,729)** | (168,449) | **-** | - |
| Marketing expenses | **(536,861)** | (627,711) | **-** | - |
| Repairs and maintenance | **(368,143)** | (423,297) | **-** | - |
| Social and events | **(33,341)** | (83,631) | **-** | - |
| Loss allowance on receivables and other financial assets | **(98,973)** | (128,660) | **-** | - |
| Share based compensation expense | **798** | (8,014) | **798** | (8,014) |
| Other expenses | **(744,887)** | (748,884) | **(18,997)** | (24,213) |
| | **3,131,578** | 3,373,745 | **305,754** | 265,576 |
| Increase in fair value of investment properties (Note 10) | **160,267** | 69,647 | **-** | - |
| | **3,291,845** | 3,443,392 | **305,754** | 265,576 |

(b)

| | Notes | THE GROUP **2020 MUR'000** |
|---|---|---|
| Reorganisation costs (*) | | **107,951** |
| **Impairment of financial assets** | | |
| Bad debts written off | | **238,700** |
| IFRS 9 Provisions | | **501,513** |
| | | **740,213** |
| **IFRS 9 Provisions** | | |
| Cash and cash equivalent | | **1,053** |
| Investment in securities | 25 | **288** |
| Loans to banks | 24 | **(47)** |
| Loans to customers | 23 | **303,827** |
| Trade other receivables | 20 (f) | **217,583** |
| Others | | **(21,191)** |
| | | **501,513** |

(*) Reorganisation costs comprise termination benefits on voluntary early retirement expenses of employees.

## 6. NET FINANCE COSTS

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2020 MUR' 000** | 2019 MUR' 000 | **2020 MUR' 000** | 2019 MUR' 000 |
| *Interest expense on:* | | | | |
| Bank overdrafts | **(60,800)** | (70,503) | **(1,523)** | (1,076) |
| Loans repayable by instalments | **(201,553)** | (225,383) | **-** | - |
| Bills discounted | **(15,896)** | (25,047) | **-** | - |
| Debentures | **(414,402)** | (266,390) | **-** | - |
| B shares dividend | **(6,617)** | (2,545) | **-** | - |
| Loans at call | **(87,587)** | (98,327) | **(1,912)** | (4,432) |
| Finance leases | **-** | (21,433) | **-** | - |
| Lease liabilities (Note 9 (b)) | **(283,275)** | - | **-** | - |
| Fixed rate secured notes | **(150,439)** | (103,083) | **(140,356)** | (97,158) |
| Other loans | **(34)** | (10) | **-** | (6,820) |
| Ineffective portion of cash flow hedge | **(368,929)** | - | **-** | - |
| **Finance costs** | **(1,589,532)** | (812,721) | **(143,791)** | (109,486) |
| *Interest income on:* | | | | |
| Bank balances | **47,654** | 32,138 | **11** | 668 |
| Others | - | - | **3,818** | - |
| **Finance income** | **47,654** | 32,138 | **3,829** | 668 |
| Net finance costs | **(1,541,878)** | (780,583) | **(139,962)** | (108,818) |

## 7. EMPLOYEE BENEFIT EXPENSE

| | THE GROUP | |
|---|---|---|
| | **2020 MUR' 000** | 2019 MUR' 000 |
| Wages and salaries | **5,930,465** | 5,447,585 |
| Social security costs | **355,096** | 316,955 |
| Pension costs - defined contribution plans (Note 32) | **80,896** | 71,996 |
| Pension costs - defined benefit plans (Note 32) | **68,187** | 56,127 |
| Severance | **33,161** | - |
| Other post-retirement benefits | **19,381** | 70,398 |
| Others | **424,468** | 302,942 |
| | **6,911,654** | 6,266,003 |

## 8. EARNINGS AND NET ASSET VALUE PER SHARE

| | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | | **2020** | 2019 | **2020** | 2019 |
| Basic and diluted earnings per share | | | | | |
| Profit attributable to owners | MUR' 000 | **(1,671,990)** | (860,428) | **165,186** | 155,859 |
| | | =========== | =========== | =========== | =========== |
| Weighted average number of ordinary shares | | **1,682,664,255** | 1,645,105,809 | **1,682,664,255** | 1,645,105,809 |
| | | =========== | =========== | =========== | =========== |
| (Loss)/earnings per share | MUR | **(0.99)** | (0.52) | **0.10** | 0.09 |
| | | =========== | =========== | =========== | =========== |
| Net asset value per share | | | | | |
| Owners' Interest | MUR' 000 | **11,244,236** | 12,935,181 | **10,120,412** | 11,659,640 |
| | | =========== | =========== | =========== | =========== |
| Number of shares in issue | | **1,686,751,502** | 1,660,274,000 | **1,686,751,502** | 1,660,274,000 |
| | | =========== | =========== | =========== | =========== |
| Net asset value per share | MUR | **6.67** | 7.79 | **6.00** | 7.02 |
| | | =========== | =========== | =========== | =========== |

## 9 (a) PROPERTY, PLANT AND EQUIPMENT

**Accounting policies**

Land and buildings are stated at their fair value based on periodic valuations by directors of the Group subsequent to valuation carried out by external valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Properties in the course of construction for production, administrative purposes carried at cost less any recognised impairment loss. Cost includes professional fees and for qualifying assets borrowing costs capitalised. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

| | Rate per annum |
|---|---|
| Buildings | 2% to 5% |
| Buildings on leasehold land | 2% |
| Plant, equipment and machinery | 10% to 20% |
| Motor vehicles and boats | 20% |
| Furniture, fittings and equipment | 5% to 20% |
| Farming buildings and equipment | 2.5% to 10% |
| Office, computer and other equipment | 10% to 33% |

## 9 (a) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

**Accounting policies (Cont'd)**

Land is not depreciated.

The assets' residual values, useful lives and depreciation method are reviewed, and adjusted prospectively, if appropriate at end of each reporting period. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds to carrying amount and are included in profit or loss. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

## NOTES TO THE FINANCIAL STATEMENTS- JUNE 30, 2020 (CONT'D)

### 9(a). PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| (a) The Group | Land and building at fair value MUR '000 | Assets under construction MUR '000 | Plant and machinery MUR '000 | Motor vehicles MUR '000 | Furniture fittings & equipment MUR '000 | Office & Other equipment MUR '000 | Deer farming buildings & equipment MUR '000 | Total MUR '000 |
|---|---|---|---|---|---|---|---|---|
| **COST OR VALUATION** | | | | | | | | |
| At 1 July 2019 | 22,369,095 | 338,479 | 6,106,113 | 376,612 | 3,726,748 | 662,889 | 53,446 | 33,633,382 |
| Revaluation surplus | 567,600 | - | - | - | - | - | - | 567,600 |
| Additions | 308,538 | 136,981 | 140,367 | 37,096 | 260,606 | 76,394 | 5,502 | 965,484 |
| Transfer to intangible assets (Note 11) | - | (2,024) | - | - | (356) | - | - | (2,380) |
| Transfer to right-of-use assets (Note 9(b)) | (405,614) | - | - | (13,834) | - | - | - | (419,448) |
| Transfer from leasehold rights and prepayments (Note 17) | 42,004 | - | - | - | - | - | - | 42,004 |
| Transfers | 111,659 | (252,698) | 119,782 | 3,301 | 61,832 | 726 | - | 44,602 |
| Write offs | (1,162) | - | (22,136) | (2,781) | (8,521) | (12,299) | - | (46,899) |
| Translation adjustment | 452,567 | 8,343 | 92,981 | 12,215 | 62,974 | 25,451 | - | 654,531 |
| Disposals | - | - | (37,537) | (18,317) | (1,208) | (795) | - | (57,857) |
| **At 30 June 2020** | **23,444,687** | **229,081** | **6,399,570** | **394,292** | **4,102,075** | **752,366** | **58,948** | **35,381,019** |
| **DEPRECIATION** | | | | | | | | |
| At 1 July 2019 | 1,791,992 | 4,803 | 3,864,177 | 224,470 | 2,567,648 | 471,201 | 30,253 | 8,954,544 |
| Revaluation surplus | (508,047) | - | - | - | - | - | - | (508,047) |
| Charge for the year | 451,740 | - | 320,601 | 56,266 | 280,594 | 91,084 | 2,804 | 1,203,089 |
| Transfers | - | - | - | - | 864 | 366 | - | 1,230 |
| Transfer to right-of-use assets (Note 9(b)) | (20,781) | | - | (2,190) | - | - | - | (22,971) |
| Impairment charges through P&L | 632,917 | | 45,788 | - | 56,674 | - | - | 735,379 |
| Acquisition through business combination | - | - | - | - | 36 | (86) | - | (50) |
| Write offs | (1,162) | - | (22,136) | (2,781) | (8,521) | (12,299) | - | (46,899) |
| Translation adjustment | 81,163 | - | 44,890 | 7,976 | 31,299 | 17,544 | - | 182,872 |
| Disposal adjustment | - | - | (34,295) | (15,974) | 12,485 | (569) | - | (38,353) |
| **At 30 June 2020** | **2,427,822** | **4,803** | **4,219,025** | **267,767** | **2,941,079** | **567,241** | **33,057** | **10,460,794** |
| **NET BOOK VALUES** | | | | | | | | |
| **At 30 June 2020** | **21,016,865** | **224,278** | **2,180,545** | **126,525** | **1,160,996** | **185,125** | **25,891** | **24,920,225** |

**NOTES TO THE FINANCIAL STATEMENTS- JUNE 30, 2020 (CONT'D)**

## 9(a). PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| (b) The Group | Land and building at fair value MUR '000 | Assets under construction MUR '000 | Plant and machinery MUR '000 | Motor vehicles MUR '000 | Furniture fittings & equipment MUR '000 | Office & Other Equipment MUR '000 | Deer farming buildings & equipment MUR '000 | Total MUR '000 |
|---|---|---|---|---|---|---|---|---|
| **COST OR VALUATION** | | | | | | | | |
| At 1 July 2018 | 21,934,562 | 396,523 | 5,731,782 | 367,926 | 3,508,710 | 579,200 | 57,859 | 32,576,562 |
| Revaluation surplus | 75,259 | - | - | - | - | - | - | 75,259 |
| Additions | 221,674 | 294,367 | 277,200 | 44,576 | 226,824 | 94,979 | 3,507 | 1,163,127 |
| Transfer to investment properties | (28) | - | - | - | - | - | - | (28) |
| Transfers | 184,395 | (345,318) | 146,190 | 1,532 | 16,212 | 4,909 | (7,920) | - |
| Write offs | (24,258) | (284) | (4,986) | (732) | (19,923) | (622) | - | (50,805) |
| Translation adjustment | (6,101) | (5,678) | (17,123) | (3,712) | 13,950 | (7,503) | - | (26,167) |
| Disposals | (16,408) | (1,131) | (26,950) | (32,978) | (19,025) | (8,074) | - | (104,566) |
| At 30 June 2019 | 22,369,095 | 338,479 | 6,106,113 | 376,612 | 3,726,748 | 662,889 | 53,446 | 33,633,382 |
| **DEPRECIATION AND IMPAIRMENT** | | | | | | | | |
| At 1 July 2018 | 1,005,698 | 4,803 | 3,542,580 | 208,147 | 2,265,768 | 403,602 | 29,143 | 7,459,741 |
| Revaluation surplus | 9,305 | - | - | - | - | - | - | 9,305 |
| Charge for the year | 388,570 | - | 322,942 | 51,533 | 267,010 | 77,902 | 2,697 | 1,110,654 |
| Transfers | 1,675 | - | 1,276 | (4) | (1,353) | (7) | (1,587) | - |
| Write offs | (24,153) | - | (4,986) | (732) | (16,404) | (618) | - | (46,893) |
| Impairment charges through P&L | 40,988 | - | 23,016 | - | 46,699 | - | - | 110,703 |
| Impairment charges through OCI | 393,238 | - | - | - | - | - | - | 393,238 |
| Translation adjustment | (22,400) | - | (7,286) | (2,133) | 10,814 | (5,093) | - | (26,098) |
| Disposal adjustment | (929) | - | (13,365) | (32,341) | (4,886) | (4,585) | - | (56,106) |
| At 30 June 2019 | 1,791,992 | 4,803 | 3,864,177 | 224,470 | 2,567,648 | 471,201 | 30,253 | 8,954,544 |
| **NET BOOK VALUES** | | | | | | | | |
| **As at 30 June 2019** | 20,577,103 | 333,676 | 2,241,936 | 152,142 | 1,159,100 | 191,688 | 23,193 | 24,678,838 |

## 9(a). PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) If the land and building, were stated on the historical cost basis, the carrying amounts would be as follows:

| | THE GROUP | |
|---|---|---|
| | **2020** | 2019 |
| | **MUR '000** | MUR '000 |
| Net book value | **13,310,983** | 13,021,253 |
| | ========= | ========= |

(d) Leased assets included above also comprise the following:

| | THE GROUP | | | |
|---|---|---|---|---|
| | **Plant & machinery** | **Motor vehicles** | **Furniture & fittings** | **Total** |
| | **MUR '000** | **MUR '000** | **MUR '000** | **MUR '000** |
| Cost - capitalised finance leases | 126,529 | 13,793 | 1,606 | 141,928 |
| Accumulated depreciation | (21,369) | (13,178) | (709) | (35,256) |
| | --------- | --------- | --------- | --------- |
| Net book amount as at 30 June 2019 | 105,160 | 615 | 897 | 106,672 |
| Impact of IFRS 16 | **(105,160)** | **(615)** | **(897)** | **(106,672)** |
| | --------- | --------- | --------- | --------- |
| Adjusted value as at 30 June 2020 | - | - | - | - |
| | ========= | ========= | ========= | ========= |

(e) Fair value of land and buildings

The Group carries its land and buildings at fair value. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and shown in 'revaluation surplus' in statements of changes in equity.

Details of the Group's land and buildings measured at fair value and information about the fair value hierarchy as at 30 June 2020 are as follows:

| | THE GROUP | | | |
|---|---|---|---|---|
| | **2020** | | 2019 | |
| | **Level 2** | **Level 3** | Level 2 | Level 3 |
| | **MUR '000** | **MUR '000** | MUR '000 | MUR '000 |
| Land and Building | **3,078,720** | **17,938,145** | 2,900,893 | 17,676,210 |
| | --------- | --------- | --------- | --------- |
| | **3,078,720** | **17,938,145** | 2,900,893 | 17,676,210 |
| | ========= | ========= | ========= | ========= |

The Group's main land and buildings were last revalued on 30 June 2020 and 2019.

## 9(a). PROPERTY, PLANT AND EQUIPMENT (CONT'D)

**Hotel segment**

The hotel segment's policy is to revalue its freehold land and buildings at least every three years and the last revaluation was conducted on 30 June 2018. A revaluation exercise was carried out on 30 June 2020 in order to align with the financial year of revaluation of properties of its parent company, CIEL Limited. The Chartered Valuers, Elevante Property Services Ltd and Jones LaSalle ("JLL"), revalued the freehold land and buildings in Mauritius and Maldives respectively. A revaluation adjustment was accounted for those properties where there is no indication of impairment of the cash generating units.

Freehold land have been valued taking into consideration comparable sales evidences. Sales prices of comparable land in close proximity were adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre. The basis of valuation in estimating the market value has been undertaken in accordance with the principles set out by the International Valuation Standards Committee as per the International Valuation Application 1 (IVA 1) which deals with Valuation for Financial Reporting and which is to be used in the context of International Financial Reporting Standards (IFRSs) published by the International Accounting Standards Board (IASB). The buildings, structures and site improvement have been valued on a depreciated replacement cost basis taking into consideration their replacement cost, with adjustments being made for age and condition.

The following summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements:

| | Valuation technique and key inputs | Sensitivity used | Effect on fair value 2020 MUR '000 | Effect on fair value 2019 MUR '000 |
|---|---|---|---|---|
| Leasehold land improvement & buildings | Depreciated replacement cost approach | 1% increase in current cost of replacing property | **118,053** | 122,998 |
| | | 1% decrease in current cost of replacing property | **(118,053)** | (122,998) |
| Site improvements | Depreciated replacement cost approach | 1% increase in current cost of replacing property | **6,271** | 4,846 |
| | | 1% decrease in current cost of replacing property | **(6,271)** | (4,846) |

**Impairment of property, plant and equipment within the Hotel segment**

During the year, the Hotel segment has impaired its non-financial assets by MUR 759.6M in view of the downward medium-term trading expectations caused by the global Covid-19 pandemic.

Management has used judgements in its assumptions based on unprecedented set of circumstances from the Covid-19. These judgements are based on the current market conditions as at date. The future impact of the pandemic is still uncertain and may further impact on the projection.

| Impairment of property, plant and equipment | Cash generating unit/ Company | Reportable segment | Statements of Profit or loss MUR '000 |
|---|---|---|---|
| - Property, plant and equipment | Kanuhura Resort | Maldives | 627,149 |
| - Property, plant and equipment | Kanuhura Resort | Maldives | 15,433 |
| - Property, plant and equipment | Ambre Resort Ltd | Mauritius | 92,797 |
| | | | **735,379** |

** Above impairment charges exclude the taxation impact*

## 9(a). PROPERTY, PLANT AND EQUIPMENT (CONT'D)

**Impairment of property, plant and equipment within the Hotel segment (Cont'd)**

**(i) Kanuhura**

The recoverable amount has been determined by calculating the value-in-use using a discounted cash flow model ("DCF"). The value-in-use calculation was determined based on the discounted cash flow model which resulted in an enterprise value of USD 46.7M (MUR 2,263M). Based on this assessment, impairment losses allocated to property, plant and equipment and operating equipment were USD 15.7M (MUR 627.1M) and USD 0.4M (MUR 15.4M) respectively.

In order to reflect the cash flow impact of the collapse in demand caused by the Covid-19 pandemic, management has assumed the following:

- the expected future net cash flows for five years have been discounted and added to the discounted estimated terminal value.
- A 31% reduction in revenue for the financial year 2021. Cash flow projections for the financial year 2022 reflect an ADR growth of 8% with an occupancy of 52%.
- Management assumed that, in financial year 2022, the resort will be trading at similar occupancy levels achieved in the financial year 2019. The annual growth rate applied to the cash flow forecasts for the 2023 to 2025 financial years ranged between 3% and 8%.
- The weighted average cost of capital ("WACC") utilised in the valuation was 10%.
- The terminal growth rate applied is 3% for the Mauritian and Maldivian properties.

**(ii) Ambre Resort Ltd**

During the year ended 30 June 2020, the assets of Ambre Resort Ltd were impaired by MUR 92.8M primarily due to downward projections of the resort's profitability over the remaining years of the lease. The value-in-use calculation was determined based on the discounted cash flow model which resulted in an enterprise value of MUR 140M at 30 June 2020.

The Group used a number of assumptions and judgements in determining the value-in-use of Ambre's operation, as follows:

- the expected future net cash flows for the remaining years of the lease have been discounted and added to the discounted estimated terminal value.
- management has assumed a 53% reduction in operating revenue for the financial year 2021 as compared to a normal activity level. For financial year 2022, a growth of 10% has been considered as compared to preceding year.
- an occupancy rate of 40% has been considered in financial year 2021 to reach an average of 54% by financial year 2023.
- The expected opening of the resort is assumed to be in the second half of the financial year 2021.

**Textile segment**

The textile segment engages external, independent and qualified valuers to determine the fair value of its land and buildings on a regular basis. The last valuation was performed during the year ended June 30, 2020 and the fair value of the land and buildings has been determined by CDDS Land Surveyors and Property Valuer; Ratsimbazafy Ihanta Evelyne; Kumar & Associates, S. Pichaiya & associates and Jorip O Paridarshan Company Limited held in Mauritius, Madagascar, India and Bangladesh respectively.

The external valuations of level 3 land and buildings have been performed using:

(i) a sales comparison approach, or
(ii) replacement cost less depreciation approach.

Given that there are limited or no similar sites in the vicinity in which the land and buildings of the segment are located, the external valuers have determined the inputs based on the size, age and condition of the land and buildings, the state of the local economy and comparable prices where relevant.

A slight increase in the depreciation factor would result in a significant decrease in the fair value of the buildings and a slight increase in the estimated construction costs would result in a significant increase in the fair value of the buildings and vice versa.

## NOTES TO THE FINANCIAL STATEMENTS- JUNE 30, 2020 (CONT'D)

### 9(a). PROPERTY, PLANT AND EQUIPMENT (CONT'D)

**Information about fair value measurements for the textile cluster using significant unobservable inputs (Level 3)**

| Description | Fair Value at 30 June | | Valuation techniques | Unobservable inputs | Range of Unobservable Inputs (Probability-weighted average) and Relationship of Unobservable Inputs to Fair Value | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|
| | **2020** | 2019 | | | | |
| | **MUR'000** | MUR'000 | | | | |
| Manufacturing sites – Mauritius | **1,400,631** | 1,293,631 | Sales comparison and replacement cost less depreciation approach | Price per square metre | Rs.1,186 - Rs.1,895/square metre (land) and Rs.450 - Rs.128,000/ square metre (buildings) | The higher the price per square metre, the higher the fair value |
| Manufacturing sites – Madagascar | **575,312** | 405,229 | | | MGA 45,000 - MGA 1,065,000/ square metre (land) and MGA 30,090 - MGA 1,102,200 (buildings) | The higher the price per square metre, the higher the fair value |
| Manufacturing sites – Asia | **742,606** | 651,386 | Sales comparison and replacement cost less depreciation approach | 1 bigha equivalent to 33 decimals and square feet for land and square feet for building | Tk. 1,742,424 / decimal for the land and Tk.850-Tk.1,450 per sq.ft for the building. INR.12,500,000/acre for land and INR.1,800 per sq.ft for the building. INR 3,250,000/acre for land and INR.432-INR.19,250 per sqm for the building | The higher the price per bigha/square feet, the higher the fair value |
| | **2,718,549** | 2,350,246 | | | | |

There were no transfer between level 1, 2 and 3 during the year.

## 9(a). PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### Ferney Limited

The Company's land was last revalued in 2020 by CDDS Land Surveyors and Property Valuer, an independent professionally qualified valuer. The revaluation surplus was credited to revaluation reserves in shareholders' equity.
The land is classified as level 3 on the fair value hierarchy.

| Significant valuation input: | Fair value MUR'000 | Range MUR'000 |
|---|---|---|
| Price per hectare - land | **1,106,800** | **533 – 14,215** |
| | ========= | ========== |

The range relates to hunting ground, sugar cane fields, land surrounding the factory and fallow land. The higher the price per hectare, the higher the fair value.

### Banking segment

At 30 June 2020, an independent valuation was performed by an independent qualified valuer, Razafindratandra Eric for land and buildings located at the headquarters in Madagascar. The properties were valued at MUR 771M. The external valuations have been performed using sales comparison approach and depreciated replacement cost basis. The directors have reassessed the values at 30 June 2020 and considered that the carrying value reflect the fair value.

### Healthcare segment

The revalued land and buildings consist of office and clinic premises. Management determined that these constitute one class of assets under IFRS 13 based on the nature, characteristics and risks of the property.

The C-Care Group performed a valuation of land and building in June 2020. This was carried out by an independent valuer Noor Dilmohamed & Associates, Certified Practising Valuer, who has the appropriate qualification and experience in the fair value measurement of properties in the relevant location. Valuation is performed by the valuer using on-market comparable method, i.e. it is based on latest available market prices, significantly adjusted for difference in nature, location or condition of the specific property.

The IMG Group engaged MET Property Consults, an independent valuer to value its properties in June 2020. The valuation has been performed by the valuer using the sales comparison method of valuation, i.e. looking at similar type properties up for sale along with the depreciated replacement cost method of valuation by calculating the values of the building and other improvement as determined by the present day replacement cost of putting up a similar and functional structure ready to provide same facilities at same place but depreciating them accordingly.

The land is classified as level 2 and buildings are classified as level 3 on the fair value hierarchy. The main inputs used in the valuation approach ranged as follows:

| Description | Fair value at June 30, | | Valuation technique | Unobservable inputs | Range of unobservable inputs (probability - weighted average) | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|
| | **2020** | 2019 | | | | |
| | **MUR '000** | MUR '000 | | | | |
| Land & Building | **736,605** | 626,648 | Replacement cost less depreciation approach | Price per square metre | MUR 3,000 – MUR 28,500 per square metre | The higher the price per square metre, the higher the fair value |

## 9(a). PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### Healthcare segment (Cont'd)

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis at 30 June 2020 and 2019 are shown below:

| | Valuation technique(s) and key inputs | Sensitivity used | Effects on fair value | |
|---|---|---|---|---|
| | | | **2020** | 2019 |
| | | | **MUR '000** | MUR '000 |
| Land | on-market comparable | 1% increase in price | **1,782** | 1,489 |
| | | 1% decrease in price | **(1,782)** | (1,489) |
| Building | on-market comparable | 1% increase in price | **5,553** | 4,777 |
| | | 1% decrease in price | **(5,553)** | (4,777) |
| The land and buildings is categorised as follows: | | | | |
| Freehold land | | | **178,170** | 148,937 |
| Buildings | | | **558,435** | 477,711 |
| | | | **736,605** | 626,648 |

## 9(b). RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and lease term on a straight-line basis.

### Textile

The textile segment leases various offices, warehouses and factories. Rental contracts are typically made for fixed periods of 1 to 10 years but may have extension options. Extension and termination options are included in a number of property leases across the segment. These are used to maximise operational flexibility in terms of managing the assets used in the segment's operations. The majority of extension and termination options held are exercisable only by the Textile segment and not by the respective lessor.

Contracts may contain both lease and non-lease components. The segment allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the segment is a lessee, it has elected not to separate lease and non-lease components and instead account for these as a single lease component.

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

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

### Healthcare

The Healthcare Segment leases various buildings and motor vehicles. The contract duration ranges from 6 months to 50 years. The discount rate used is 7.631% for C-Care for the main lease, being the land and building at Wellkin, and between 6% - 17.22% for IMG Group.

### 9(b). RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

**Hotel**

Lease liabilities relate to:

- The right-of-use of property, plant and equipment with an average duration varying between 4 and 5 years and for which the Group has the option to purchase the asset for a nominal amount at the expiry of the lease arrangements; and
- Leases of rooms under the Invest Hotel Scheme which run for a period between 52 and 59 years. At 1 July 2019, the lease liabilities of rooms under the Invest Hotel Scheme have been reclassified to lease liabilities on right-of-use assets.

The Group's leases are secured by the lessors' title to the leased assets.

The incremental borrowing rate on lease liabilities ranged from **5.35% to 7.05%** (2019: 5%).

**Banking**

The Group has leases for buildings and motor vehicles. Leases have remaining lease terms between 1 and 7 years, some of which may include options to extend the leases for up to 3 years, and some of which may include options to terminate the leases within 1 year.

**THE GROUP**

Right-of-use assets

| | Land and Buildings | Motor Vehicles | Others | Total |
|---|---|---|---|---|
| | MUR '000 | MUR '000 | MUR '000 | MUR '000 |
| Right-of-use assets, 1 July 2019 | - | - | - | - |
| Impact of IFRS 16 | 2,694,237 | 23,558 | 20,479 | 2,738,274 |
| Restated balance as at 1 July 2019 | 2,694,237 | 23,558 | 20,479 | 2,738,274 |
| Additions | 2,497 | 5,593 | - | 8,090 |
| Transfer from leasehold rights and land prepayments (Note 17) | 235,331 | - | - | 235,331 |
| Transfer from property, plant and equipment (Note 9(a)) | 384,833 | 11,644 | - | 396,477 |
| Depreciation | (163,609) | (11,845) | (4,294) | (179,748) |
| Translation adjustments | 50,033 | - | - | 50,033 |
| **Right-of-use assets, 30 June 2020** | 3,203,322 | 28,950 | 16,185 | 3,248,457 |

Lease liabilities

| | 2020 | 2019 |
|---|---|---|
| | MUR '000 | MUR '000 |
| Lease liabilities: | | |
| Current | 233,287 | - |
| Non-current | 3,536,529 | - |
| | 3,769,816 | - |
| The statement of profit or loss shows the following amounts relating to leases: | | |
| Depreciation of right-of-use assets | 179,748 | - |
| Interest on lease liabilities | 283,275 | - |
| **Total lease cost** | 463,023 | - |
| The total cash outflow for leases was as follows: | | |
| **Supplemental Cash Flows Information** | | |
| Repayment of lease liabilities | 290,048 | - |
| Other information: | | |
| Weighted Average Remaining Lease Term | 4.56 | - |

## 10. INVESTMENT PROPERTIES

**Accounting policies**

Investment properties, held to earn rentals or for capital appreciation or both and not occupied by the Group are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, representing open-market value as determined periodically by the directors subsequent to the valuation carried out by external valuer. Changes in fair values are included in profit or loss. When the use of property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

| | THE GROUP | |
|---|---|---|
| Fair value model | **2020 MUR '000** | 2019 MUR '000 |
| At 1 July | **1,611,573** | 1,548,101 |
| Additions | **1,670** | 1,875 |
| Disposals | **(3,620)** | - |
| Transfer from land & buildings (Note 9(a)) | **-** | 28 |
| Increase in fair value | **160,297** | 69,647 |
| Exchange differences | **10,395** | (8,078) |
| At 30 June | **1,780,315** | 1,611,573 |

The investment properties relate mainly to those of BNI Madagascar and Ferney Limited.

(a) The investment properties of BNI Madagascar of MUR 187M is discounted based on the future evolution of the zone in which the properties are found, the surrounding constructions access to infrastructure and the topography of the land.

(b) Valuation inputs and relationships to fair value

| | |
|---|---|
| Valuation model | Replacement Cost |
| Unobservable inputs | Obsolescence Rate/ Unobservable sale price per square meter |
| Range of inputs | **15.27% - 76.89%** (2019: 10% - 66.58%) |

(c) Sensitivity analysis

A 5% increase or decrease in the obsolescence rate would lead to a decrease/increase of **MUR 9.3M** (2019: MUR 8.5M) in the fair value of investment properties.

(d) The investment properties of Ferney Limited comprise sugarcane land and agricultural land held for rental purposes and they were valued by CDDS Land Surveyors and Property Valuer, an independent and professionally qualified valuer, in 2020. The valuation of land was derived using the sales comparison approach by reference to land transactions in the vicinity.

The investment properties are classified as level 3 on the fair value hierarchy.

**2020**

| *Significant valuation input:* | **Fair value MUR '000** | **Range MUR '000** |
|---|---|---|
| Price per hectare - land | **1,451,820** | **533 – 17,769** |

2019

| Significant valuation input: | Fair value MUR'000 | Range MUR'000 |
|---|---|---|
| Price per hectare - land | 1,333,119 | 949 – 9,447 |

## 11. INTANGIBLE ASSETS

**Accounting policies**

*Goodwill*

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Goodwill is tested annually for impairment. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

Goodwill is allocated to cash generating units for the purpose of impairment testing. Any impairment is presented separately on the face of the statement of profit or loss and other comprehensive income.

*Computer software*

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight-line method over their estimated useful lives (4 - 5 years).

Costs associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software controlled by the Group and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs, recognised as assets, are amortised over their estimated useful lives, not exceeding 3 years.

| (a) The Group | Computer Software MUR '000 | Development Cost MUR '000 | Goodwill MUR '000 | Total MUR '000 |
|---|---|---|---|---|
| **COST** | | | | |
| At 1 July 2019 | 694,180 | 6,190 | 1,436,542 | 2,136,912 |
| Additions | 35,164 | 509 | - | 35,673 |
| Transfer from plant & equipment (Note 9(a)) | 942 | 1,438 | - | 2,380 |
| Translation adjustment | 23,421 | 415 | - | 23,836 |
| Impairment charge for the year | - | - | (128,058) | (128,058) |
| Write offs | (11,443) | - | - | (11,443) |
| At 30 June 2020 | 742,264 | 8,552 | 1,308,484 | 2,059,300 |
| **AMORTISATION** | | | | |
| At 1 July 2019 | 396,854 | 4,754 | 33,032 | 434,640 |
| Charge for the year | 96,465 | 30 | - | 96,495 |
| Translation adjustment | 15,337 | 341 | (675) | 15,003 |
| Write offs | (11,443) | - | - | (11,443) |
| At 30 June 2020 | 497,213 | 5,125 | 32,357 | 534,695 |
| **NET BOOK VALUES** | | | | |
| At 30 June 2020 | 245,051 | 3,427 | 1,276,127 | 1,524,605 |

## 11. INTANGIBLE ASSETS (CONT'D)

| (a) The Group (cont'd) | Computer Software MUR '000 | Development Cost MUR '000 | Goodwill MUR '000 | Total MUR '000 |
|---|---|---|---|---|
| **COST** | | | | |
| At 1 July 2018 | 644,591 | 6,476 | 3,284,974 | 3,936,041 |
| Additions | 75,435 | - | - | 75,435 |
| Disposal | (8,625) | - | (5,962) | (14,587) |
| Translation adjustment | (17,221) | (286) | 34,816 | 17,309 |
| Impairment charge | - | - | (1,877,286) | (1,877,286) |
| At 30 June 2019 | 694,180 | 6,190 | 1,436,542 | 2,136,912 |
| **AMORTISATION** | | | | |
| At 1 July 2018 | 314,377 | 5,008 | 33,032 | 352,417 |
| Charge for the year | 92,234 | 28 | - | 92,262 |
| Translation adjustment | (4,429) | (282) | - | (4,711) |
| Write offs | (5,328) | - | - | (5,328) |
| At 30 June 2019 | 396,854 | 4,754 | 33,032 | 434,640 |
| **NET BOOK VALUES** | | | | |
| At 30 June 2019 | 297,326 | 1,436 | 1,403,510 | 1,702,272 |

The breakdown of the goodwill is:

| | **2020 MUR '000** | 2019 MUR '000 |
|---|---|---|
| Hotel Segment | **225,024** | 225,016 |
| Healthcare Segment | **798,149** | 925,539 |
| Finance Segment | **252,955** | 252,955 |
| | **1,276,128** | 1,403,510 |

The breakdown of the impairment charge accounted for in 2020 is as follows:

| | **MUR '000** |
|---|---|
| Healthcare segment – IMG Group | **128,058** |

## 11. INTANGIBLE ASSETS (CONT'D)

**Healthcare Segment**

Goodwill has been allocated for impairment testing purposes to the following cash generating units:

| | | **2020 MUR '000** | 2019 MUR '000 |
|---|---|---|---|
| IMG Group | (i) | **207,203** | 335,261 |
| C-Care Group: | | | |
| Ex-Medical and Surgical Company Ltd | (ii) | **240,379** | 240,379 |
| Wellkin Hospital | (iii) | **343,059** | 343,059 |
| Department of Cardiac Sciences and Critical Care | (iv) | **7,508** | 7,508 |
| | | **798,149** | 926,207 |

(i) IMG Group

The recoverable amount of this cash-generating unit is determined based on the fair value less costs to sell calculations. These calculations use cash flow projections based on financial budgets and forecasts approved by management. Fair value was determined by using an appropriate discount rate to discount future cash flows generated from IMG Group. The discount rate calculation is based on specific circumstances of the cash generating units and a rate of **15.7%** (2019:16.1%) has been estimated. The terminal value has been computed by capitalising the net income prevailing at the end of the cash flow projections, using a growth rate of **4.7%** (2019: 5%) and discounting at an appropriate rate.

| *Sensitivity to changes in assumptions – IMG Group* | **2020 MUR '000** | 2019 MUR '000 |
|---|---|---|
| Discount factor +0.5% point | **(26,000)** | (24,000) |
| Discount factor -0.5% point | **29,000** | 26,000 |
| Terminal growth rate +0.5% point | **4,300** | 18,000 |
| Terminal growth rate -0.5% point | **(3,900)** | (16,000) |

Management has used its past experience in determining the value of each assumption. As a result of the analysis, management identified an impairment in the goodwill of IMG Group of **MUR 128M** (2019: MUR 141M).

(i) Ex-Medical and Surgical Company Ltd

The recoverable amount of the cash-generating unit for the balance of Rs 240m has been determined based on quoted share price. The share price increased from MUR 2.84 as at 30 June 2019 to MUR 4.34 as at 30 June 2020. A change of share price of 0.5% will not trigger any impairment of this goodwill.

(ii) Wellkin Hospital

The recoverable amount of the cash-generating units for the balance of Rs 343m has been determined based on the fair value less cost to sell. These calculations use cash flow projections based on financial budgets approved by senior management covering a five-year period. The discount rate applied to the cash flow projections is **8.86%** (2019: 8.9%).

## 11. INTANGIBLE ASSETS (CONT'D)

| | 2020 MUR '000 | 2019 MUR '000 |
|---|---|---|
| *Sensitivity to changes in assumptions – Wellkin Hospital* | | |
| Discount factor +0.5% point | **(156,000)** | (154,000) |
| Discount factor -0.5% point | **183,000** | 189,000 |
| Terminal growth rate +0.5% point | **143,000** | 159,000 |
| Terminal growth rate -0.5% point | **(123,000)** | (130,000) |

(iii) Department of Cardiac Sciences and Critical Care

The recoverable amount of Department of Cardiac Sciences and Critical Care Cash Generating Unit of Rs7.5M has been determined based on its fair value less cost to sell. These calculations use cash flow projections based on financial budgets approved by senior management covering a five-year period. The discount rate applied to the cash flow projections is **8.86%** (2019: 10.2%). Management has used its past experience in determining the value of each assumption. As a result of the analysis, management did not identify any impairment.

| | 2020 MUR '000 | 2019 MUR '000 |
|---|---|---|
| *Sensitivity to changes in assumptions* – Department of Cardiac Sciences | | |
| Discount factor +0.5% point | **(6,000)** | (6,000) |
| Discount factor -0.5% point | **24,000** | 24,000 |
| Terminal growth rate +0.5% point | **7,000** | 7,000 |
| Terminal growth rate -0.5% point | **(7,000)** | (7,000) |

**Finance segment**

Impairment tests for goodwill

A segment-level summary of the goodwill allocation is presented below.

| | 2020 MUR '000 | 2019 MUR '000 |
|---|---|---|
| Indian Ocean Financial Holdings Limited (Group) | **163,378** | 71,381 |
| Investment Professionals Ltd | **19,062** | 14,428 |
| Mitco Group Limited | **258,674** | 166,478 |
| | **441,114** | 252,287 |

Goodwill is attributable to the above-named companies' strong position and profitability in their respective market and to their workforce. The Group tests whether goodwill has suffered any impairment on an annual basis. For 2020 and 2019 reporting periods, the recoverable amount of the cash generating units (CGUs) was determined based on future cash flows which require the use of assumptions.

## 11. INTANGIBLE ASSETS (CONT'D)

**Finance segment (Cont'd)**

| 2020 | BNI Madagascar SA | Investment Professionals Limited | MITCO Group Limited |
|---|---|---|---|
| Risk-free rate (%) | **11.00%** | **3.79%** | **3.79%** |
| Equity beta | **1.00** | **0.76** | **0.76** |
| Specific risk premium (%) | **4.00%** | **1.00%** | **1.00%** |
| Equity market risk premium (%) | **7.30%** | **7.58%** | **7.58%** |
| Weighted Average Cost of Capital (%) | **22.30%** | **10.31%** | **10.31%** |
| Growth (%) | **3.00%** | **3.00%** | **3.00%** |
| Model | **Dividend Discount Model** | **Dividend Discount Model** | **Dividend Discount Model** |
| Number of years | **4** | **3** | **3** |
| 2019 | | | |
| Risk-free rate (%) | 11.00% | 5.95% | 5.95% |
| Equity beta | 1.00 | 0.73 | 0.73 |
| Specific risk premium (%) | 4.00% | 1.00% | 1.00% |
| Equity market risk premium (%) | 7.30% | 8.18% | 8.18% |
| Weighted Average Cost of Capital (%) | 22.30% | 12.65% | 12.65% |
| Growth (%) | 3.00% | 3.00% | 3.00% |
| Model | Dividend Discount Model | Dividend Discount Model | Dividend Discount Model |
| Number of years | 4 | 3 | 3 |

Management has determined the values assigned to each of the above key assumptions as follows:

| Assumption | Approach used to determine values |
|---|---|
| Risk-free rate (%) | Reflects the risk-free rate applicable to the country, for instance, the 10-year (2019: 15-year) bond rate. |
| Equity beta | Volatility of a stock compared to the market. Applicable rate in country used. |
| Specific risk premium (%) | Return in excess of the risk-free rate that an asset is supposed to yield based on country in which the investment operates as well as its segment. |
| Weighted Average Cost of Capital (%) | Firm's cost of capital and is not determined by management but rather by external factors. However, this is validated against the general risk appetite framework put in place by the controlling shareholder. |
| Growth (%) | Based on forecasts and business plans of the investee company |

(c) Significant estimate: Impact of possible changes in key assumptions

| 2020 | BNI Madagascar SA | Investment Professionals Ltd | Mitco Group Limited |
|---|---|---|---|
| Weighted Average Cost of Capital (%) | **+ 5%** | **+ 5%** | **+ 5%** |
| Impact on Goodwill | **Nil** | **Nil** | **(MUR 85M)** |
| 2019 | | | |
| Weighted Average Cost of Capital (%) | + 5% | + 5% | + 5% |
| Impact on Goodwill | Nil | Nil | (MUR 58M) |

## 11. INTANGIBLE ASSETS (CONT'D)

**Hotel segment**

Goodwill has been allocated for impairment testing purposes to the following CGUs:

| | THE GROUP | |
|---|---|---|
| | **2020** | 2019 |
| | **MUR '000** | MUR '000 |
| Hotel property CGU - Anahita Hotel Limited | **223,689** | 223,689 |
| Tour operator CGU | **1,335** | 1,327 |
| | **225,024** | 225,016 |

The directors have concluded that the above goodwill was not impaired as at 30 June 2020. In the previous year, the Group had already booked an impairment charge of MUR 1.8Bn on the hotel segment, arising from the intense competition in the Maldives.

The value in use calculation was determined based on the discounted cash flow model, which resulted in an impairment of MUR 1.7Bn and MUR 325.6M allocated to goodwill and property, plant and equipment respectively.

The Group has used a number of assumptions and judgements in determining the value in use of the Maldives operations, as follows:

- the expected future net cash flows for five years have been discounted and added to the discounted estimated terminal value.
- the pre-tax adjusted discount rate used in the most recent value in use in the year ended 30 June 2019 calculation was 13.9% (2018: 13.1%) which was based on the specific circumstances of the CGU.
- the terminal value has been computed by capitalising the net income prevailing at the end of the cash flow projections, using a perpetual growth rate of 3%.
- the ADR is expected to grow at a compounded annual growth rate (CAGR) of 3% per annum from USD 721 in financial year 2020.
- an occupancy rate of 60% has been considered in financial year 2020 to reach 75% by financial year 2024.
- these forecasts are based on past experience adjusted to incorporate the expected share of the tourists arrivals and room price.

## 12. INVESTMENTS IN SUBSIDIARY COMPANIES

**Accounting policies**

*Separate financial statements*
In the separate financial statements of the investor, investments in subsidiary companies are carried at fair value. On adoption of IFRS 9, the Group made an irrevocable election at the time of initial recognition to account for equity investments at fair value through OCI ('FVOCI'). There is no subsequent reclassification of fair value gains and losses to profit and loss following the derecognition of these investments. On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

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

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

## 12. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

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

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

*Transactions with non-controlling interests*
The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

*Fair value hierarchy*
This section explains the judgements and estimates made in determining fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its investments in subsidiaries into the three levels prescribed under the accounting standards.

| (a) The Company | MUR '000<br>Level 1 | MUR '000<br>Level 2 | MUR '000<br>Level 3 | MUR '000<br>Total |
|---|---|---|---|---|
| **VALUATION** | | | | |
| At 1 July 2019 | **-** | **7,461,244** | **6,544,053** | **14,005,297** |
| Additions | **278,013** | **-** | **392,451** | **670,464** |
| Fair value adjustment | **218,751** | **(1,876,214))** | **(89,381)** | **(1,746,844)** |
| Transfers | **-** | **(4,162,359)** | **4,162,359** | **-** |
| At 30 June 2020 | **496,764** | **1,422,671** | **11,009,482** | **12,928,917** |
| **VALUATION** | | | | |
| At 1 July 2018 | 4,324,177 | 4,858,755 | 6,822,948 | 16,005,880 |
| Additions | 204,032 | - | - | 204,032 |
| Redemption | - | - | (45,060) | (45,060) |
| Fair value adjustment | (365,850) | (1,559,870) | (233,835) | (2,159,555) |
| Transfers | (4,162,359) | 4,162,359 | - | - |
| At 30 June 2019 | - | 7,461,244 | 6,544,053 | 14,005,297 |

(i) On 21 May 2020, the Group acquired an additional 50 percent interest in Laguna Clothing LLP for MUR 256.7M in cash, increasing its ownership from 50% to 100%. The carrying amount of Laguna Clothing LLP's net assets in the consolidated financial statements on the acquisition was MUR 282.4m. The Group recognised a decrease in non-controlling interests of MUR 282.7M and an increase in retained earnings of MUR 25.8M.

(ii) On 01 January 2020, the Group acquired an additional interest of 2.07% in Mitco Group Ltd for MUR 46.86M in cash, increasing its ownership from 61.21% to 63.28%. The carrying amount of Mitco Group Ltd net assets in the consolidated financial statements on the acquisition was MUR 71.1M. The Group recognised a decrease in non-controlling interest of MUR 1.11M and a decrease in retained earnings of MUR 0.64M.

**12. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)**

(iii) On 8 July 2019, CIEL Limited has acquired 114,461,596 shares in C-Care (Mauritius) Ltd at MUR 2.39 per share, for a total consideration of MUR 273.6 M, net of transaction costs of MUR 2M, payable in cash. CIEL's shareholding in C-Care (Mauritius) Ltd amounts to 20.08%. CIEL Healthcare Limited, CIEL Limited's subsidiary, has acquired 50,209,205 no par value ordinary shares of C-Care (Mauritius) Ltd. and CIEL Healthcare Limited's shareholding has increased from 58.60% to 67.41%. CIEL Limited has injected MUR 64.0M to maintain its shareholding of 53.03% in CIEL Healthcare Limited. The implication on the consolidated statement of change in equity was to reduce the non-controlling interest by MUR 200.9M and the retained earnings by MUR 141M.

(iv) On 4 July 2019, CIEL Limited has acquired an additional 5,973,635 shares in CIEL Textile Limited ("CTL") at MUR 44 per share, for a total consideration of MUR 262.8M, net of transaction costs of MUR 3.5M, payable 50% in cash and 50% in shares of CIEL Limited, the latter being equivalent to 19,911,846 new ordinary shares. On 6 August 2020 CIEL Limited has acquired 1,234,880 share in CIEL Textile Limited at MUR 44 per share, for a total consideration of MUR 54.3M, payable 50% in cash and 50% in shares. This increased CIEL Limited's shareholding in CIEL Textile Limited from 92.92% to 100%. The implication on the consolidated statement of change in equity was to reduce the non-controlling interest by MUR 309.3M and the retained earnings by MUR 13M. The admission of CIEL Textile Limited was subsequently cancelled from the Development & Enterprise Mauritius ('DEM').

(v) On 15 May 2019, CIEL Limited acquired an additional 4,512,043 shares in CIEL Textile Limited at MUR 44 per share, for a total consideration of MUR 198.5M, net of transaction costs of MUR 5.55M, payable 50% in cash and 50% in shares of CIEL Limited, the latter being equivalent to 15,040,148 new ordinary shares. This increases CIEL Limited's shareholding in CIEL Textile Limited from 88.48% to 92.92%. The implication on the statement of change in equity was to reduce the non-controlling interest by MUR 194M and the retained earnings by MUR 10M.

**Specific valuation techniques used to value the Company's investments include:**

Level 1 investments - Unadjusted quoted prices have been used to value these investments.

Level 2 investments - The quoted prices, adjusted by a 10% premium has been used to value investments. This is explained by the fact that the Company holds a controlling stake in those subsidiaries and would expect to offer such a premium, should it wish to acquire more shares in these entities. This premium falls within the range of those offered on previous similar transactions.

Where appropriate, recent transaction price has been used to fair value investments.

Level 3 investments - The net asset value has been used to value the level 3 investments. These represent intermediate investment holding companies, which have also accounted for their respective investments at fair value using appropriate valuation techniques.

There were transfers in the fair value hierarchy during the year ended 30 June 2019. The Group's and Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

*Transfers between levels 2 and 3 during 2020*

In 2020, the Company transferred an investment from level 2 to level 3. In 2019, the investment was valued at its latest transaction price of MUR 44 which was published on the entity's website and was thus observable to the public. However, in 2020, the directors deemed that the Discounted Cash Flow model would be most representative of the fair value of the investment as at 30 June 2020.

*Transfers between levels 1 and 2 during 2019*

In 2019, the Company transferred the investment in a listed entity from level 1 to level 2. In 2018, the directors used the share price as at year end as an input to fair value the investment. However, in 2019, the directors deemed that the price of MUR 44 used for the acquisition of additional shares in its investment in May 2019 would be most reflective of the fair value of its investment at 30 June 2019. The price of this transaction was published on the entity's website and was, thus, observable to the public.

## 12. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

*Valuation inputs and relationships to fair value*

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

| Description | Fair value MUR '000 | Valuation technique | Unobservable inputs | Range of inputs | |
|---|---|---|---|---|---|
| **30 June 2020** | | | | | |
| CIEL Finance Limited | **2,649,271** | Price-earnings ratio | Price-earnings ratio | **8.10** | (i) |
| | | Dividend discount model | Weighted-average cost of capital | **22.30%** | (ii) |
| 30 June 2019 | | | | | |
| CIEL Finance Limited | 2,695,830 | Price-earnings ratio | Price-earnings ratio | 11.26 | (i) |
| | | Dividend discount model | Weighted-average cost of capital | 22.30% | (ii) |

*Relationship of unobservable inputs to fair value*

(i) Increase in PE ratio by **2.5** (2019 - 2.5) would increase fair value by **MUR 88M** (2019 - MUR 59M).
(ii) Increase in the WACC by **5%** (2019 - 5%) would decrease fair value by **MUR 217M** (2019 - MUR 266M).

**CIEL Textile Limited**

In 2019, the investment was valued at its latest transaction price of MUR 44 which was published on the entity's website and was thus observable to the public. However, in 2020, the directors deemed that the Discounted Cash Flow model would be most representative of the fair value of the investment, resulting in a price per share of MUR41.89 as at 30 June 2020.

| Description | Fair value MUR'000 | Valuation technique | Unobservable inputs | Range of inputs |
|---|---|---|---|---|
| **30 June 2020** | | | | |
| CIEL Textile Limited | **4,264,715** | Discounted Cash Flow | Weighted-average cost of capital | **2 – 3.5%** |
| | | | Terminal Growth Rate | **10.5 – 11.1%** |

| | 2020 MUR '000 |
|---|---|
| *Sensitivity to changes in assumptions* | |
| Terminal +0.5% point | **497,000** |
| Terminal -0.5% point | **(434,000)** |
| Weighted-average cost of capital +0.5% point | **(563,000)** |
| Weighted-average cost of capital -0.5% point | **646,000** |

CIEL Agro & Property Limited and CIEL Healthcare Limited have been valued at their net asset value as they hold mainly investments in two quoted entities, which have been valued using the prevailing quoted price.

*Valuation process*

Management performs the valuation of the investment portfolio and reports directly to the Audit & Risk Committee. Discussions of valuation processes and results are held between the management team and the Audit & Risk Committee on a quarterly basis, in line with the Group's quarterly reporting periods.

The main level 3 inputs used by the Group are derived and evaluated as follows:

(i) The Price Earnings Multiple applied to value the investment is derived from the applicable multiple for the banking and insurance sector on the Official Market in Mauritius, as there are no similar companies listed on the market – this is then adjusted by a liquidity discount and a control premium, as needed.
(ii) The weighted average cost of capital applied to value the investment is determined using inputs that reflect current market conditions and the risk specific to this particular investment.

Changes in level 2 and level 3 fair values are analysed at the end of each reporting period during the quarterly valuation discussion between the CFO, Audit & Risk Committee and the valuation team.

The portfolio is revalued on a quarterly basis and movements in fair value are explained to the Audit & Risk Committee.

## 12. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(b) The list of the Group's significant subsidiaries is as follows:

| Name of subsidiary company | Class of Shares | Year End | Denominated Currency | Stated capital 2020 | Stated capital 2019 | Percentage holding 2020 Direct | Percentage holding 2019 Direct | Proportion of ownership interests held by non-controlling interests 2020 | Proportion of ownership interests held by non-controlling interests 2019 | Country of incorporation | Main business |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 000's | 000's | % | % | % | % | | |
| CIEL Agro & Property Ltd | Ordinary | 30 June | MUR | **2,930,318** | 2,930,318 | 100.00 | 100.00 | - | - | Mauritius | Investment |
| CIEL Corporate Services Ltd | Ordinary | 30 June | MUR | **25** | 25 | 100.00 | 100.00 | - | - | Mauritius | Management services |
| CIEL Finance Limited | Ordinary | 30 June | MUR | **1,933,231** | 1,933,231 | 75.10 | 75.10 | 24.90 | 24.90 | Mauritius | Investment |
| CIEL Healthcare Limited | Ordinary | 30 June | MUR | **1,637,895** | 1,517,235 | 53.03 | 53.03 | 46.97 | 46.97 | Mauritius | Investment |
| CIEL Textile Limited* | Ordinary | 30 June | MUR | **685,865** | 685,865 | 100.00 | 92.92 | - | 7.08 | Mauritius | Investment |
| Rockwood Textiles Ltd | Ordinary | 30 June | MUR | **1** | 1 | 100.00 | 100.00 | - | - | Mauritius | Property |
| Sun Limited | Ordinary | 30 June | MUR | **1,945,451** | 1,945,451 | 50.10 | 50.10 | 49.90 | 49.90 | Mauritius | Investment |
| C-Care (Mauritius) Ltd** | Ordinary | 30 June | MUR | **289,801** | - | 20.08 | - | 79.92 | - | Mauritius | Healthcare Services |

* CIEL Limited has acquired all the CTL ordinary shares still held by minority shareholders at a price of MUR 44.00 per CTL ordinary share, the purchase consideration of which being made up of 50% in cash and 50% in ordinary shares of CIEL, that is, MUR 22.00 in cash and the difference being made up of the necessary number of ordinary shares of CIEL (issued out of the treasury shares and based on CIEL share price of MUR. 6.60), for every CTL ordinary share.

**CIEL Limited has acquired 114,461,596 no par value ordinary shares of C-Care (Mauritius) Ltd at a consideration of MUR 2.39 per share, representing a shareholding of 20.08%.

12. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(c) Summarised financial information on subsidiaries with material non-controlling interests.

| 2020 | Current assets MUR '000 | Non-current assets MUR '000 | Current liabilities MUR '000 | Non-current liabilities MUR '000 | Revenue MUR '000 | Profit/(loss) for the year MUR '000 | Comprehensive income MUR '000 | Non-controlling interests MUR '000 |
|---|---|---|---|---|---|---|---|---|
| CIEL Textile Limited - Group | 5,894,598 | 5,065,905 | 6,145,800 | 1,146,768 | 10,600,349 | (655,952) | (379,807) | (1,095) |
| Sun Limited - Group | 1,489,195 | 19,831,681 | 5,047,713 | 10,243,245 | 5,057,677 | (1,802,894) | (1,596,903) | (60,160) |
| CIEL Finance Limited - Group | 22,738,745 | 12,534,766 | 29,518,590 | 1,257,322 | 3,573,640 | 486,944 | 837,559 | 714,193 |
| CIEL Healthcare Limited - Group | 711,665 | 3,052,604 | 955,947 | 1,561,531 | 2,711,326 | (96,374) | (71,904) | 11,295 |
| C-Care (Mauritius) Ltd | 538,731 | 1,999,918 | 515,499 | 1,220,598 | 1,992,103 | 42,216 | 25,683 | - |
| | ========= | ========= | ========= | ========= | ========= | ========= | ========== | ========== |

| 2020 | Operating Activities MUR'000 | Investing Activities MUR'000 | Financing Activities MUR'000 | Net Increase/ (decrease) in Cash and Cash Equivalents MUR'000 |
|---|---|---|---|---|
| CIEL Textile Limited - Group | 1,120,368 | (537,810) | 171,826 | 754,384 |
| Sun Limited - Group | 938,311 | (420,003) | 1,858,191 | 2,376,499 |
| CIEL Finance Limited - Group | 1,771,580 | (130,110) | 35,831 | 1,677,301 |
| CIEL Healthcare Limited - Group | 194,972 | (240,597) | 15,834 | (29,791) |
| C-Care (Mauritius) Ltd | 184,845 | (74,658) | (75,818) | 34,369 |
| | ======== | ========= | ========= | ======== |

**NOTES TO THE FINANCIAL STATEMENTS- JUNE 30, 2020 (CONT'D)**

## 12. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(c) Summarised financial information on subsidiaries with material non-controlling interests (Cont'd)

| | Dividend paid to non-controlling interests MUR '000 | Profit allocated to non-controlling interests during the year MUR '000 | Accumulated non-controlling Interests at 30 June 2020 MUR '000 |
|---|---|---|---|
| CIEL Textile Limited - Group | **(37,500)** | **(1,095)** | **62,072** |
| Sun Limited - Group | **0** | **(60,160)** | **744,538** |
| CIEL Finance Limited - Group | **(381,525)** | **714,192** | **1,733,203** |
| CIEL Healthcare Limited - Group | **-** | **11,295** | **277,847** |
| C-Care (Mauritius) Ltd | **-** | **25,683** | **-** |

| 2019 | Current assets MUR '000 | Non-current assets MUR '000 | Current liabilities MUR '000 | Non-current liabilities MUR '000 | Revenue MUR '000 | Profit/(loss) for the year MUR '000 | Comprehensive income MUR '000 | Non-controlling interests MUR '000 |
|---|---|---|---|---|---|---|---|---|
| CIEL Textile Limited - Group | 6,860,535 | 4,358,538 | 5,700,053 | 731,660 | 12,150,520 | 452,962 | (117,820) | 201,430 |
| Sun Limited - Group | 1,526,081 | 18,925,384 | 2,688,132 | 9,314,052 | 6,614,884 | (1,885,601) | (360,007) | (2,236,317) |
| CIEL Finance Limited - Group | 17,211,585 | 10,164,498 | 22,068,183 | 1,162,240 | 2,852,571 | 629,820 | (97,527) | 165,019 |
| CIEL Healthcare Limited - Group | 761,298 | 2,390,355 | 770,292 | 935,543 | 2,494,841 | (143,087) | 40,403 | (166,596) |
| | ========= | ========= | ========= | ========= | ========= | ========= | ========= | ======== |

**NOTES TO THE FINANCIAL STATEMENTS- JUNE 30, 2020 (CONT'D)**

## 12. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(c) Summarised financial information on subsidiaries with material non-controlling interests (Cont'd)

| 2019 | Operating Activities MUR '000 | Investing Activities MUR '000 | Financing Activities MUR '000 | Net Increase/ (decrease) in Cash and Cash Equivalents MUR '000 |
|---|---|---|---|---|
| CIEL Textile Limited - Group | 413,385 | (456,578) | (330,143) | (373,336) |
| Sun Limited - Group | 1,458,107 | (554,844) | (738,494) | 164,769 |
| CIEL Finance Limited - Group | 88,224 | (144,201) | (536,092) | (592,069) |
| CIEL Healthcare Limited - Group | 1,310,050 | (1,086,968) | (250,824) | (27,742) |
| | ========= | ========= | ======== | ========= |

| | Dividend paid to non-controlling interests MUR '000 | Profit allocated to non-controlling interests during the year MUR '000 | Accumulated non-controlling Interests at 30 June 2019 MUR '000 |
|---|---|---|---|
| CIEL Textile Limited - Group | (37,500) | 164,159 | 728,298 |
| Sun Limited - Group | - | (942,981) | 4,623,263 |
| CIEL Finance Limited - Group | (321,449) | 477,475 | 2,290,287 |
| CIEL Healthcare Limited - Group | - | (46,253) | 864,114 |
| | ======== | ======== | ======== |

The summarised financial information above is the amount before intra-group eliminations.

For subsidiary companies having a different reporting date, management accounts have been prepared as at 30 June.

## 13. INVESTMENTS IN JOINT VENTURES

### Accounting policies

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

*Separate financial statements*

In the separate financial statements of the investor, investments in joint ventures are carried at fair value. The carrying amount is reduced to recognise any impairment in the value of individual investments.

*Consolidated financial statements*

Joint ventures are accounted for using the equity method.

| | 2020<br>MUR '000 | 2019<br>MUR '000 |
|---|---|---|
| (a) The Group | | |
| At 1 July | 1,718,847 | 1,558,349 |
| Additions | 300,000 | - |
| Transfer from deposit on investments | - | 43,497 |
| Share of results | (67,047) | 161,215 |
| Share of comprehensive income | 21,354 | 24,786 |
| Dividend | - | (69,000) |
| At 30 June | 1,973,154 | 1,718,847 |
| Made up as follows: | | |
| Net assets | 1,798,669 | 1,544,362 |
| Goodwill | 174,485 | 174,485 |
| | 1,973,154 | 1,718,847 |
| (b) The Company | | |
| Unlisted | Level 3 | Level 3 |
| At 1 July | 43,896 | 45,000 |
| Transfer from deposit on investments (Note 16) | - | 43,318 |
| Fair value adjustment | (8,525) | (44,422) |
| At 30 June | 35,371 | 43,896 |

2020 - The fair value has been based on a discounted cash flow approach over a period of five years using the Gordon Growth Model. A WACC of 10.99% and terminal growth rate of 3% have been used. An increase/decrease in WACC by 5% would have been decreased/increased the investment fair value by MUR 21M/MUR 24M.

2019 - The fair value has been based on a discounted cash flow approach over a period of five years using the Gordon Growth Model. A WACC of 14% and terminal growth rate of 3% have been used. An increase/decrease in WACC by 5% would have been decreased/increased the investment fair value by MUR 14,049/MUR 16,416.

The Directors are of the opinion that there were no indicators of impairment on the investment in joint venture at year end.

## 13. INVESTMENTS IN JOINT VENTURES (CONT'D)

(c) The results of the joint ventures, all of which were incorporated in Mauritius and unlisted, have been included in the consolidated financial statements.

Details of the joint ventures are as follows:

| Name of Joint Ventures | Year-end / Reporting date | Effective Percentage holding Direct % | Effective Percentage holding Indirect % | Principal activity |
|---|---|---|---|---|
| **2020** | | | | |
| Anahita Residence and Villas Ltd | June | **50** | - | Hotels and resorts |
| Bank One Limited | December | - | **50** | Banking |
| Domaine de l'Etoile Limited | June | - | **50** | Leisure |
| Solea Vacances SA | June | - | **50** | Hotels and resorts |
| 2019 | | | | |
| Anahita Residence and Villas Ltd | June | **50** | - | Hotels and resorts |
| Bank One Limited | December | - | **50** | Banking |
| Domaine de l'Etoile Limited | June | - | **50** | Leisure |
| Solea Vacances SA | June | - | **50** | Hotels and resorts |

For the joint ventures having a different reporting date, management accounts have been prepared as at June 30, 2020 and 2019 respectively.

The Directors have concluded that the Group has joint control over Bank One Limited. This is because the Group is the largest shareholder of Ciel Finance Limited, which has joint control over Bank One Limited.

## 13. INVESTMENTS IN JOINT VENTURES (CONT'D)

(d) Summarised financial information in respect of each of the joint ventures is set out below:

| | Assets | Liabilities | Revenue | Profit/ (Loss) for the year | Share of Profit/(Loss) | Other Comprehensive Income | Share of other Comprehensive Income |
|---|---|---|---|---|---|---|---|
| | MUR '000 | MUR '000 | MUR '000 | MUR '000 | MUR '000 | MUR '000 | MUR '000 |
| **2020** | | | | | | | |
| Anahita Residence and Villas Ltd | **594,171** | **512,102** | **305,732** | **(60,339)** | **(30,170)** | **(9,364)** | **(4,682)** |
| Bank One Limited | **62,833,055** | **59,374,910** | **2,184,246** | **(73,117)** | **(36,559)** | **36,908** | **18,455** |
| Domaine de l'Etoile Limited | **1,897** | **7,628** | **15,436** | **(88)** | **(44)** | | **-** |
| Solea Vacances SA | **320,989** | **258,628** | **1,102,704** | **(550)** | **(274)** | **15,164** | **7,582** |
| | | | | | **(67,047)** | | **21,354** |
| **2019** | | | | | | | |
| Anahita Residence and Villas Ltd | 586,949 | 439,418 | 332,419 | (15,720) | (7,860) | 591 | 296 |
| Bank One Limited | 41,619,489 | 38,725,136 | 1,561,643 | 337,076 | 168,538 | 48,981 | 24,491 |
| Domaine de l'Etoile Limited | 1,503 | 7,166 | 3,020 | 474 | 237 | - | - |
| Solea Vacances SA | 168,293 | 113,134 | 259,105 | 600 | 300 | - | - |
| | | | | | 161,215 | | 24,787 |

**NOTES TO THE FINANCIAL STATEMENTS- JUNE 30, 2020 (CONT'D)**

**13. INVESTMENTS IN JOINT VENTURES (CONT'D)**

The above amounts of assets, liabilities and results include the following:

| | Current Assets MUR '000 | Non-current Assets MUR '000 | Non-Current Financial Liabilities MUR '000 | Current Financial Liabilities MUR '000 | Depreciation & Amortisation MUR '000 | Interest Income MUR '000 | Interest Expense MUR '000 |
|---|---|---|---|---|---|---|---|
| **2020** | | | | | | | |
| Anahita Residence and Villas Ltd | **19,471** | **574,697** | **348,608** | **167,737** | **(2,738)** | **-** | **(31,240)** |
| Bank One Limited | **62,833,055** | **-** | **-** | **59,374,910** | **78,974** | **1,746,740** | **(645,954)** |
| Domaine de l'Etoile Limited | **1,474** | **424** | **-** | **7,628** | **(64)** | **-** | **(40)** |
| Solea Vacances SA | **2,351** | **318,628** | **-** | **258,628** | **(1,951)** | **-** | **(142)** |
| 2019 | | | | | | | |
| Anahita Residence and Villas Ltd | 19,474 | 574,697 | 344,365 | 167,737 | (30,051) | - | (21,044) |
| Bank One Limited | 62,833,055 | - | - | 59,374,911 | (39,295) | 1,561,643 | (539,350) |
| Domaine de l'Etoile Limited | 1,474 | 474 | - | 7,628 | (64) | - | (27) |
| Solea Vacances SA | 2,351 | 318,628 | - | 258,628 | (617) | - | - |

(e) Reconciliation of the above summarised financial information to the carrying amount recognised in the financial statements:

| | Opening Net Assets MUR '000 | Net asset on Amalgamation MUR '000 | Issue of Shares MUR '000 | Dividends MUR '000 | Profit/(loss) for the Year MUR '000 | Other Comprehensive income MUR '000 | Closing Net Assets MUR '000 | Ownership MUR '000 | Goodwill MUR '000 | Interest in Joint ventures MUR '000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **2020** | | | | | | | | | | |
| Anahita Residence and Villas Ltd | **112,440** | **-** | **-** | **-** | **(60,339)** | **(9,365)** | **42,736** | **21,368** | **-** | **21,368** |
| Bank One Limited | **2,894,353** | **-** | **600,000** | **-** | **(73,117)** | **36,911** | **3,458,147** | **1,729,074** | **174,485** | **1,903,559** |
| Domaine de l'Etoile Limited | **(5,663)** | **-** | **-** | **-** | **(87)** | **-** | **(5,750)** | **(2,875)** | **-** | **(2,876)** |
| Solea Vacances SA | **87,594** | **-** | **-** | **-** | **(550)** | **15,164** | **102,210** | **51,103** | **-** | **51,105** |
| | | | | | | | | **1,798,669** | **174,485** | **1,973,154** |

**NOTES TO THE FINANCIAL STATEMENTS- JUNE 30, 2020 (CONT'D)**

**13. INVESTMENTS IN JOINT VENTURES (CONT'D)**

(e) Reconciliation of the above summarised financial information to the carrying amount recognised in the financial statements (Cont'd):

| | Opening Net Assets MUR '000 | Net asset on Amalgamation MUR '000 | Issue of Shares MUR '000 | Dividends MUR '000 | Profit/(loss) for the Year MUR '000 | Other Comprehensive income MUR '000 | Closing Net Assets MUR '000 | Ownership MUR '000 | Goodwill MUR '000 | Interest in Joint ventures MUR '000 |
|---|---|---|---|---|---|---|---|---|---|---|
| 2019 | | | | | | | | | | |
| Anahita Residence and Villas Ltd | 127,569 | - | | - | (15,720) | 591 | 112,440 | 56,221 | - | 56,221 |
| Bank One Limited | 2,646,296 | - | | (138,000) | 337,076 | 48,981 | 2,894,353 | 1,447,176 | 174,485 | 1,621,661 |
| Domaine de l'Etoile Limited | (6,137) | - | | - | 474 | - | (5,663) | (2,832) | - | (2,832) |
| Solea Vacances SA | - | 86,994 | | - | 600 | - | 87,594 | 43,797 | - | 43,797 |
| | | | | | | | | 1,544,362 | 174,485 | 1,718,847 |

## 14. INVESTMENTS IN ASSOCIATES

**Accounting policies**

*Separate financial statements*

In the separate financial statements of the investor, investments in associates are carried at fair value. Any change in fair value is recognised in other comprehensive income. The carrying amount is reduced to recognise any impairment in the value of individual investments.

*Consolidated financial statements*

An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method except when classified as held-for-sale. Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of individual investments.

Any excess of the cost of acquisition and the Group's share of the net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's profit or loss.

When the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adopted by the Group.

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

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

| | **2020** | 2019 |
|---|---|---|
| | **MUR '000** | MUR '000 |
| (a) The Group | | |
| At 1 July | **4,297,488** | 4,746,720 |
| Additions | **3,047** | 2,128 |
| Redemption | **-** | (62,766) |
| Share of results | **15,513** | (232,261) |
| Share of other comprehensive income | **17,771** | (60,124) |
| Dividends | **(138,197)** | (44,726) |
| Impairment of goodwill | **-** | (50,835) |
| Impairment of associates | **(108,744)** | - |
| Transfers from non-current assets held for sale (Note 22) | **(99,137)** | - |
| Other movement | **-** | (648) |
| At 30 June | **3,987,741** | 4,297,488 |

*Hotel Segment*

Management carried out an impairment assessment at 30 June 2020 based on the present value of future dividend income from its associate. Based on this assessment, an impairment charge of MUR 107M was recognised for the Group.

## 14. INVESTMENTS IN ASSOCIATES (CONT'D)

**Accounting policies (Cont'd)**

*Consolidated financial statements (Cont'd)*

(a) The Group (Cont'd)

| | 2020 MUR '000 | 2019 MUR '000 |
|---|---|---|
| Made up as follows: | | |
| Net assets | **3,971,726** | 4,233,683 |
| Goodwill | **16,015** | 63,805 |
| | **3,987,741** | 4,297,488 |
| Group's share of net assets | | |
| Listed | **3,267,937** | 3,271,720 |
| Unquoted | **703,789** | 961,963 |
| | **3,971,726** | 4,233,683 |

(b) The Company

| | TOTAL | |
|---|---|---|
| | **2020 Unquoted MUR '000** | 2019 MUR '000 |
| At 1 July | **48,369** | 27,214 |
| Fair value adjustment | **26,659** | 21,155 |
| At 30 June | **75,028** | 48,369 |

**NOTES TO THE FINANCIAL STATEMENTS- JUNE 30, 2020 (CONT'D)**

### 14. INVESTMENTS IN ASSOCIATES (CONT'D)

The results of the following associated companies, all of which were incorporated in Mauritius, have been included in the consolidated financial statements.

Details of the associates are as follows:

| Name of associates | Year-end / Reporting date | Effective percentage holding Indirect | | Direct | | Principal activity |
|---|---|---|---|---|---|---|
| | | 2020 | 2019 | 2020 | 2019 | |
| | | % | % | % | | |
| Alteo Limited | June | 20.96 | 20.96 | - | - | Agro-Property |
| Laboratoire Internationale Bio Analyse Ltée | June | 35.00 | 35.00 | - | - | Healthcare |
| Hygeia Nigeria Limited | December | 12.09 | 12.09 | - | - | Healthcare |
| Jersey Hygeia Investments Limited | December | 12.80 | 12.80 | - | - | Healthcare |
| Procontact Limited* | June | - | - | 44.43 | 33.37 | Call centre |
| The Kibo Fund LLC | December | 29.79 | 29.79 | - | - | Investment entity |
| Kibo Capital Partners Ltd | December | 37.55 | 37.55 | - | - | Fund management |
| EastCoast Hotel Investment Ltd | June | 15.03 | 15.03 | - | - | Investment holding |

* Increase in CIEL Limited's shareholding following a share buyback and bonus issue by Procontact Limited.

For the associates having a different reporting date, management accounts have been prepared as at 30 June 2019 and 2018 respectively.

The Directors confirm that the Company has significant influence over the above associates despite holding less than 20%, through their controlling interests in CIEL Finance, CIEL Healthcare and Sun Limited.

## NOTES TO THE FINANCIAL STATEMENTS- JUNE 30, 2020 (CONT'D)

### 14. INVESTMENTS IN ASSOCIATES (CONT'D)

(d) Summarised financial information in respect of each of the associates is set out below:

| | Current Assets MUR '000 | Non-Current Assets MUR '000 | Current Liabilities MUR '000 | Non-Current Liabilities MUR '000 | Revenue MUR '000 | Profit/(loss) for the year attributable to owners MUR '000 | Share of profit/(loss) MUR '000 | Dividends received during the year MUR '000 | Other Comprehensive income MUR '000 |
|---|---|---|---|---|---|---|---|---|---|
| **2020** | | | | | | | | | |
| Alteo Limited | **6,925,029** | **23,049,532** | **5,114,210** | **7,701,578** | **8,296,611** | **(114,367)** | **(23,971)** | **36,049** | **56,239** |
| Laboratoire Internationale Bio Analyse Ltée | **3,131** | **1,393** | **6,015** | **-** | **15,436** | **(2,039)** | **(292)** | **-** | **-** |
| Hygeia Nigeria Limited | **924,123** | **778,921** | **650,462** | **96,939** | **1,415,729** | **120,372** | **27,602** | **-** | **(3,884)** |
| Procontact Limited | **71,923** | **12,942** | **35,111** | **3,049** | **125,536** | **24,291** | **17,282** | **2,737** | **(11,509)** |
| The Kibo Fund LLC | **6,359** | **170,780** | **-** | **1,576** | **403** | **(11,626)** | **(4,612)** | **-** | **(20,837)** |
| Kibo Capital Partners Ltd | **37,700** | **25,808** | **8,035** | **13,358** | **46,811** | **(989)** | **(496)** | **-** | **(2,238)** |
| EastCoast Hotel Investment Ltd | **240,167** | **2,392,200** | **240,167** | **-** | **45,883** | **(772,610)** | **-** | **99,411** | **-** |
| | | | | | | | **15,513** | **138,197** | **17,771** |
| 2019 | | | | | | | | | |
| Alteo Limited | 5,902,147 | 22,656,193 | 3,818,569 | 7,394,551 | 9,162,458 | (796,962) | (167,043) | 44,726 | 7,424 |
| Laboratoire Internationale Bio Analyse Ltée | 5,188 | 1,992 | 6,724 | - | 21,154 | 341 | 129 | - | - |
| HNL Investment Limited (Group) | 259,563 | 605,706 | 164,654 | 112,530 | 1,867,491 | (104,677) | (24,105) | - | (28,506) |
| Procontact Limited | 53,427 | 8,988 | 7,102 | 2,199 | - | 10,547 | 3,519 | - | - |
| The Kibo Fund LLC | 13,806 | 223,742 | 1,029 | - | - | (111,530) | (44,243) | - | (39,783) |
| Kibo Capital Partners Ltd | 42,329 | 18,082 | 9,958 | 6,421 | 45,577 | (496) | (248) | - | 741 |
| EastCoast Hotel Investment Ltd | 240,167 | 2,392,200 | 240,167 | - | 45,883 | - | - | - | - |
| | | | | | | | (231,991) | 44,726 | (60,124) |

## 14. INVESTMENTS IN ASSOCIATES (CONT'D)

Reconciliation of the above summarised financial information to the carrying amount recognised in the financial statements:

| | Opening Net Assets MUR '000 | Redemption/ issue of Shares MUR '000 | Other movement MUR '000 | Net of Dividends MUR '000 | Income for the Year MUR '000 | Closing Net Assets MUR '000 | Ownership Interest MUR '000 | Goodwill MUR '000 | Impairment of Goodwill MUR '000 | Impairment of Associate MUR '000 | Interest in Associate MUR '000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **2020** | | | | | | | | | | | |
| Alteo Limited | **15,609,746** | **-** | **168,522** | **(272,555)** | **278,823** | **15,784,536** | **3,267,937** | **-** | **-** | **-** | **3,267,937** |
| Laboratoire Internationale Bio Analyse Ltée | **5,693** | **-** | | **(593)** | **-** | **5100** | **1,700** | **-** | **-** | **(1,700)** | **-** |
| Hygeia Nigeria Limited | **863,815** | **-** | **(223,605)*** | **71,824** | **21,965** | **733,999** | **169,411** | **4,164** | **-** | **-** | **173,575** |
| Procontact Limited | **53,207** | **-** | **(30,794)** | **24,291** | **-** | **46,704** | **20,750** | **11,851** | **-** | **-** | **32,601** |
| The Kibo Fund LLC | **52,344** | **1,269** | **-** | **(11,626)** | **(52,529)** | **(10,541)** | **(3,420)** | **-** | **-** | **-** | **(3,420)** |
| Kibo Capital Partners Ltd | **44,030** | **1,774** | **-** | **(989)** | **(4,474)** | **40,340** | **21,058** | **-** | **-** | **-** | **21,058** |
| EastCoast Hotel Investment Ltd | **2,632,367** | | **-** | **(622,244)** | **-** | **2,010,123** | **603,034** | **-** | **-** | **(107,044)** | **495,990** |
| | | | | | | | **4,080,470** | **16,015** | **-** | **(108,744)** | **3,987,741** |
| 2019 | | | | | | | | | | | |
| Alteo Limited | 16,584,678 | - | - | (1,010,350) | 35,418 | 15,609,746 | 3,271,720 | - | - | - | 3,271,720 |
| Laboratoire Internationale Bio Analyse Ltée | 5,323 | - | - | 369 | - | 5,693 | 1,992 | - | - | - | 1,992 |
| HNL Investment Limited (Group) | 1,030,382 | 64,082 | - | (105,678) | (124,971) | 863,815 | 197,297 | 102,798 | (51,105) | - | 248,990 |
| Procontact Limited | 42,660 | - | - | 10,547 | - | 53,207 | 17,716 | 11,851 | - | - | 29,567 |
| The Kibo Fund LLC | 422,387 | (158,225) | - | (111,530) | (100,288) | 52,344 | 20,761 | - | - | - | 20,761 |
| Kibo Capital Partners Ltd | 38,788 | 4,255 | - | (496) | 1,483 | 44,030 | 22,004 | - | - | - | 22,004 |
| EastCoast Hotel Investment Ltd | 2,632,367 | - | - | - | - | 2,632,367 | 702,455 | - | - | - | 702,455 |
| | | | | | | | 4,233,945 | 114,649 | (51,105) | - | 4,297,489 |

*During the year, part of the investment in associate in HNL Investment Limited Group, i.e. Hygeia HMO Limited, has been classified to held for sale as the Company has decided to sell the existing interest in associate. The total amount reclassified comprises the Group's share of the goodwill in the associate of MUR 50M and share of net assets of MUR 49M.

## 14. INVESTMENTS IN ASSOCIATES (CONT'D)

The fair value of the Group's interest in associates which are listed/quoted on the Stock Exchange of Mauritius is as follows as at 30 June 2020 and 2019 respectively:

| | 2020<br>MUR '000 | 2019<br>MUR '000 |
|---|---|---|
| Alteo Limited | **1,014,681** | 1,255,001 |
| | ======== | ======== |

## 15. INVESTMENTS IN OTHER FINANCIAL ASSETS

**Accounting policies**

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

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which are not held for trading, and which the group has irrevocable elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

The movement in investments in other financial assets are summarised as follows:

| | Level 1 | Level 1<br>DEM | Level 3 | |
|---|---|---|---|---|
| (a) The Group | Listed<br>MUR '000 | Quoted<br>MUR '000 | Unquoted<br>MUR '000 | Total<br>MUR '000 |
| 2020 | | | | |
| At 1 July | **14** | **26** | **356,928** | **356,968** |
| Additions | **-** | **-** | **25,478** | **25,478** |
| Translation difference | **-** | **-** | **883** | **883** |
| Disposals | **-** | **-** | **(17,326)** | **(17,326)** |
| Fair value adjustment | **-** | **-** | **6,484** | **6,484** |
| | -------- | -------- | -------- | -------- |
| At 30 June | **14** | **26** | **372,447** | **372,487** |
| | -------- | -------- | -------- | -------- |
| 2019 | | | | |
| At 1 July | 14 | 28,096 | 354,866 | 382,976 |
| Additions | - | - | 31,651 | 31,651 |
| Translation difference | - | - | (4) | (4) |
| Disposals | - | (7,359) | (9,887) | (17,246) |
| Fair value adjustment | - | (20,711) | (19,698) | (40,409) |
| | -------- | -------- | -------- | -------- |
| At 30 June | 14 | 26 | 356,928 | 356,968 |
| | ======== | ======== | ======== | ======== |

## 15. INVESTMENTS IN OTHER FINANCIAL ASSETS (CONT'D)

(b) The Company

| | Level 1<br>DEM<br>Quoted<br>MUR '000 | Level 3<br>Unquoted<br>MUR '000 | Total<br>MUR '000 |
|---|---|---|---|
| 2020 | | | |
| At 1 July | - | **43,816** | **43,816** |
| Disposals | - | **(16,313)** | **(16,313)** |
| Fair value adjustment | - | **1,425** | **1,425** |
| At 30 June | - | **28,928** | **28,928** |
| 2019 | | | |
| At 1 July | 28,070 | 58,693 | 86,763 |
| Disposals | (7,359) | (7,090) | (14,449) |
| Fair value adjustment | (20,711) | (7,787) | (28,498) |
| At 30 June | - | 43,816 | 43,816 |

(c) Details of those companies, other than subsidiary and associated companies, in which the Company holds more than 10% of the issued shares are:

| Name of company | Class of shares held | Percentage Holding 2020 % | 2019 % |
|---|---|---|---|
| Cathedrale Development Ltd* | Ordinary shares | **20.00** | 20.00 |

* The Company does not exercise any significant influence on the above company and, as such, has not accounted for this investment as an investment in associate.

(d) Other financial assets are denominated in the following currencies:

| | THE GROUP 2020 MUR '000 | THE GROUP 2019 MUR '000 | THE COMPANY 2020 MUR '000 | THE COMPANY 2019 MUR '000 |
|---|---|---|---|---|
| Rupee | **198,640** | 195,184 | **22,636** | 22,113 |
| US Dollar | **173,849** | 147,290 | **6,292** | 21,703 |
| Euro | - | 12,234 | - | - |
| Ariary | - | 2,260 | - | - |
| | **372,489** | 356,968 | **28,928** | 43,816 |

(e) None of the financial assets are impaired.

## 16. DEPOSIT ON INVESTMENTS

| | THE COMPANY | |
|---|---|---|
| | **2020** | 2019 |
| | **MUR '000** | MUR '000 |
| At 01 July | **-** | 43,318 |
| Transfer to investment in joint venture (Note 13) | **-** | (43,318) |
| | **-** | - |

## 17. LEASEHOLD RIGHTS AND LAND PREPAYMENTS

### Accounting policies

Leasehold land upfront payments to acquire long-term leasehold interest in property are treated as prepayments and are amortised over the period of the leases.

| | THE GROUP | |
|---|---|---|
| | **2020** | 2019 |
| | **MUR '000** | MUR '000 |
| **COST** | | |
| At 1 July | **785,726** | 654,806 |
| Impact of IFRS 16 | **(382,080)** | - |
| Adjusted balance | **403,646** | 654,806 |
| Addition | **-** | 126,308 |
| Write off | **(125,863)** | - |
| Transfer to right-of-use asset (Note 9 (b))* | **(320,399)** | - |
| Transfer to property, plant and equipment (Note 9(a))** | **(42,004)** | - |
| Transfer from current assets | **80,000** | - |
| Translation difference | **4,620** | 4,612 |
| | **-** | 785,726 |
| **ACCUMULATED AMORTISATION** | | |
| At 1 July | **251,049** | 116,484 |
| Impact of IFRS 16 | **(120,000)** | - |
| Adjusted balance | **131,049** | 116,484 |
| Prepayments release to operating expenses | **-** | 80,000 |
| Charge for the year | **36,406** | 12,906 |
| Impairment charge | **-** | 41,249 |
| Transfer to right-of-use assets (Note 9 (b))* | **(85,068)** | - |
| Write off | **(80,334)** | - |
| Translation difference | **(2,053)** | 410 |
| | **-** | 251,049 |
| **NET BOOK VALUE** | | |
| At 30 June | **-** | 534,677 |

## 17. LEASEHOLD RIGHTS AND LAND PREPAYMENTS (CONT'D)

* Sun Limited has a lease agreement with Armand Apavou & Co Ltd under which the Company is leasing the Ambre Resort & Spa, a 297 room hotel, and sub-leasing the land on which the hotel stands, for an initial period of 5 years, effective 1 October 2012. On 7 July 2015, the term of the lease agreement was renewed for another 5 years as from 1 October 2017 to 30 September 2022, at the option of the Company. Effective 1 July 2019, the leased asset with Armand Appavou & Co Ltd has been recognised under IFRS 16 Leases.

** Leasehold land prepayments have been reclassified under land and building for IMG. This is due to title and ownership being expected to pass to the lessee (IMG) by end of lease term. In addition, all the risks and rewards of ownership of the land have substantially been transferred to the Group.

## 18. NON-CURRENT RECEIVABLES

**Accounting policies**

The Group only measures these debts instruments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect cash flow;
- The contractual terms of the financial asset give rise, on the specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

| | THE GROUP | |
|---|---|---|
| | **2020** | 2019 |
| | **MUR '000** | MUR '000 |
| Receivable from sale of land | **3,500** | 7,000 |
| Long-term deposits | **23,228** | 25,521 |
| Loans under Executive Share Scheme (Note (a)) | **16,920** | 16,920 |
| Others | **2,015** | 2,015 |
| | ------- | ------- |
| | **45,663** | 51,456 |
| Less: allowance for impairment loss | **-** | - |
| | ------- | ------- |
| | **45,663** | 51,456 |
| | ======= | ======= |

(a) Loans under Executive Share Scheme relates to the old scheme granted to key executives where cash was advanced to certain individuals to acquire shares in the Company at market value at grant date. The terms of the scheme were such that when the shares are disposed, the proceed is to be used to settle the loan advanced. The loan carries interest of 3% which is payable half yearly in December and June. The interest for the year has been waived by the Board. The scheme has now been discontinued and replaced by the Phantom Share Option Scheme which does not significantly impact the financial statements.

## 19. INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in and first-out realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials - purchase cost on a weighted average cost basis

Finished goods and work-in-progress - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

## 19. INVENTORIES (CONT'D)

| | THE GROUP | |
|---|---|---|
| | **2020** | 2019 |
| | **MUR '000** | MUR '000 |
| Raw materials (fair value less cost to sell) | **1,375,669** | 1,375,892 |
| Work in progress (fair value less cost to sell) | **703,839** | 748,886 |
| Finished goods (fair value less cost to sell) | **1,030,735** | 1,079,224 |
| Other stocks (fair value less cost to sell) | **189,986** | 142,304 |
| Food and Beverages (fair value less cost to sell) | **59,736** | 68,436 |
| Operating Supplies (fair value less cost to sell) | **28,910** | 125,455 |
| Spare Parts (cost) | **160,532** | 10,179 |
| Operating Equipment (cost) | **-** | 72,535 |
| Fabric and linen (cost) | **14,374** | 25,094 |
| Goods in transit (cost) | **163,102** | 194,761 |
| Less impairment and write offs | **(309,652)** | - |
| | **3,417,231** | 3,842,766 |

The cost of inventories recognised as an expense is **MUR 7Bn** (2019: MUR 7.6Bn).

Some of the inventories have been pledged as security for the borrowings of the Group.

**Impairment of inventories**

| **Impairment on non-financial assets** | **Cash generating unit/ Company** | **Reportable segment** | **Statements of Profit or loss** |
|---|---|---|---|
| | | | **MUR '000** |
| Impairment charged | | | |
| - Textile segment: stocks | Textile | Mauritius | 285,400 |
| - Hotel segment: Inventories | Retail operations | Mauritius | 24,252 |

** Above impairment charges exclude the taxation impact*

**Retail operations – Hotel segment**

An impairment of inventories of MUR 24.3M was put through to write down the inventories to net realisable value following the suspension of operations resulting in a slow movement of inventories due to the Covid-19 pandemic.

## 20. TRADE AND OTHER RECEIVABLES

**Accounting policies**

Trade receivables are amount due from customers for goods sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current asset. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds trade receivables with the objective to collect the contractual cash flows and therefore, measure them subsequently at amortised cost using the effective interest method. Detail about the Group's impairment policies and the calculation of the loss allowance is provided in note 46(a).

## 20. TRADE AND OTHER RECEIVABLES (CONT'D)

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2020 MUR'000** | 2019 MUR'000 | **2020 MUR'000** | 2019 MUR'000 |
| Trade receivables | **2,623,879** | 3,475,126 | - | - |
| Less: Loss allowance of receivables | **(336,809)** | (152,542) | - | - |
| | --------- | --------- | --------- | --------- |
| | **2,287,070** | 3,322,584 | - | - |
| Receivable from subsidiary companies (Note 45) | **-** | - | **15,302** | 183,823 |
| Receivable from associated companies (Note 45) | **19,763** | 24,406 | - | - |
| Receivable from related corporations (Note 45) | **73,893** | 2,708 | - | - |
| Other receivables and prepayments | **3,080,388** | 2,673,292 | **-** | 2,686 |
| Advance payments | **13,281** | 122,053 | - | - |
| Prepayments | **5,221** | - | - | - |
| | --------- | --------- | --------- | --------- |
| | **5,479,616** | 6,145,043 | **15,302** | 186,509 |
| | ========= | ========= | ========= | ========= |
| (a) Other receivables | | | | |
| Other receivables consist of: | | | | |
| Export documentary remittances | **1,628,367** | 1,408,887 | **-** | - |
| Advance payment | **353,451** | 22,442 | **-** | - |
| Taxes and grants | **335,117** | 310,786 | **-** | - |
| Deposits | **48,083** | 54,120 | **-** | - |
| Prepayments | **147,022** | 386,915 | **-** | 1,444 |
| Others | **568,478** | 490,142 | **-** | 1,242 |
| | --------- | --------- | --------- | --------- |
| | **3,080,518** | 2,673,292 | **-** | 2,686 |
| | ========= | ========= | ========= | ========= |

The carrying amount of trade and other receivables approximate their fair value.

The Group does not hold any collateral as security but for the hotel segment, there is an insurance cover against irrecoverable debts.

The receivables from associated companies, related corporations and other receivables are neither past due nor impaired.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable, net of insurance cover.

(b) Ageing of past due trade receivables but not impaired

| | THE GROUP | |
|---|---|---|
| | **2020 MUR '000** | 2019 MUR '000 |
| Within 31 - 60 days | **213,132** | 332,401 |
| Within 61 - 90 days | **79,724** | 162,104 |
| Over 90 days | **455,092** | 458,565 |
| | -------- | -------- |
| | **747,948** | 953,070 |
| | ======== | ======== |

The remaining balance of trade receivables is neither past due nor impaired.

## 20. TRADE AND OTHER RECEIVABLES (CONT'D)

(c) The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

| | THE GROUP | |
|---|---|---|
| | **2020 MUR '000** | 2019 MUR '000 |
| Rupee | **2,245,527** | 625,323 |
| Ariary | **514,316** | 1,750,890 |
| US Dollar | **1,108,341** | 1,712,255 |
| Euro | **393,338** | 423,256 |
| UK Pound | **202,234** | 330,226 |
| ZAR | **204,978** | 380,953 |
| INR | **651,999** | 699,760 |
| Other currencies | **158,883** | 222,380 |
| | **5,479,616** | 6,145,043 |

(d) Impairment of trade receivables

The expected loss rates are based on the payment profiles of clients over a period of 36 months before 01 July 2019, or 01 July 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP, inflation and unemployment rate of Mauritius to be the most relevant factors, and accordingly has adjusted the historical loss rates based on expected changes in these factors.

(e) As of 30 June 2020, trade and other receivables of **MUR 337M** (2019: MUR 152M) were impaired. The individually impaired receivables relate to customers, which are in unexpected difficult situation. The ageing of these receivables are as follows:

THE GROUP

| **30 June 2020** | **Current** | **Within 31 - 60 days** | **Within 61 - 90 days** | **Over 90 days** | **Total** |
|---|---|---|---|---|---|
| Expected credit loss rate (%) | **0.45%** | **0.54%** | **12.72%** | **34.60%** | **12.84%** |
| Gross carrying amount (MUR' 000) | **1,248,076** | **346,567** | **122,757** | **906,479** | **2,623,879** |
| **Loss allowance (MUR' 000)** | **5,669** | **1,862** | **15,617** | **313,661** | **336,809** |
| **30 June 2019** | | | | | |
| Expected credit loss rate (%) | 0.19% | 0.54% | 2.03% | 31.11% | 4.39% |
| Gross carrying amount (MUR' 000) | 2,522,056 | 332,401 | 162,104 | 458,565 | 3,475,126 |
| **Loss allowance (MUR' 000)** | 4,783 | 1,800 | 3,285 | 142,674 | 152,542 |

(f) The closing loss allowances for trade and other receivables reconcile to the opening loss allowances as follows:

| | **2020 MUR '000** | 2019 MUR '000 |
|---|---|---|
| Loss allowance as at 01 July | **152,542** | 133,509 |
| Amounts written off | **(46,007)** | (25,522) |
| Provision for the year | **217,583** | 41,102 |
| Translation reserve | **12,691** | 3,453 |
| **At 30 July** | **336,809** | 152,542 |

## 20. TRADE AND OTHER RECEIVABLES (CONT'D)

In 2020, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had incurred but not yet identified.

## 21. CASH AND CASH EQUIVALENTS

### Accounting policies

Cash and cash equivalents include highly liquid investments that are convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months maturity from the date of acquisition.

For the purposes of the statement of cash flows, cash and cash equivalents comprises cash and balances with banks and central banks excluding mandatory balances with central banks, loans to placements with banks having an original maturity of up to 3 months. Cash and cash equivalents are measured at amortised cost. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **MUR '000** | MUR '000 | **MUR '000** | MUR '000 |
| Cash in hand | **1,635,849** | 1,223,008 | - | - |
| Foreign currency notes and coins | **122,560** | 127,552 | - | - |
| Balances with the Central Bank | **2,868,414** | 2,020,399 | - | - |
| Balances due in clearing | **18,312** | (440) | - | - |
| Balances with banks | **3,056,133** | 2,468,950 | **13,310** | 6,581 |
| Placements | **538,581** | 365,487 | **12,339** | 312,340 |
| | **8,239,849** | 6,204,956 | **25,649** | 318,921 |
| **Broken down as follows:** | | | | |
| Banking segment | **6,823,706** | 4,493,080 | - | - |
| Non-banking segment | **1,416,142** | 1,711,876 | **25,649** | 318,921 |
| | **8,239,849** | 6,204,956 | **25,649** | 318,921 |

The balances with the central bank relate to cash held at Central Bank of Madagascar for BNI Madagascar SA.

## 22. NON-CURRENT ASSETS HELD FOR SALE

### Accounting policies

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use. This condition is regarded as met only, when the sale is highly probable, and the asset is available for immediate sale in its present condition.

## NOTES TO THE FINANCIAL STATEMENTS- JUNE 30, 2020 (CONT'D)

### 22. NON-CURRENT ASSETS HELD-FOR-SALE (CONT'D)

| | THE GROUP | |
|---|---|---|
| The movement for the year is as follows: | **2020 MUR '000** | 2019 MUR '000 |
| At 1 July | **12,726** | 91,062 |
| Disposal | **-** | (78,336) |
| Transfer from investment in associates (Note 14) | **99,137** | - |
| Increase in fair value | **20,106** | - |
| As at 30 June | **131,969** | 12,726 |

(a) Assets held-for-sale consist of land, which has been earmarked for sale by Ferney Limited and is in process of finalisation.
(b) During the year 2020, directors of the CIEL Healthcare Limited have decided to sell the investment held in Hygeia HMO Limited ('HHMO') (23.08%). The Company entered into a binding agreement with an interested buyer and an offer letter has been received near year end. The sale of investment in associate is highly probable and the investment has thus been reclassified under non-current assets held-for-sale.

### 23. LOANS AND ADVANCES TO CUSTOMERS

**Accounting policies**

The Group only measures loans and advances and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold the financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

| (a) | **2020 MUR '000** | 2019 MUR '000 |
|---|---|---|
| Retail | **2,843,036** | 1,870,222 |
| Professional – SME | **557,051** | 411,706 |
| Mid-Cap | **3,366,538** | 2,396,930 |
| Institutional | **545,496** | 22,524 |
| Corporate customers | **10,421,364** | 8,758,988 |
| | **17,733,485** | 13,460,370 |
| Less allowances for credit impairment: | | |
| Retail | **(305,942)** | (199,535) |
| Professional – SME | **(254,112)** | (168,909) |
| Mid-Cap | **(345,922)** | (244,856) |
| Institutional | **(3,341)** | (796) |
| Corporate customers | **(215,517)** | (160,590) |
| | **(1,124,834)** | (774,686) |
| | **16,608,651** | 12,685,684 |
| Less: Non-current portion | **(5,544,688)** | (3,851,791) |
| Current portion | **11,063,963** | 8,833,893 |

## 23. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

| | 2020 MUR '000 | 2019 MUR '000 |
|---|---|---|
| (b) Remaining terms to maturity | | |
| Within one year | **11,063,963** | 8,833,893 |
| Over 1 year and up to 5 years | **5,544,688** | 3,428,936 |
| Over 5 years | **-** | 422,855 |
| | **16,608,651** | 12,685,684 |

(c) Allowance for credit impairment

| | 2020 MUR '000 | 2019 MUR '000 |
|---|---|---|
| At July 1 | **774,686** | 812,961 |
| Provision for credit impairment for the year | **303,827** | 7,641 |
| Foreign currency translation adjustment | **46,321** | (45,916) |
| At 30 June | **1,124,834** | 774,686 |

## 24. LOANS TO BANKS

### Accounting policies

The Group only measures loans and advances and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold the financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

| (a) | THE GROUP 30 June 2020 MUR '000 | 30 June 2019 MUR '000 |
|---|---|---|
| At 1 July | **413,309** | 916,807 |
| Matured during the year | **-** | (503,502) |
| Net movement in loans to banks | **(373,059)** | - |
| Allowance for impairment | **47** | 4 |
| At 30 June | **40,297** | 413,309 |
| Loans to banks - non-current | **-** | - |
| Loans to banks - current | **40,297** | 413,309 |
| | **40,297** | 413,309 |
| Remaining terms to maturity | | |
| Within one year | **40,297** | 413,309 |
| Over 1 year and up to 5 years | **-** | - |
| | **40,297** | 413,309 |
| *Allowance for credit impairment* | | |
| At July 01 | **(54)** | (57) |
| Provision for credit impairment | **47** | 3 |
| At June 30 | **(7)** | (54) |

## 25. INVESTMENTS IN SECURITIES

Investments in securities have been assessed as having a business model of holding to collect contractual cash flows comprising solely of payments of principal and interest. Accordingly, these instruments have been classified at amortised cost under the effective interest method.

| | THE GROUP | |
|---|---|---|
| | **2020** | 2019 |
| | **MUR '000** | MUR '000 |
| At 1 July | **4,498,836** | 2,980,450 |
| Interest income accrued | **163,658** | 281,397 |
| Additions | **-** | 1,981,584 |
| Matured during the year | **(216,135)** | (604,007) |
| Allowance for impairment | **(288)** | (583) |
| Translation adjustment | **266,463** | (140,006) |
| | **4,712,534** | 4,498,836 |
| Non-current | **2,909,918** | 3,052,680 |
| Current | **1,802,616** | 1,446,156 |
| **Remaining terms to maturity** | | |
| Within one year | **1,802,616** | 1,446,156 |
| Over 1 year and up to 5 years | **2,909,918** | 3,052,680 |
| | **4,712,534** | 4,498,836 |

The investment in securities are denominated in Ariary.
The current securities have coupon rates ranging from 9.80 % to 13.55**%** (2019: 9.70% to 9.74%).
The non-current securities have coupon rates ranging from 6.30 **%** to 13.15**%** (2019: 10.10% to 11.10%).

None of the financial assets are either past due or impaired.

## 26. STATED CAPITAL AND TREASURY SHARES

### Accounting policies

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from proceeds. Where the Company purchases its equity share capital (treasury shares), the consideration paid, including any directly incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. When such shares are subsequently reissued, any net consideration received is included in equity attributable to the Company's equity holders.

## 26. STATED CAPITAL AND TREASURY SHARES (CONT'D)

| | THE GROUP AND THE COMPANY | | |
|---|---|---|---|
| | Stated Capital MUR '000 | Treasury Shares MUR '000 | Total MUR '000 |
| At 1 July 2018 | 5,072,296 | (234,263) | 4,838,033 |
| Issue of shares (Note 1) | 22,979 | 75,815 | 98,794 |
| Issue of shares to executives (Note 2) | 4,286 | 5,936 | 10,222 |
| Issue of shares on exercise of rights (Note 3) | - | 3,165 | 3,165 |
| At 1 July 2019 | 5,099,561 | (149,347) | 4,950,214 |
| Issue of shares (Note 4) | **36,855** | **119,641** | **156,496** |
| Issue of shares to executives (Note 5) | **3,163** | **10,221** | **13,384** |
| Issue of shares on exercise of rights (Note 6) | - | **1,480** | **1,480** |
| At 1 July 2020 | **5,139,579** | **(18,005)** | **5,121,574** |
| | **Number of shares '000** | **Number of shares '000** | **Number of shares '000** |
| At 1 July 2018 | 1,689,901 | (47,083) | 1,642,818 |
| Issue of shares (Note 1) | - | 15,040 | 15,040 |
| Issue of shares to executives (Note 2) | - | 1,178 | 1,178 |
| Issue of shares on exercise of rights (Note 3) | - | 1,238 | 1,238 |
| At 1 July 2019 | 1,689,901 | (29,627) | 1,660,274 |
| Issue of shares (Note 4) | - | 24,028 | 24,028 |
| Issue of shares to executives (Note 5) | - | 1,128 | 1,128 |
| Issue of shares on exercise of rights (Note 6) | - | 1,322 | 1,322 |
| At 30 June 2020 | 1,689,901 | (3,149) | 1,686,752 |

The shares have no par value. All stated capital is fully paid.

**Note 1**

On 07 June 2019, CIEL Limited increased its stake in Ciel Textile Ltd from 88.48% to 92.92% and, thus, 15,040,148 ordinary shares of CIEL Limited were issued.

**Note 2**

In June 2017, an amount of MUR 4,799K net of tax worth of CIEL Limited ordinary shares was granted to selected staff members of the Group. Based on the share price as at 30 June 2017 of MUR 7.64, 628,136 shares were issued in 2018 and 2019.

In June 2018, an amount of MUR 3,890K net of tax worth of CIEL Limited ordinary shares was granted to selected staff members of the Group. Based on the share price as at 30 June 2018 of MUR 7.08, 549,317 shares were issued in 2019.

**Note 3**

During the year 2019, executives of the Group have exercised their rights to acquire 1,237,819 of CIEL Limited ordinary shares under the Share Appreciation Rights Scheme.

## 26. STATED CAPITAL AND TREASURY SHARES (CONT'D)

**Note 4**

On 02 July 2019, CIEL Limited increased its stake in Ciel Textile Ltd from 92.92% to 100% and, thus, 24,027,946 ordinary shares of CIEL Limited were issued.

**Note 5**

In June 2018, an amount of MUR 3,890K net of tax worth of CIEL Limited ordinary shares was granted to selected staff members of the Group. Based on the share price as at 30 June 2018 of MUR 7.08, 549,417 shares were issued in 2019.

In June 2019, an amount of MUR 3,675K net of tax worth of CIEL Limited ordinary shares was granted to selected staff members of the Group. Based on the share price as at 30 June 2019 of MUR 7.08, 578,772 shares were issued in 2020.

**Note 6**

During the year 2020, executives of the Group have exercised their rights to acquire 1,321,553 of CIEL Limited ordinary shares under the Share Appreciation Rights Scheme.

## 27. REDEEMABLE RESTRICTED A SHARES

| | THE GROUP AND THE COMPANY | |
|---|---|---|
| | Redeemable Restricted A Shares MUR '000 | Number of Shares 000's |
| At 30 June 2019 & 2020 | **39,233** | **3,008,887** |
| | ========= | ========= |

At a Special Meeting held on 30th October 2013, shareholders approved that the share capital of the company be reorganised into 2 classes of shares, as follows:

- Existing Ordinary Shares which hold all economic rights including the right to dividends and voting rights.
- Redeemable Restricted A Shares, being a new class of shares, with no economic rights attached but with voting rights.

Shareholders of the Company had the option for every Ordinary Share held by them after the share split, to choose between receiving:

(i) Either a cash dividend of 5 cents;
(ii) Or 4 'Redeemable Restricted A Shares'.

The rights attached to the Redeemable Restricted A Shares are as follows;

(i) The right to vote at general meetings and, on a poll, to cast one vote for each share held;
(ii) The right to participate in a rights issue together with the holders of Ordinary Shares on the condition that the holders of each class of shares shall be entitled to subscribe to Shares of that class only;
(iii) No right to any Distribution;
(iv) No right to any surplus assets of the company in case of winding up;
(v) No right to be transferred except with the consent of the holders of at least 75% of the shares of that class.

The Redeemable Restricted A Shares shall be redeemed at the option of the company for no consideration, should the holders either directly or indirectly through successive holding entities, in aggregate, hold less than 10% of the issued Ordinary Shares in the capital of the Company.

## 28. OTHER COMPREHENSIVE INCOME

| The Group | Revaluation Surplus MUR '000 | Fair value MUR '000 | Hedging Reserve MUR '000 | Translation of Foreign Operation MUR '000 | Other Reserves MUR '000 | Actuarial Reserves MUR '000 | Share appreciation rights scheme MUR '000 | Total MUR '000 |
|---|---|---|---|---|---|---|---|---|
| Balance at 1 July 2019 | **3,137,630** | **42,558** | **(16,835)** | **(304,987)** | **218,714** | **(266,234)** | **19,450** | **2,830,296** |
| Other comprehensive income for the year | **675,736** | **11,432** | **(45,763)** | **169,945** | **-** | **(125,135)** | **-** | **686,215** |
| Issue of shares | **-** | **-** | **-** | **-** | **-** | **-** | **(14,183)** | **(14,183)** |
| Other movements | **-** | **-** | **-** | **-** | **40,634** | **-** | **-** | **40,634** |
| Balance at 30 June 2020 | **3,813,366** | **53,990** | **(62,598)** | **(135,042)** | **259,348** | **(391,369)** | **5,267** | **3,542,962** |
| Balance at 1 July 2018 | 3,492,583 | 77,927 | 17,651 | (268,459) | 167,624 | (204,460) | 24,823 | 3,307,689 |
| Other comprehensive income for the year | (354,954) | (35,368) | (34,486) | (36,528) | - | (61,774) | - | (523,110) |
| Issue of shares | - | - | - | - | - | - | (5,373) | (5,373) |
| Other movements | - | | - | - | 51,090 | - | - | 51,090 |
| Balance at 30 June 2019 | 3,137,629 | 42,559 | (16,835) | (304,987) | 218,714 | (266,234) | 19,450 | 2,830,296 |

**Other movements are mainly made up of:**

(i) Statutory reserve, which comprises the accumulated annual transfer of 15% of the net profit for the year in line with Article 41 of Ordinance n° 88-005 dated 15th April 1988 pertaining to the regulations applicable to the banking sector in Madagascar.

(ii) Movements in the General Banking Reserve is at the discretion of BNI Madagascar and the shareholders choose to increase the reserve by the profit for the year net of dividends payable and the amount transferred to statutory reserve.

## 28. OTHER COMPREHENSIVE INCOME (CONT'D)

(a) The Company

| | Fair Value Reserve 2020 MUR '000 | Fair Value Reserve 2019 MUR '000 |
|---|---|---|
| Fair value adjustment | **(1,727,285)** | (2,211,319) |
| | ========= | ========= |

(b) Revaluation surplus

The revaluation surplus relates to the revaluation of property.

*Fair value reserve*

Fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets that has been recognised in other comprehensive income until investments are derecognised or impaired.

*Hedge reserve*

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

*Translation of foreign operations*

The translation reserve comprises all foreign currency difference arising for the translation of the financial statements of foreign operation.

*Actuarial gains/(losses)*

The actuarial gains/(losses) reserve represents the cumulative remeasurement of defined benefit obligation recognised.

## 29. SHARE APPRECIATION RIGHTS SCHEME AND SHARE BASED SCHEME

**Accounting policies**

(a) Share Appreciation Rights Scheme

The Group operates a Share Appreciation Rights Scheme (SARS) for selected executives employed by one of the subsidiaries of the CIEL Group. Under the Scheme, selected executives are granted a number of rights based on their current salary. The rights will be settled by CIEL Limited issuing shares to the holder of the rights, equivalent to the difference between the exercise price and the grant price per share, multiplied by the number of SARS exercised. CIEL Ltd may buy back shares from the market, or utilise its treasury shares. The rights vest after three years from grant date and lapse after seven years from grant date. The Scheme operated previously under ex-CIEL Investment Ltd before the amalgamation with Deep River Investment Ltd in January 2014. Following the amalgamation and the issue of 344,827,586 new no par value ordinary shares by way of private placement by CIEL Ltd, the number of SARS originally granted and the grant price of the underlying shares were adjusted accordingly. The last issue of the SARS dates back to April 2013. The said scheme has been brought to an end since that date. The last SARS were exercised during the year and no SARS were left as at 30 June 2020.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period.

## 29. SHARE APPRECIATION RIGHTS SCHEME AND SHARE BASED SCHEME (CONT'D)

(a) Share Appreciation Rights Scheme (Cont'd)

The proceeds, if any, received net of any directly attributable transaction costs are credited to stated capital when the options are exercised.

Movements in the rights outstanding:

| | | Grant Price | Number of rights |
|---|---|---|---|
| Granted | - in respect of financial year March 2008 | 6.95 | 4,332,086 |
| | - in respect of financial year March 2009 | 4.36 | 7,049,710 |
| | - in respect of financial year March 2010 | 5.44 | 5,647,572 |
| | - in respect of financial year March 2011 | 4.90 | 4,159,523 |
| | - in respect of financial year March 2012 | 4.09 | 5,251,546 |
| | - in respect of financial year March 2013 | 3.75 | 6,048,089 |
| Total granted | | | 32,488,526 |
| Rights exercised during 2015 | | | |
| - relating to financial year March 2009 | | (1,171,533) | |
| - relating to financial year March 2011 | | (700,000) | |
| | | | (1,871,533) |
| Rights exercised during 2016 | | | |
| - relating to financial year March 2009 | | (5,878,177) | |
| - relating to financial year March 2010 | | (937,534) | |
| - relating to financial year March 2011 | | (366,912) | |
| - relating to financial year March 2012 | | (400,000) | |
| | | | (7,582,623) |
| Rights lapsed and not exercised in 2016 | | | |
| - relating to financial year March 2008 at MUR 2.18 per right | | (4,332,086) | |
| | | | (4,332,086) |
| Rights exercised during 2017 | | | |
| - relating to financial year March 2010 | | (4,710,038) | |
| - relating to financial year March 2012 | | (625,000) | |
| | | | (5,335,038) |
| Rights exercised during 2018 | | | |
| in respect of financial year March 2011 | | (3,092,611) | |
| in respect of financial year March 2012 | | (354,662) | |
| | | | (3,447,273) |

## 29. SHARE APPRECIATION RIGHTS SCHEME AND SHARE BASED SCHEME (CONT'D)

(a) Share Appreciation Rights Scheme (Cont'd)

Movements in the rights outstanding:

| | Grant Price | Number of rights |
|---|---|---|
| Rights exercised during 2019 | | |
| - in respect of financial year March 2012 | (3,871,884) | |
| - in respect of financial year March 2013 | (200,000) | |
| | --------- | --------- |
| | | (4,071,884) |
| Rights exercised during 2020 | | |
| - in respect of financial year 2013 | | (5,848,089) |
| | | --------- |
| | | - |
| | | ========= |

The exercise price of the SARS is the market value of the underlying shares on the business day immediately preceding the exercise date. Participants have been issued with shares worth **MUR 6.8M** during 2020 (2019 - MUR 7.8M, based on the weighted average market price of **MUR 5.12** (2019 - MUR 6.34).

The fair value of the rights were determined using the Black Scholes model, the assumptions of the model is tabled below:

| Grant year | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| Share Price at Grant date (in Rs) | 3.75 | 4.09 | 4.90 | 5.44 | 4.36 |
| Vesting Period (in Years) | 3 | 3 | 3 | 3 | 3 |
| Expected Volatility | 36% | 37% | 38% | 39% | 40% |
| Expected Dividend Yield | 2.2% | 2.5% | 2.0% | 2.5% | 2.5% |
| Risk Free Rate | 4.90% | 5.50% | 5.25% | 5.75% | 6.50% |
| Value of SARS (in MUR) | 0.96 | 1.07 | 1.34 | 1.50 | 1.26 |
| Fair value of rights issued (in MUR '000) | 5,821 | 5,621 | 5,590 | 8,472 | 8,849 |
| Amortised SARS value | 2,425 | 4,216 | 5,590 | 8,472 | 8,849 |

The fair value of the SARS issued is amortised over a 3-year period, i.e. between the grant date and vesting date.

The volatility assumptions measured at the standard deviation of the expected share prices is based on statistical analysis of historical share prices.

## 29. SHARE APPRECIATION RIGHTS SCHEME AND SHARE BASED SCHEME (CONT'D)

(b) Share Based Scheme - equity settled

In July 2014, an incentive scheme was set up in order to remunerate some key executives of the Group. The annual entitlement is payable 50% in cash and 50% in terms of shares in CIEL Limited. Upon award, the shares are vested immediately but are issued over a period of two years.

The entitlement for the years ended 30 June 2020 and 2019 is as follows:

| | **2020** | 2019 |
|---|---|---|
| | **MUR '000** | MUR '000 |
| Cash settlement | **943** | 8,232 |
| Equity settlement | **943** | 8,232 |
| | **1,886** | 16,464 |

For the entitlement relating to 2019, based on the share price as at 30 June 2019 of MUR 6.40, this will represent 1,286,284 shares which will be issued in June 2020 and June 2021.

For the entitlement relating to 2020, based on the share price as at 30 June 2020 of MUR 3.48, this will represent 270,977 shares which will be issued in June 2021 and June 2022.

## 30. BORROWINGS

### Accounting policies

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

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

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

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss unless they are attributable to qualifying assets in which case, they are capitalised in accordance with the policy on borrowing costs. Effective 1 July 2019, the Group has adopted IFRS 16.

## 30. BORROWINGS (CONT'D)

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| **Current** | **MUR '000** | MUR '000 | **MUR '000** | MUR '000 |
| Bank overdrafts | **1,355,605** | 1,605,262 | - | - |
| Bank loans repayable by instalments | **870,765** | 1,237,763 | - | - |
| Fixed and floating rate secured notes (Note (b)) | **2,693,301** | 423,854 | **330,802** | 423,854 |
| Finance lease obligation | - | 16,401 | - | - |
| Cash at call with non-subsidiaries | **10,072** | 34,985 | **3** | 31,627 |
| Other loans | **2,039,222** | 9,719 | **-** | - |
| Money market line | **441,635** | 98,336 | **150,000** | - |
| Export bills and vendors' financing | **934,229** | 923,397 | **-** | - |
| Import loans | **1,587,758** | 1,389,814 | **-** | - |
| | **9,932,587** | 5,739,531 | **480,805** | 455,481 |
| **Non-current** | | | | |
| Bank loans repayable by instalments (Note (c)) | **3,092,457** | 3,713,984 | **-** | - |
| Fixed and floating rate secured notes (Note (b)) | **7,303,484** | 2,264,093 | **2,487,637** | 2,264,093 |
| Other loans (note (d)) | **239,487** | 5,315,465 | **-** | - |
| Finance lease obligation (note (e)) | **-** | 413,072 | **-** | - |
| Export bills and vendors' financing | **7,451** | - | - | - |
| | **10,642,879** | 11,706,614 | **2,487,637** | 2,264,093 |
| **Total borrowings** | **20,575,466** | 17,446,145 | **2,968,442** | 2,719,574 |

(a) The bank borrowings are secured by fixed and floating charges over the assets of the Group.

(b) Break-down of the nominal value of the notes based on maturity and coupon rate is as follows:

**CIEL Limited**

| **Date of issue** | **Maturity** | **Coupon rate** | **No of notes issued** | **MUR'000** |
|---|---|---|---|---|
| 2018 | 3 years | 3.40% | 3,000 | 300,000 |
| 2018 | 5 years | 4.00% | 3,800 | 380,102 |
| 2018 | 7 years | 4.98% | 3,000 | 300,000 |
| 2018 | 10 years | 5.45% | 2,900 | 290,000 |
| 2019 | 7 years | 4.29% | 3,000 | 300,000 |
| 2019 | 7 years | 4.95% | 1,000 | 100,000 |
| 2019 | 8 years | 4.53% | 3,000 | 300,000 |
| 2019 | 8 years | 5.15% | 1,000 | 100,000 |
| 2019 | 10 years | 5.45% | 880 | 88,000 |
| 2019 | 10 years | 4.95% | 120 | 12,000 |
| 2019 | 15 years | 5.60% | 1,000 | 100,000 |
| 2020 | 10 years | 5.45% | 530 | 530,000 |
| | | | | 2,800,102 |

## 30. BORROWINGS (CONT'D)

**SUN Limited**

| Date of issue | Maturity | Coupon rate | No of notes issued | MUR '000 |
|---|---|---|---|---|
| 2020 | 5 months | 4.00% | 15,955 | 702,572 |
| 2016 | 4 years | 4.50% | 37,696 | 1,659,927 |
| 2016 | 5 years | 6.00% | 814,756 | 814,756 |
| 2016 | 5 years | 3.15% | 322,000 | 322,000 |
| 2016 | 7 years | 6.50% | 958,276 | 958,276 |
| 2016 | 7 years | 3.55% | 336,024 | 336,024 |
| 2020 | 1.5 years | 5.99% | 26,868 | 268,684 |
| 2020 | 1.5 years | 6.68% | 20,739 | 154,220 |
| 2020 | 2 years 7 months | 2.43% | 8,000 | 350,648 |
| 2020 | 4 years 7 months | 2.70% | 8,500 | 372,563 |
| 2020 | 6 years 7 months | 3.15% | 8,500 | 372,563 |
| 2020 | 9 years 7 months | 3.50% | 5,000 | 219,155 |
| | | | | **6,531,388** |

**CIEL Finance Limited**

The fixed rate secured notes include an amount of MUR 500M taken in September 2019 by the Company. The break-down of the notes based on maturity and interest rate broken down is as follows:

| Date of issue | Maturity | Coupon rate | No of notes issued | MUR '000 |
|---|---|---|---|---|
| 27-Sep-19 | 5 years | 4.50% | 150,000 | 150,000 |
| 27-Sep-19 | 6 years | 4.62% | 175,000 | 175,000 |
| 27-Sep-19 | 7 years | 4.76% | 175,000 | 175,000 |
| | | | | **500,000** |

These notes are secured against shares held in listed companies.

(c) Non-current bank loans repayable by instalments can be analysed as follows: -

| | THE GROUP | |
|---|---|---|
| | **2020 MUR '000** | 2019 MUR '000 |
| - after 1 year and before 2 years | **583,240** | 648,722 |
| - after 2 years and before 3 years | **626,261** | 681,633 |
| - after 3 years and before 5 years | **1,229,477** | 1,396,014 |
| - after 5 years | **653,479** | 987,615 |
| | **3,092,457** | 3,713,984 |

## 30. BORROWINGS (CONT'D)

(d) Other loans

Other loans include a loan taken of MGA 1bn from the social security authority in Madagascar (CNaPs) in December 2015 that has a term of 5 years and bears a fixed coupon rate of 12.50% per annum. They also include a loan contracted by BNI Madagascar in September 2015 with Proparco for EUR 5M which has a remaining term of 2 years and bears a fixed coupon rate of 7.82%.

There are also bonds secured by floating charges over all the assets of the Hotel Segment and are repayable in the year 2020 to 2030. The bonds are arranged at floating and fixed interest rates and the average interest as at the end of reporting period was 4.5% (2019: 5.3%).

All borrowings are denominated in MUR except for the below:

| | THE GROUP | |
|---|---|---|
| | **2020 MUR '000** | 2019 MUR '000 |
| (i) Proparco loans denominated in Euros | **227,011** | 202,851 |
| (ii) Social security authority denominated in Ariary | **10,490** | 9,900 |
| | **237,501** | 212,751 |
| **Repayable:** | | |
| Within one year | **2,039,222** | 9,719 |
| After one year but before two years | **238,045** | 2,130,462 |
| After two years but before three years | **578** | 1,679,466 |
| After three years but before five years | **864** | 1,505,537 |
| After five years | **-** | - |
| | **2,278,709** | 5,325,184 |

(e) Finance lease liabilities – minimum lease payments:

The obligations under finance leases are secured by the underlying assets and the maturity profiles are as follows:

| | THE GROUP | |
|---|---|---|
| | **2020 MUR '000** | 2019 MUR '000 |
| Not later than 1 year | - | 37,268 |
| Later than 1 year and not later than 2 years | - | 30,652 |
| Later than 2 years and not later than 3 years | - | 24,121 |
| Later than 3 years and not later than 5 years | - | 46,031 |
| Later than 5 years | - | 985,235 |
| | - | 1,123,307 |
| Future finance charges on finance leases | - | (693,834) |
| Present value of finance lease liabilities | - | 429,473 |

## 30. BORROWINGS (CONT'D)

(e) Finance lease liabilities – minimum lease payments: (Cont'd)

| | THE GROUP | |
|---|---|---|
| | **2020** | 2019 |
| | **MUR '000** | MUR '000 |
| The present value of finance lease facilities may be analysed as follows: | | |
| Not later than 1 year | - | 16,401 |
| Later than 1 year and not later than 2 years | - | 10,180 |
| Later than 2 years and not later than 3 years | - | 4,592 |
| Later than 3 years and not later than 5 years | - | 7,404 |
| Later than 5 years | - | 390,896 |
| | - | 429,473 |

Lease liabilities are effectively secured as the rights to the lease assets revert to the lessor in the event of default.

The Group leases plant and machinery, motor vehicles and equipment under finance leases. The leases have varying terms and purchase options. There are no restrictions imposed on the Group by lease arrangements other than in respect of the specific assets being leased. The Group has the option to purchase equipment at the end of the lease period. The obligations under finance leases are secured by the lessors' title to the leased assets.

(f) The effective interest rates at the end of the reporting period were as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **%** | % | **%** | % |
| *Mauritian rupee* | | | | |
| Bank overdrafts | **4.05 - 6.25** | 5.70 – 6.25 | 5.75 | 5.75 |
| Bank loans repayable by instalments | **3.85 - 4.65** | 3.25 – 5.75 | - | - |
| Fixed rate multicurrency notes | **3.40 – 5.83** | 3.40 – 5.85 | 3.40 – 5.83 | 3.40 – 5.83 |
| Finance lease obligations | **-** | 6.25 – 8.00 | - | - |
| Expert bills and vendors' financing | **7.65 - 8.00** | 5.75% (PLR) | - | - |
| Money market line | **4.10 – 5.75** | - | 5.75 | - |
| *US Dollar* | | | | |
| Bank overdrafts | Libor + 1.5%/+ 2.50/+3.25 | Libor + 1.5/+ 4.71 | - | - |
| Bank loans repayable by instalments | 4.36 | 4.37 - 7.33 | - | - |
| Finance lease obligations | - | 2.9 – 6.66 | - | - |
| Expert bills and vendors' financing | Libor + 1.5/+ 2.4 | Libor + 1.5/+ 2.4 | - | - |

## 30. BORROWINGS (CONT'D)

(f) The effective interest rates at the end of the reporting period were as follows: (Cont'd)

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2020 %** | 2019 % | **2020 %** | 2019 % |
| *Euro* | | | | |
| Bank overdrafts | Euribor + 1.5%/+ 2.50 | Euribor + 1.5/+ 3.45 | - | - |
| Bank loans repayable by instalments | 3.93 | Euribor + 3 | - | - |
| Finance lease obligations | - | 2.75 – 5.00 | - | - |
| Expert bills and vendors' financing | Euribor + 1.5%/+ 2.40 | Euribor + 1.5/+ 2.40 | - | - |
| *Indian Rupee* | | | | |
| Bank overdrafts | 8.10 - 8.70 | 9.80 - 10.50 | - | - |
| Expert bills and vendors' financing | 8.10 - 8.70 | 9.80 -10.50 | - | - |

(g) The carrying amounts of the borrowings are denominated in the following currencies:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2020 MUR '000** | 2019 MUR '000 | **2020 MUR '000** | 2019 MUR '000 |
| Rupee | **8,002,070** | 9,987,906 | **2,968,442** | 2,719,574 |
| Euro | **6,149,880** | 2,967,645 | - | - |
| US dollars | **3,520,463** | 3,763,256 | - | - |
| UK Pound | **351,023** | 396,295 | - | - |
| INR | **389,603** | 249,065 | - | - |
| Ariary | **2,037,343** | 46,888 | - | - |
| Others | **125,084** | 35,090 | - | - |
| | **20,575,466** | 17,446,145 | **2,968,442** | 2,719,574 |

(h) The carrying amounts of borrowings are not materially different from their fair values.

(i) The bills discounted and the import loans are secured by fixed and floating charges over the assets of the CIEL Textile Limited.

(j) The carrying amounts of assets pledged as security for current and non-current borrowings are:

## 30. BORROWINGS (CONT'D)

(j) Assets pledged as security (Cont'd)

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **MUR '000** | MUR '000 | **MUR '000** | MUR '000 |
| Non-current assets | | | | |
| *Fixed and floating charge* | | | | |
| Property, plant and equipment | **20,888,707** | 12,895,102 | - | - |
| Right-of-use assets | **2,609,717** | - | | |
| Investment properties | **2,008,060** | - | - | - |
| Intangible assets | **90,106** | 86,756 | - | - |
| Derivatives | **7,746** | | | |
| Investments in subsidiaries | **4,084,699** | 11,024,852 | **2,437,353** | 14,005,296 |
| Investments in joint ventures | **1,803,258** | 1,561,757 | **-** | 43,896 |
| Investments in associates | **728,873** | 1,408,639 | **-** | 48,369 |
| Investments in other financial assets | **328,023** | 157,996 | **-** | 43,816 |
| Deposit on investments | **7,304** | - | - | - |
| Leasehold rights and land prepayments | **230,530** | 38,016 | - | - |
| Non-current receivable | **22,435** | 25,521 | - | - |
| Derivative financial instruments | **-** | 26,789 | - | - |
| *First mortgage* | | | | |
| Freehold land and buildings | **2,718,549** | 300,025 | - | - |
| Investment properties | **-** | 479,376 | - | - |
| Total non-current assets pledged as security | **35,528,007** | 28,004,829 | **2,437,353** | 14,141,377 |
| Current assets | | | | |
| *Fixed and floating charge* | | | | |
| Inventories | **3,417,232** | 3,292,386 | - | 186,509 |
| Trade and other receivables | **3,236,444** | 814,615 | - | 318,921 |
| Cash and cash equivalents | **1,287,167** | 3,618,434 | - | - |
| *Floating charge* | | | | |
| Property, plant and equipment | **-** | - | - | - |
| Investment in other financial assets | **6,180** | - | - | - |
| Trade and other receivables | **37,287** | - | - | - |
| Cash and cash equivalents | **131,873** | - | - | - |
| Total current assets pledged as security | **8,116,183** | 7,725,435 | - | 505,430 |

## 31. DEFERRED INCOME TAXES

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

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

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

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

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of **17%** (2019 - 17%).

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

| | THE GROUP | |
|---|---|---|
| | **2020** | 2019 |
| | **MUR '000** | MUR '000 |
| Deferred tax liabilities | **1,471,979** | 1,208,158 |
| Deferred tax assets | **(427,768)** | (161,685) |
| | ---------- | ---------- |
| | **1,044,211** | 1,046,473 |
| | ========== | ========== |

(b) The movement on the deferred income tax account is as follows:

| | THE GROUP | |
|---|---|---|
| | **2020** | 2019 |
| | **MUR '000** | MUR '000 |
| At 1 July | **1,046,473** | 1,040,383 |
| Impact of IFRS 16 | **(56,797)** | 18,231 |
| | ---------- | ---------- |
| Restated opening balance | **989,676** | 1,058,613 |
| Acquisition of business operations | **-** | (2,980) |
| Overprovision of deferred tax in previous years | **(2,218)** | (6,635) |
| Translation difference | **2,432** | (1,711) |
| Charged/(Credited) to profit or loss | **(49,151)** | 53,625 |
| (Credited)/Charged to other comprehensive income | **103,472** | (54,439) |
| | ---------- | ---------- |
| At 30 June | **1,044,211** | 1,046,473 |
| | ========== | ========== |

## NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED JUNE 30, 2020 (CONT'D)

### 31. DEFERRED INCOME TAXES (Cont'd)

(c) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority, is as follows:

| The Group<br>**Deferred tax liabilities** | **Accelerated Tax Depreciation MUR '000** | **Revaluation of Properties MUR '000** | **Total MUR '000** |
|---|---|---|---|
| At 1 July 2018 | 855,911 | 733,222 | 1,589,133 |
| Acquisition from business combination | (2,689) | - | (2,689) |
| Translation difference | 6,405 | (810) | 5,595 |
| (Credited)/Charged to profit or loss | 10,538 | (1,317) | 9,221 |
| Impairment of property, plant and equipment | - | (61,370) | (61,370) |
| Charged to other comprehensive income | - | 12,322 | 12,322 |
| At 30 June 2019 | 870,165 | 682,047 | 1,552,212 |
| Reclassification | **3,323** | **(3,323)** | **-** |
| Under/Over provision | **(2,218)** | **-** | **(2,218)** |
| Translation difference | **8,493** | **15,238** | **23,731** |
| (Credited)/Charged to profit or loss | **(28,396)** | **39,583** | **11,187** |
| Charged to other comprehensive income | **-** | **140,364** | **140,364** |
| At 30 June 2020 | **851,367** | **873,909** | **1,725,276** |

| **Deferred tax assets** | | | | | |
|---|---|---|---|---|---|
| At 1 July 2018 | 10,659 | 69,817 | 468,274 | - | 548,750 |
| Effect of change in accounting policy | (18,231) | - | - | - | (18,231) |
| Under/Over provision | (9,446) | - | - | - | (9,446) |
| Acquisition from business combination | - | 290 | - | | 290 |
| (Credited)/Charged to profit or loss | 86,143 | 6,190 | (120,654) | - | (28,321) |
| (Credited)/Charged to other comprehensive income | 3,869 | 1,522 | - | - | 5,391 |
| Translation difference | (3,824) | 8,217 | 2,913 | - | 7,306 |
| At 30 June 2019 | **69,170** | **86,036** | **350,533** | - | **505,739** |
| Impact of IFRS 16 | | | | **56,797** | **56,797** |
| Restated balance at 01 July 2019 | **69,170** | **86,036** | **350,533** | **56,797** | **562,536** |
| (Credited)/Charged to profit or loss | **106,335** | **(10,962)** | **(47,243)** | **12,208** | **60,338** |
| (Credited)/Charged to other comprehensive income | **(1,012)** | **37,904** | **-** | **-** | **36,891** |
| Translation difference | **9,522** | **334** | **10,864** | **580** | **21,301** |
| At 30 June 2020 | **184,015** | **113,312** | **314,154** | **69,585** | **681,066** |

| | **2020 MUR '000** | 2019 MUR '000 |
|---|---|---|
| Net deferred tax liabilities | **1,044,211** | 1,046,473 |

At the end of the reporting period, the Group had not recognised deferred tax assets of **MUR 220M** (2019 – MUR 421M) due to unpredictability of future profit streams.

## 32. RETIREMENT BENEFIT OBLIGATIONS

**Accounting policies**

*Defined benefit plans*

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement usually dependent on one or more factors such as age, year of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent periods.

The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefits payments. Net Interest expense/(income) is recognised in profit or loss.

Service costs comprising current service cost, past service cost as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

CIEL Textile Limited, CIEL Corporate Services Ltd, C-Care (Mauritius) Limited and Sun Limited, subsidiary companies of CIEL Limited, contribute to a defined benefit plan for certain employees.

*Defined contribution plans*

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitle them to the contributions.

*Gratuity on retirement*

For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuity on retirement payable under the Employment Rights Act 2008 (Amended) is calculated by a qualified actuary and provided for. The obligations arising under this item are not funded.

*Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

## 32. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

| | THE GROUP | |
|---|---|---|
| | **2020** | 2019 |
| | **MUR '000** | MUR '000 |
| Amounts recognised in the statement of financial position: | | |
| - Defined pension benefits (note (a)(ii)) | **556,428** | 255,028 |
| - Other post-employment benefits (note (b)(i)) | **469,835** | 542,007 |
| | **1,026,263** | 797,035 |
| Analysed as follows: | | |
| Non-current liabilities | **1,026,263** | 797,035 |
| Amounts charged to profit or loss: | | |
| - Defined pension benefits (note (a)(v)) | **68,187** | 56,127 |
| - Other post-employment benefits (note (b)(iii)) | **80,896** | 71,996 |
| | **149,083** | 128,123 |
| Amounts charged to other comprehensive income: | | |
| - Defined pension benefits (note (a)(vi)) | **299,744** | 40,454 |
| - Other post-employment benefits (note (b)(iv)) | **28,081** | 53,645 |
| | **327,825** | 94,099 |

(a) Defined pension benefits

(i) Some companies of the Group operate defined benefit pension plans. The plan is a final salary plan, which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

Group companies participate in the United Mutual Superannuation Fund, CIEL Group Segregated Fund and Sugar Industry Pension Fund and other pension schemes present in respective companies.

The assets of the plan are independently administered separately. The present value of the defined benefit obligations and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

## 32. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (Cont'd)

| | THE GROUP | |
|---|---|---|
| | **2020** | 2019 |
| | **MUR '000** | MUR '000 |
| (ii) The amounts recognised in the statement of financial position are as follows: | | |
| Fair value of plan assets | **(986,395)** | (952,926) |
| Present value of funded obligations | **1,448,017** | 1,181,278 |
| Deficit of funded plans | **461,622** | 228,352 |
| Present value of unfunded obligations | **94,806** | 26,676 |
| Liability in the statement of financial position | **556,428** | 255,028 |
| The net defined benefit liability is arrived at as follows: | | |
| Balance at 1 July | **247,176** | 224,161 |
| Charged to profit or loss | **68,187** | 56,127 |
| Charged to other comprehensive income | **299,744** | 40,454 |
| Contributions and benefits paid | **(58,679)** | (65,714) |
| Balance at 30 June | **556,428** | 255,028 |
| (iii) The movement in the defined benefit obligation is as follows: | | |
| Balance at 1 July | **1,207,954** | 1,137,318 |
| Current service cost | **53,567** | 48,565 |
| Interest expense | **67,961** | 70,810 |
| Past service cost | **-** | (1,601) |
| Employees contributions | **7,065** | 6,396 |
| Actuarial gains/(losses) | **79,711** | 15,267 |
| Liability losses due to change in financial assumptions | **199,669** | (26,811) |
| Reclassification to gratuity on retirement | **(7,853)** | - |
| Benefits paid | **(65,251)** | (41,990) |
| Balance at 30 June | **1,542,823** | 1,207,954 |

## 32. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (Cont'd)

| | THE GROUP | |
|---|---|---|
| | **2020** | 2019 |
| | **MUR '000** | MUR '000 |
| (iv) The movement in the fair value of plan assets of the year is as follows: | | |
| Balance at 1 July | **952,925** | 913,157 |
| Acquisition of business operations | **-** | (1,100) |
| Expected return on plan assets | **55,596** | 37,384 |
| Return on plan assets, excluding amounts included in interest expense | **(6,468)** | (15,475) |
| Actuarial gains/(losses) | **(5,855)** | (10,634) |
| Scheme expenses | **(585)** | 8,575 |
| Cost of insuring risk benefits | **(1,670)** | (2,112) |
| Experience losses | **(8,041)** | 21,967 |
| Employer contributions | **58,679** | 39,515 |
| Employee contributions | **7,065** | 1,252 |
| Benefits paid | **(65,251)** | (39,604) |
| Balance at 30 June | **986,395** | 952,925 |

| | THE GROUP | |
|---|---|---|
| | **2020** | 2019 |
| | **MUR '000** | MUR '000 |
| (iv) The amounts recognised in profit or loss are as follows: | | |
| Current service cost | **53,567** | 48,880 |
| Scheme expenses | **585** | 2,055 |
| Expected return on plan assets | **-** | (6,870) |
| Cost of insuring risk benefits | **1,670** | 2,112 |
| Past service cost | **-** | (1,601) |
| Interest expense | **12,365** | 11,551 |
| Total, included in employee benefit expense | **68,187** | 56,127 |

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

| | THE GROUP | |
|---|---|---|
| | **2020** | 2019 |
| | **MUR '000** | MUR '000 |
| Remeasurement on the net defined benefit liability: | | |
| Liability experience losses | **89,227** | 18,074 |
| Changes in assumptions | **199,669** | (33,065) |
| Actuarial losses | **4,380** | 28,390 |
| Return on plan assets excluding interest income | **6,468** | 27,055 |
| | **299,744** | 40,454 |

## 32. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Defined pension benefits (Cont'd)

(vi) The fair value of the plan assets at the end of the reporting period were:

| | THE GROUP 2020 MUR'000 | THE GROUP 2019 MUR'000 |
|---|---|---|
| Cash and cash equivalents | 105,750 | 116,571 |
| Local equities | 163,571 | 194,009 |
| Overseas equities | 403,029 | 263,009 |
| Debt instruments | 49,072 | 30,876 |
| Property | 264,973 | 348,460 |
| Fixed income | - | - |
| Total Market value of assets | 986,395 | 952,925 |

The fair value of the above equity and debt instruments are determined based on quoted market prices in active markets. The fair value of properties is not based on quoted market prices in active markets.

The breakdown of the assets above corresponds to a notional allocation of the underlying investments based on the long-term strategy of each fund.

In terms of the individual expected returns, the expected return on equities has been based on an equity risk premium above a risk-free rate. The risk-free rate has been measured in accordance to the yields on government bonds at the measurement date. The fixed interest portfolio includes local and foreign deposits.

The expected return for this asset class has been based on these fixed deposits at the measurement date.

(vii) The principal actuarial assumptions used for accounting purposes were:

| | THE GROUP 2020 % | THE GROUP 2019 % |
|---|---|---|
| Discount rate | 3.1 - 5.8 | 4.34 - 6.01 |
| Future salary increases | 1.5 - 4 | 3.0 - 5.5 |

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

| | 2020 Increase MUR'000 | 2020 Decrease MUR'000 | 2019 Increase MUR'000 | 2019 Decrease MUR'000 |
|---|---|---|---|---|
| Discount rate (1% increase) | - | 118,911 | - | 85,838 |
| Discount rate (1% decrease) | 117,705 | - | 67,735 | - |
| Future long term salary assumption (1% increase) | 25,780 | - | 24,687 | - |
| Future long term salary assumption (1% decrease) | - | 23,189 | - | 21,609 |

## 32. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(x) The sensitivity above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The present value of the defined benefit obligation has been calculated using the projected unit credit method. The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The defined benefit pension plan exposes the Group to actuarial risks such as longevity risk, salary risk, interest rate risk and market (investment) risk.

*Longevity risk*

The obligation for the members is calculated based on the best estimate of plan participants' mortality after retirement. Sensitivity has also been performed in respect of the mortality assumption. An increase in the life expectancy of the plan participants will increase the liability.

*Salary risk*

The present value of the liability is calculated based on the future salary increase of the non-members and members of the plan. Sensitivity analysis of salary increase assumption has been performed to assess its impact on the liability. An increase in salary increase assumption leads to an increase the present value of the obligations.

*Interest rate risk*

The present value of the obligation is calculated using a discount rate based on the yields of long-term government bonds. An increase or decrease in the discount rate can have a significant impact on the liabilities.

*Market (investment) risk*

Market risk is the risk that the value of an investment will decrease due to moves in market factors. The fair value of the plan assets depends on all the components of the investment value. Hence, an increase or decrease in the components of investment value may have a significant impact on the fair value of the plan assets.

(xi) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(xii) The Group expects to pay **MUR 16M** (2019: MUR 48.9M) in contributions to its post-employment benefit plans for the year ended 30 June 2020.

(xiii) The weighted average duration of the defined benefit obligations ranges between 3 and 17 years at the end of the reporting period.

Experience adjustment on plan liabilities **MUR 10.6M** (2019: MUR 9.8M).

## 32. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(b) Other post-employment benefits

Other post-employment benefits comprise pensions to be paid on retirement or on death before retirement as per the Sugar Industry Remuneration Order and gratuity on retirement under the Employment Rights Act 2008.

| | THE GROUP | |
|---|---|---|
| | **2020** | 2019 |
| | **MUR '000** | MUR '000 |
| (i) The amounts recognised in the statement of financial position are as follows: | | |
| Defined benefit liability | **469,835** | 542,007 |
| | ======== | ======== |
| (ii) Movement in the liability recognised in the statement of financial position: | | |
| Balance at 1 July | **542,007** | 438,368 |
| Total expense | **80,896** | 71,996 |
| Liability experience gain | **14,116** | 32,042 |
| Actuarial losses recognised in other comprehensive income | **13,965** | 21,603 |
| Benefits paid | **(189,002)** | (22,783) |
| Reclassified from defined benefit plan | **7,853** | - |
| Acquisition of subsidiary | **-** | 781 |
| | -------- | -------- |
| Balance at 30 June | **469,835** | 542,007 |
| | ======== | ======== |
| (iii) The amounts recognised in the profit or loss are as follows: | | |
| Current service cost | **42,946** | 43,214 |
| Past service cost | **(6,047)** | 2,140 |
| Actuarial losses | **11,642** | |
| Interest cost | **32,355** | 26,642 |
| | -------- | -------- |
| At 30 June | **80,896** | 71,996 |
| | ======== | ======== |
| (iv) Amounts for the current year are as follows: | | |
| Present value of defined benefit obligation | **469,835** | 542,007 |
| | -------- | -------- |
| Actuarial losses | **28,081** | 53,645 |
| | ======== | ======== |

(v) The principal actuarial assumptions used for accounting purposes were:

| | **2020** | 2019 |
|---|---|---|
| | **%** | % |
| Discount rate | **2.3 - 6.1** | 4.0 - 6.0 |
| Future salary increases | **1.5 - 8.5** | 3.0 - 4.0 |
| | ======== | ======== |

## 32. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | **Increase MUR '000** | **Decrease MUR '000** | Increase MUR '000 | Decrease MUR '000 |
| Discount rate (1% increase) | - | **58,154** | - | 49,394 |
| Future long-term salary assumption (1% increase) | **51,835** | - | 16,484 | - |

The sensitivity above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

(vii) The weighted average duration of the defined benefit obligations ranges between 9 and 20 years at the end of the reporting period.

## 33. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

**Accounting policies**

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources that can be reasonably estimated will be required to settle the obligation.

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

| | **2020 MUR '000** | 2019 MUR '000 |
|---|---|---|
| Legal claims, severance allowances and penalties | **118,771** | 170,939 |
| | ======== | ======== |
| **Repayable:** | | |
| Within one year | **22,343** | 40,519 |
| After one year | **96,428** | 130,420 |
| | ======== | ======== |

The balance of MUR 119M comprises MUR 60M relating to claims for additional duty in respect of the sale of Le St Geran Hotel and securities on guarantee of MUR 55M. The crystallisation of the duty claim is inherently uncertain and requires management to exercise judgement on the likelihood and timing of any outflow of economic benefits. The amount provided may differ from the final settlement amount. The decrease from prior year relates to the additional duty claim in respect of the purchase of Four Seasons Resort (Anahita Hotel Ltd) which has been paid by Sun Limited under protest pending an appeal through the Assessment Review Committee.

## 34. OTHER PAYABLES AND DEFERRED INCOME

| | THE GROUP | |
|---|---|---|
| | **2020** | 2019 |
| | **MUR'000** | MUR'000 |
| Other payables | **-** | 20,000 |
| Contract liabilities (i) | **95,163** | 99,822 |
| Deferred revenue (ii) | **148,044** | 73,880 |
| | **243,207** | 193,702 |

(i) In 2018, 14 rooms under the Invest Hotel Scheme (IHS) were sold generating a revenue of MUR 134.8M. A net profit before tax of MUR 46.6M were realised on the transaction. The rooms were sold by Long Beach IHS to investors who immediately leased the rooms to Long Beach Resort Ltd, for a period until the end of the Government Lease (i.e.) 2070.

The transactions take the form of a sale and lease back and were accounted as a finance lease in the Group Financial Statements. As such, excess sales proceeds over the carrying amount has been deferred in Group Financial Statements over the period of the lease term.

(ii) Deferred revenue relates to BNI Madagascar and is broken down as follows:

| | THE GROUP | |
|---|---|---|
| | **2020** | 2019 |
| | **MUR '000** | MUR '000 |
| Income received in advance | **103,002** | 60,381 |
| Processing fees | **45,042** | 13,473 |
| | **148,044** | 73,854 |

## 35. TRADE AND OTHER PAYABLES

### Accounting policies

Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **MUR'000** | MUR'000 | **MUR'000** | MUR'000 |
| Trade payable | **2,026,652** | 1,447,871 | **-** | 21,191 |
| Client advances | **316,487** | 389,284 | | |
| Payable to subsidiary companies (Note 45) | **-** | - | **7,185** | 13,964 |
| Payable to related companies (Note 45) | **8,306** | 81,258 | **-** | - |
| Other payables | **1,101,738** | 1,879,095 | **-** | - |
| Export documentary remittances | **1,627,063** | 1,408,091 | **-** | - |
| Clearing account | **-** | 342 | **-** | - |
| Deposits from customers | **220,902** | 59,941 | **-** | - |
| Employees related expenses | **563,359** | 563,490 | **-** | - |
| Accrued expenses | **549,002** | 151,503 | **12,713** | - |
| Current accounts with other banks | **121,412** | 561,889 | **-** | - |
| Other payables to banks | **-** | 62,938 | **-** | - |
| | **6,534,921** | 6,605,702 | **19,898** | 35,155 |
| Less non-current portion: | | | | |
| Other payables (Note 34) | **-** | (20,000) | - | - |
| | **6,534,921** | 6,585,702 | **19,898** | 35,155 |

## 35. TRADE AND OTHER PAYABLES (CONT'D)

**Accounting policies (Cont'd)**

Payables are denominated in the following currencies:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2020 MUR '000** | 2019 MUR '000 | **2020 MUR '000** | 2019 MUR '000 |
| USD | **765,744** | 626,938 | **-** | - |
| EURO | **235,312** | 162,287 | **-** | 993 |
| MUR | **2,301,985** | 2,364,196 | **19,898** | 34,162 |
| GBP | **151,301** | 7,153 | **-** | - |
| INR | **493,718** | 493,556 | **-** | - |
| ARIARY | **2,133,992** | 947,244 | **-** | - |
| OTHERS | **452,869** | 2,004,328 | **-** | - |
| | **6,534,921** | 6,605,702 | **19,898** | 35,155 |

## 36. INCOME TAX

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's and the Company's liability for current tax are calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| CHARGE | **2020 MUR '000** | 2019 MUR '000 | **2020 MUR '000** | 2019 MUR '000 |
| Current tax on the adjusted profit for the year | **250,822** | 373,702 | **606** | 899 |
| Under provision in previous years | **14,494** | 1,565 | **-** | - |
| CSR | **1,478** | 13,784 | **-** | - |
| Deferred tax (note 31) | **(51,369)** | 46,990 | **-** | - |
| Charge for the year | **215,425** | 436,041 | **606** | 899 |
| LIABILITY | | | | |
| At 1 July | **99,222** | 111,819 | **-** | - |
| Under/(Over) provision in previous years | **14,494** | 1,565 | **-** | - |
| Charge for the year | **250,822** | 373,702 | **606** | 899 |
| Paid during the year | **(225,798)** | (271,234) | **-** | (899) |
| CSR | **1,478** | 13,784 | **-** | - |
| Advance payment for current year | **(120,088)** | (94,890) | **(163)** | - |
| Exchange difference | **10,512** | (1,831) | **-** | - |
| Tax deducted at source | **(53,780)** | (33,693) | **-** | - |
| At 30 June | **(23,138)** | 99,222 | **443** | - |
| Analysed as follows: | | | | |
| Current tax liabilities | **21,949** | 113,224 | **443** | - |
| Current tax assets | **(45,087)** | (14,002) | **-** | - |
| | **(23,138)** | 99,222 | **443** | - |

## 36. INCOME TAX (CONT'D)

The tax on the profit before taxation differs from the theoretical amount that would arise using the basic tax rate:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2020 MUR '000** | 2019 MUR '000 | **2020 MUR '000** | 2019 MUR '000 |
| (Loss)/Profit before income tax | **(1,947,302)** | (753,020) | **165,792** | 156,758 |
| Tax calculated at a rate of **17%** (2019: 17%) | **(331,041)** | (128,013) | **28,185** | 26,649 |
| Tax effect of : | | | | |
| Income not subject to tax | **(311,421)** | (72,300) | **(65,535)** | (62,275) |
| Expenses not deductible for tax purposes | **670,440** | 511,841 | **37,956** | 36,525 |
| Tax on turnover of overseas subsidiaries | **-** | 283 | **-** | - |
| Effect of different tax rate | **255,715** | 100,516 | **-** | - |
| Under provision of current tax in previous year | **14,494** | 1,565 | **-** | - |
| Over provision of deferred tax in previous year | **(2,218)** | (6,235) | | |
| Utilisation of tax losses | **21,206** | (62,609) | **-** | - |
| Investment tax relief | **(4,773)** | - | **-** | - |
| Foreign tax credit | **(41,651)** | (38,499) | **-** | - |
| Deferred tax asset not recognised | **2,407** | 153,073 | **-** | - |
| Other adjustments | **(57,733)** | (23,581) | **-** | - |
| | **215,425** | 436,041 | **606** | 899 |

## 37. DIVIDENDS PER SHARE

Accounting policies

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

| | THE GROUP & THE COMPANY | |
|---|---|---|
| | **2020 MUR '000** | 2019 MUR '000 |
| Amounts recognised as distributions to equity holders in the year: | | |
| Final dividend payable for year ended 2020 of **nil** (2019: 14 cents per share) | **-** | 232,438 |
| Interim dividend paid for the year ended 2020 of **8 cents** per share (2019: 7 cents per share) | **134,747** | 114,997 |
| | **134,747** | 347,435 |
| Amount payable as at 01 July | **232,438** | 213,567 |
| Declared during the year | **134,747** | 347,435 |
| Amount paid during the year | **(366,745)** | (328,564) |
| Unclaimed dividend written back | **(440)** | - |
| Amount payable as at 30 June | **-** | 232,438 |

## 38. DEPOSITS FROM CUSTOMERS

### Accounting policies

Deposits from customers are classified as financial liabilities at amortised cost. They are initially measured at fair value and subsequently carried at amortised cost.

| | THE GROUP | |
|---|---|---|
| | **2020** | 2019 |
| Banking Segment | **MUR '000** | MUR '000 |
| Demand deposits | **17,465,104** | 14,917,244 |
| Savings deposits | **4,133,962** | 2,651,907 |
| Time deposits with remaining terms to maturity: | | |
| Within 1 year | **3,024,959** | 1,841,826 |
| Over one year and up to five years | **8,253** | 667,338 |
| | **24,632,277** | 20,078,315 |
| Current | **24,624,024** | 19,410,977 |
| Non-current | **8,253** | 667,338 |
| Individuals | **6,264,266** | 5,087,559 |
| SMEs | **8,083,829** | 7,189,954 |
| Mid Caps | **8,566,598** | 2,636,916 |
| Other corporate | **1,717,584** | 5,163,886 |
| | **24,632,277** | 20,078,315 |

## 39. RECONCILIATION OF (LOSS)/PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATING ACTIVITIES

| | | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|---|
| | Notes | 2020 | 2019 | 2020 | 2019 |
| (a) Cash flow from operating activities | | MUR '000 | MUR '000 | MUR '000 | MUR '000 |
| Reconciliation of profit before income tax to cash generated from operations: | | | | | |
| (Loss)/Profit before income tax | | (1,947,302) | (753,020) | 165,792 | 156,758 |
| Amortisation of intangible assets | 11 | 96,495 | 92,262 | - | - |
| Depreciation | 9 | 1,382,837 | 1,110,654 | - | - |
| Interest expense | 6 | 1,220,603 | 812,721 | 143,791 | 109,486 |
| Interest income | 6 | (47,651) | (32,138) | (3,829) | (668) |
| Amortisation of leasehold land | 17 | 36,406 | 92,908 | - | - |
| Fair value gain on investment property | 5 | (160,297) | (69,647) | - | - |
| Fair value gain on HFS | 22 | (20,106) | - | - | - |
| Fair value difference on derivatives | | 100,380 | 19,656 | - | - |
| Impairment on investment in associates | | 108,744 | 50,835 | - | - |
| Share of result of joint ventures | 13 | 67,047 | (161,215) | - | - |
| Share of result of associates | 14 | (15,513) | 232,261 | - | - |
| Impairment of goodwill | 11 | 128,058 | 1,877,286 | - | - |
| Intangible assets write back | 11 | | 3,974 | - | - |
| Property, plant & equipment written off | 9 | (2,211) | 3,912 | - | - |
| Impairment of property, plant & equipment | 9 | 735,379 | 110,703 | - | - |
| Impairment of leasehold rights | 17 | 45,529 | 41,249 | - | - |
| (Reversal of)/provision for impairment and write off of inventories | | 309,652 | (7,484) | - | - |
| Provision for impairment of receivables | | 217,583 | 41,102 | - | - |
| Provision for impairment on loans and advances to customers | | 303,827 | 7,641 | - | - |
| Share based scheme expense | 5 | (798) | 8,014 | (798) | 8,014 |
| Movement in provisions and deferred revenue | 34 | 49,505 | 343,702 | - | - |
| Increase in provision for retirement benefit obligations | | (97,788) | 40,407 | - | - |
| Amortisation of transaction costs on borrowings | | 10,620 | - | - | - |
| Unrealised exchange difference | | (124,300) | (357) | - | - |
| Profit on disposal of held-for-sale asset | 5 | - | (44,128) | - | - |
| Profit on disposal of investment property | | (2,916) | (22,188) | - | (22,188) |
| Profit on disposal of plant and equipment | 5 | (3,280) | (486) | - | - |
| | | 2,390,503 | 3,798,624 | 304,956 | 251,402 |
| Changes in working capital: | | | | | |
| - trade and other receivables | | 361,759 | (224,226) | 171,207 | 105,279 |
| - loans and advances | | (2,949,647) | (1,122,767) | - | - |
| - investment securities | | 52,766 | (1,664,373) | - | - |
| - loans and advances to banks | | 397,693 | 503,555 | - | - |
| - inventories | | 72,511 | (236,121) | - | - |
| - trade and other payables | | (468,525) | 311,619 | (15,257) | 7,559 |
| - deposits from customers | | 3,246,346 | 1,122,857 | - | - |
| Cash generated from operating activities | | 3,103,406 | 2,489,168 | 460,906 | 364,240 |

## 40. NOTES TO THE STATEMENTS OF CASH FLOWS

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2020 MUR '000** | 2019 MUR '000 | **2020 MUR '000** | 2019 MUR '000 |
| (a) Cash and cash equivalents | | | | |
| Cash in hand and at bank | **1,635,849** | 1,223,008 | **13,310** | 318,921 |
| Foreign currency notes and coins | **122,560** | 127,552 | - | - |
| Balances with Central Bank | **2,868,414** | 2,020,399 | - | - |
| Balances due in clearing | **18,312** | (440) | - | - |
| Balances with bank | **3,056,133** | 2,468,950 | - | - |
| Placements | **538,581** | 365,487 | **12,336** | - |
| | **8,239,849** | 6,204,956 | **25,646** | 318,921 |
| Bank overdrafts | **(1,355,605)** | (1,605,262) | - | - |
| Cash at call | - | - | **3** | (31,627) |
| Money market line | - | (98,336) | - | - |
| | **6,884,244** | 4,501,358 | **25,649** | 287,294 |

| | THE GROUP | | | THE COMPANY | | |
|---|---|---|---|---|---|---|
| | **Cash / Bank Overdraft MUR '000** | **Total Borrowings MUR '000** | **Total MUR '000** | **Cash / Bank Overdraft MUR '000** | **Total Borrowings MUR '000** | **Total MUR '000** |
| (b) Net debt as at 01 July 2019 | 4,501,358 | (15,742,541) | (11,241,183) | 287,294 | (2,687,947) | (2,400,653) |
| Impact of IFRS 16 | - | **429,473** | **429,473** | - | - | - |
| Restated balance at 01 July 2019 | **4,501,358** | **(15,313,068)** | **(10,811,710)** | **287,294** | **(2,687,947)** | **(2,400,653)** |
| Cashflows | **2,130,728** | - | **2,130,728** | **(261,648)** | - | **(261,648)** |
| Additions | - | **(5,611,484)** | **(5,611,484)** | - | **(350,546)** | **(350,546)** |
| Repayments | - | **2,355,580** | **2,355,580** | - | **70,051** | **70,051** |
| Foreign exchange adjustment | **252,158** | **(209,254)** | **42,904** | **3** | - | **3** |
| Net debt as at 30 June 2020 | **6,884,244** | **(18,778,226)** | **(11,893,982)** | **25,649** | **(2,968,442)** | **(2,942,793)** |
| (c) Net debt as at 01 July 2018 | 4,680,767 | (15,256,546) | (10,575,779) | (314,762) | (1,992,918) | (2,307,680) |
| Cashflows | (19,739) | - | (19,739) | 602,056 | - | 602,056 |
| Additions | - | (1,815,708) | (1,815,708) | - | (995,029) | (995,029) |
| Repayments | - | 1,312,296 | 1,312,296 | - | 300,000 | 300,000 |
| Foreign exchange adjustment | (159,670) | 17,417 | (142,253) | - | - | - |
| Net debt as at 30 June 2019 | 4,501,358 | (15,742,541) | (11,241,183) | 287,294 | (2,687,947) | (2,400,653) |

## 41. CONTINGENCIES

At 30 June 2020, the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities would arise.

**CIEL Finance Limited** has a floating charge of EUR 4M from the Mauritius Commercial Bank in favour of a bank to counter-guarantee BNI Madagascar in respect of credit concentration limits imposed by the Malagasy regulator. The Company also has a floating charge over its assets in favour of The Mauritius Commercial Bank, acting as Noteholders' Representative under the Notes Issue effected in September 2019, for a maximum amount of MUR 500m in principal plus any interests and related costs.

**Sun Limited** has bank guarantees were given to Anahita on behalf of Sun Limited with respect to long-term debts contracted by the latter arising in the ordinary course of business from which it is anticipated that no material losses will arise. Except than those disclose above, the Group had no other contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business as at 30 June 2020.

**CIEL Textile Limited** had contingencies in respect of tax assessments, legal cases and bank guarantees to third parties in respect of expatriates amounting to MUR 67.1M (2019: MUR 65.5M).

**CIEL Healthcare**
A plaint with summons was served on the Group by Metropolis Bramser Lab Services (Mtius) Ltd ("Metropolis") claiming compensation amounting to MUR 150 M (30 June 2019: MUR 150M) for damages suffered as a result of inter alia an alleged wrongful termination of the contract between the Group and Metropolis. The Group is strongly disputing this claim and filed its plea (defence) before the Supreme Court of Mauritius on 12 July 2019. The case shall proceed to hearing. Based on the legal advice obtained, management and the board have reasonable grounds to expect that no material financial impact will arise for the company.

There are also some legal cases regarding medical negligence against the Group for which judgement are yet to be delivered. The potential aggregate claims for these legal cases amount to MUR 130M (30 June 2019: MUR 230M).

## 42. COMMITMENTS

| | THE GROUP | |
|---|---|---|
| | **2020** | 2019 |
| | **MUR '000** | MUR '000 |
| (a) Capital Commitments | | |
| Authorised by the directors and contracted for | **160,000** | 685,788 |
| Authorised by the directors but not contracted for | **99,914** | 293,158 |
| | **259,914** | 978,946 |

The capital commitments comprise MUR 160M for the final phase renovation of Sugar Beach in the hotels & resorts segment, which will be completed in October 2020, and MUR 99.9M for the acquisition of PPE in the textile segment.

(b) Operating lease commitments

The Group leases land and motor vehicles under non-cancellable operating lease arrangements.

| | 2020 | 2019 |
|---|---|---|
| The future minimum lease payments are as follows: | | |
| Not later than 1 year | - | 270,423 |
| Later than 1 year and not later than 5 years | - | 807,432 |
| After 5 years | - | 17,337,598 |
| | - | 18,415,453 |

## 42. COMMITMENTS (CONT'D)

*Rental of office*

One of the subsidiaries leases offices under non-cancellable operating lease. The lease has varying terms, purchase options, escalation clauses and renewable rights. Renewals are at the specific entity that holds the lease.

The future minimum lease receivable are as follows:

| | THE GROUP | |
|---|---|---|
| | **2020** | 2019 |
| | **MUR '000** | MUR '000 |
| Not later than 1 year | - | 91,728 |
| Later than 1 year and not later than 5 years | - | 277,534 |
| After 5 years | - | 151,746 |
| | - | 521,008 |

(c) Guarantees and other obligations on account customers and commitment - Banking Segment

The guarantees and other obligations on account of customers and commitments for the banking segment amount to MUR 4.8bn as at June 30, 2020 (2019: MUR 4.2bn) denominated in Ariary.

## 43. DERIVATIVE FINANCIAL INSTRUMENTS

**Accounting policies**

As permitted by IFRS 9, the Group has elected to continue applying IAS 39 for hedge accounting requirements, hence the below accounting policies are applicable for both the financial years ended 30 June 2019 and 2020.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as either:

- Hedges of the fair value of recognised liabilities (fair value hedge);
- Hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge).

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

*Fair value hedge*

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

## 43. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

*Cash flow hedge*

The Group applies only fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs. The gain or loss relating to the ineffective portion is recognised in profit or loss.

Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in profit or loss within finance costs.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

| | Level 2 | Level 3 | Total |
|---|---|---|---|
| **At 30 June 2020** | **MUR'000** | **MUR'000** | **MUR'000** |
| **Assets** | | | |
| Derivatives used for hedging | | | |
| **Liabilities** | **98,109** | **9,370** | **107,479** |
| Derivatives used for hedging | | | |
| | **(132,003)** | **-** | **(132,003)** |
| **Total** | -------- | -------- | -------- |
| | **(33,894)** | **9,370** | **(24,524)** |
| At 30 June 2019 | | | |
| **Assets** | | | |
| Derivatives used for hedging | 49,918 | 3,126 | 53,044 |
| **Liabilities** | | | |
| Derivatives used for hedging | (27,375) | - | (27,375) |
| | -------- | -------- | -------- |
| **Total** | 22,543 | 3,126 | 25,669 |
| | ======== | ======== | ======== |

Derivatives include forward exchange contracts and interest rate swaps with a notional amount of **MUR 11.8Bn** (2019: MUR 8.7Bn).

## 44. CASH FLOW HEDGE

**Textile Segment**

The Textile Group is involved in the production and sale of textile apparel, most of which is done through exports to foreign countries. The Textile Group is made up of Knitwear Cluster, Fine knits Cluster and Woven Cluster and is exposed to foreign exchange risk on the sale of textile products denominated in foreign currency. The Textile Group exports almost all of its production (South African Rand 'ZAR', United States Dollars 'USD', Great Britain Pound 'GBP' and Euro 'EUR').

The Textile Group is mainly faced to the following foreign exchange exposures:

*Pre-transaction foreign currency risk*

This arises before the transaction ('sale') becomes contractual while a quote is given to the client in foreign currency. Even though the transaction is not confirmed, movement in exchange rate to the disfavour of the Textile Group signifies a potential risk. If a customer later accepts the quote received, there is a risk that the foreign currency price then converted to MUR will not bring the desired margin.

*Transaction foreign currency risk*

Transactional foreign currency risk arises as soon as there is a contractual obligation between the Textile Group and the foreign customers. If nothing is done, there is a certain risk that the foreign exchange rate may weaken and if it so happens, the Group may only lose the intended margin on the transaction and may even incur losses if the exchange rate variations are drastically in disfavour of the Group.

The Textile Group adopted the following strategy:

The Treasury Committee and Chief Executive of the Group are responsible for the decision making, with the intention to take cover, through forward exchange contracts with a view to cover for sale transactions that are judged as being highly probable. The intention is to cover for transactional exposures as they are unveiled. Prerogative is given to the Treasury Committee and Chief Executive of the Group to decide if they would keep part of this position uncovered with the view of benefiting from potential currency appreciation against the MUR.

The Textile Group enters into forward covers to manage its foreign exchange risk on foreign denominated sales. Forward exchange covers are taken for orders received and which are highly probable, and this is designated as a cash flow hedge. Forward covers are used as a mechanism to fix the amount of foreign currency denominated sales which are used to modify cash flow between financial instrument and sales receipts upon realisation.

Financial instruments taken to hedge the Textile Group's sales are fair valued and recognised in the statement of financial position as financial assets/liability. For those sales on which a forward has been taken and which has materialised, the resulting fair value gain/loss on re-measurement is accounted for in profit or loss while for those transactions for which the underlying sale has not yet materialised, the fair value gain/loss is recorded in other comprehensive income. The latter is then recycled to profit or loss as soon as the sale materialises, and the goods are shipped.

The Textile Group enters into forward contracts (hedge instrument) to buy or sell foreign currencies at a specified future time at a price agreed upon the contract date. The price is locked until delivery of sales order which normally will not exceed 9 months.
Hedge instruments, in this case forward exchange contracts, are expected to be highly effective to mitigate the foreign currency risk exposure on sales (hedged item). By selling forward, the Textile Group expects to mitigate long term currency exchange risk and will revalue in the opposite direction to the underlying transaction.

The objective of the Textile Group is to cover identified exposures (i.e. confirmed orders or highly probable sales orders) to the minimum of 75% and a maximum of 125%. However, this benchmark is determined on a case to case basis by the CEO and treasury committees of the respective business clusters while taking into consideration the specific transaction requirements.

For all sales not yet shipped and for which a forward exchange contract cover has been taken, the Textile Group performs a revaluation of outstanding forward contracts relating to cash flow hedges which is then recorded in the statement of comprehensive income.

Revaluation of outstanding forward contracts relating to transaction for which an asset has already crystallised in the statement of financial position (sales already shipped, and debtors raised) will be recorded in profit or loss.

## 44. CASH FLOW HEDGE (CONT'D)

*Transaction foreign currency risk (Cont'd)*

Subsequently, the cash flow hedge recognised in other comprehensive income will be reversed in profit or loss in the following year, as an underlying asset would already have crystallised upon the orders being shipped (Sales not shipped last year would have been shipped this year)

Hedge instruments in the form of forward foreign exchange contracts is expected to be highly effective as the unshipped sales, which represents the hedged item, has a direct economic relationship to the forward foreign exchange contract entered into to mitigate the foreign exchange exposure on the Textile Group's unshipped and confirmed sales orders at year end.

Although effectiveness is certain to be 100 % as long as plain vanilla forward contracts are used, a 10 % error margin in the hedge effectiveness is considered as acceptable. To determine effectiveness of the hedge, the list of hedge instruments (forward contracts) are matched with list of sales not yet shipped/highly probable sales (hedged items).

The Textile Group has a single risk category which is the foreign exchange risk on foreign denominated sales.

The Textile Group does not have any forecast transaction for which hedge accounting had been used in the previous period, but which is no longer expected to occur.

## 44. CASH FLOW HEDGE (CONT'D)

### Textile Cluster

The following table details the forward foreign currency (FC) contracts outstanding at the end of the reporting period:

| Outstanding contracts | 2020 | 2019 | 2020 | | 2019 | | Contract value | | Fair value | | Gains/(loss) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Average exchange rate | | Sell | Buy | Sell | Buy | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | | | FC'000 | FC'000 | FC'000 | FC'000 | MUR '000 | MUR '000 | MUR '000 | MUR '000 | MUR '000 | MUR '000 |
| Sell currency EUR and buy currency USD | **1.14** | 1.15 | **1,969** | **2,236** | 1,220 | 1,401 | **88,302** | 49,207 | **89,598** | 49,665 | **1,296** | 458 |
| Sell currency EUR and buy currency MUR | **45.39** | 39.83 | **535** | **24,281** | 5,348 | 212,982 | **24,281** | 212,982 | **24,900** | 212,378 | **619** | (604) |
| Sell currency MUR and buy currency EUR | **-** | 40.17 | **-** | **-** | 5,423 | 135 | **-** | 5,423 | **-** | 5,402 | **-** | (21) |
| Sell currency MUR and buy currency USD | **-** | 0.06 | **-** | **-** | 145 | 233 | **-** | 5,706 | **-** | 5,762 | **-** | 56 |
| Sell currency GBP and buy currency USD | **1.30** | 1.33 | **2,267** | **2,940** | 2,587 | 3,434 | **13,253** | 120,591 | **19,866** | 126,350 | **6,613** | 5,759 |
| Sell currency GBP and buy currency MUR | **46.90** | 45.62 | **1,000** | **46,900** | 2,331 | 106,344 | **(46,900)** | 106,344 | **(48,416)** | 109,273 | **(1,516)** | 2,929 |
| Sell currency ZAR and buy currency USD | **0.06** | 14.55 | **62,250** | **3,929** | 132,992 | 9,140 | **118,851** | 510,094 | **136,923** | 512,237 | **18,072** | 2,143 |
| Sell currency ZAR and buy currency MUR | **2.38** | 2.44 | **89,737** | **213,502** | 205,852 | 502,592 | **213,502** | 502,592 | **225,718** | 507,601 | **12,216** | 5,009 |
| Sell currency USD and buy currency MUR | **37.57** | 35.17 | **40,547** | **1,523,531** | 44,076 | 1,549,951 | **1,523,531** | 1,549,951 | **1,458,076** | 1,545,752 | **(65,455)** | (4,199) |
| Sell currency USD and buy currency EUR | **-** | 0.87 | **-** | **-** | 3,625 | 3,143 | **-** | 71,056 | **-** | 69,892 | **-** | (1,164) |
| Sell currency USD and buy currency ZAR | **-** | 14.34 | **-** | **-** | 2,998 | 42,977 | **-** | 79,463 | **-** | 80,183 | **-** | 720 |
| Sell currency USD and buy currency INR | **74.80** | 72.04 | **2,900** | **216,917** | 5,720 | 412,053 | **114,966** | 214,268 | **112,351** | 220,735 | **(2,615)** | 6,467 |
| Sell currency GBP and buy currency INR | **95.71** | 92.27 | **1,251** | **119,733** | 1,055 | 97,346 | **63,459** | 50,620 | **65,983** | 52,176 | **2,524** | 1,556 |
| Sell currency EUR and buy currency INR | **84.96** | 81.73 | **2,600** | **220,892** | 2,360 | 192,875 | **117,073** | 100,295 | **114,066** | 101,495 | **(3,007)** | 1,200 |
| Total | | | | | | | **2,230,318** | 3,578,592 | **2,199,065** | 3,598,901 | **(31,253)** | 20,309 |

## 44. CASH FLOW HEDGE (CONT'D)

**Textile Cluster (Cont'd)**

| Recognised as follows: | 2020 MUR '000 | 2019 MUR '000 |
|---|---|---|
| **On statement of financial position** | | |
| Fair value asset on forward contracts | **18,977** | 23,663 |
| Fair value liability on forward contracts | **(50,230)** | (3,354) |
| | **(31,253)** | 20,309 |
| **In statement of profit or loss** | | |
| (Loss)/gain on financial derivatives | **(27,739)** | 74,009 |
| **In statement of other comprehensive income** | | |
| Gain/(loss) on financial derivatives | **(3,514)** | (53,700) |
| | **(31,253)** | 20,309 |

**Hotel Cluster**

The Hotel segment is exposed to foreign currency risk, most significantly to the Euro, Pond Sterling and USD Dollar, on the hotel segment's sales denominated in these currencies. The hotel segment hedges these exposures by entering into foreign currency loans ("hedging instruments") with future principal payments that will match the future sales ("hedged item") in these currencies. All exchange differences arising on the conversation of foreign currency loans are deferred in equity, under the cash flow hedge reserve to the extent that the hedge is effective. On recognition of the hedged sales, the foreign currency gain/loss is netted off by releasing a portion of the cash flow hedge reserve.

As a result of the uncertainty in expected foreign currency revenue resulting from the Covid-19 pandemic and the related suspension of its operations, the hotel segment has reviewed the hedging portfolio to confirm whether the underlying transactions remain "highly probable".

At the time of reporting, management has identified:

(i) A portion of foreign currency sales which are no longer deemed to be "highly probable" but are still expected to occur Hence, the corresponding cumulative gain or loss deferred in equity whilst the hedge was effective remains in equity until the forecasted transaction occurs.

(ii) A portion of foreign currency sales which are no longer deemed to the "highly probable" and are not expected to occur. Hence the corresponding cumulative gain or loss deferred in equity whilst the hedge was effective are immediately removed from equity and are recognised in the statement of profit or loss.

During the year 30 June 2020, the hotel segment recognised MUR 369M as exchange differences arising on ineffective portion of its cash flow hedge.

Below is a schedule indicating as at 30 June 2020, the periods when the hedge cash flows are expected to occur and when they are expected to affect profit or loss.

| THE GROUP | Within 1 year MUR '000 | 1 to 3 years MUR '000 | 3 to 5 years MUR '000 | More than 5 years MUR '000 |
|---|---|---|---|---|
| **2020** | | | | |
| Cash inflows | **-** | **1,002,307** | **879,809** | **4,668,871** |
| Cash outflows | **(3,055,407)** | **(1,002,307)** | **(879,809)** | **(4,668,871)** |
| Net cash outflows | **(3,055,407)** | **-** | **-** | **-** |
| 2019 | | | | |
| Cash inflows | 971,102 | 4,723,371 | 2,450,235 | 1,359,893 |
| Cash outflows | (971,102) | (4,723,371) | (2,450,235) | (1,359,893) |
| Net cash outflows | - | - | - | - |

## 44. CASH FLOW HEDGE (CONT'D)

### Finance Cluster

The Finance Cluster had the following forward foreign exchange contracts outstanding at the end of the reporting period.

| | Notional amount | | Carrying amount | |
|---|---|---|---|---|
| | Buy MUR '000 | Sell MUR '000 | Assets MUR '000 | Liabilities MUR '000 |
| **Year 30 June 2020** | | | | |
| EURO to MUR | **89,656** | **84,958** | **8,382** | **8,168** |
| EURO to USD | **114,418** | **114,518** | **857** | **857** |
| GBP to MUR | **46,900** | **46,900** | **2,350** | **2,350** |
| GBP to USD | **63,752** | **63,752** | **3,301** | **3,301** |
| USD to MUR | **1,150,084** | **1,114,926** | **62,673** | **65,528** |
| ZAR to MUR | **43,665** | **43,665** | **1,295** | **1,295** |
| ZAR to USD | **1,644** | **1,644** | **274** | **274** |
| | **1,510,119** | **1,470,363** | **79,132** | **81,773** |
| Year 30 June 2019 | | | | |
| EURO to MUR | 235,053 | 287,265 | 2,676 | 4,316 |
| EURO to USD | 55,307 | - | 6,417 | - |
| GBP to MUR | 83,644 | 83,918 | 2,421 | 2,421 |
| GBP to USD | 267 | - | 1 | - |
| USD to MUR | 1,541,693 | 1,497,611 | 13,408 | 15,951 |
| ZAR to MUR | 73,903 | 73,903 | 1,332 | 1,332 |
| | 1,989,867 | 1,942,697 | 26,255 | 24,020 |

## NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED JUNE 30, 2020 (CONT'D)

### 45. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) The Group

| | | Dividend Income MUR '000 | Rental and Other Income MUR '000 | Management Fees Receivable MUR '000 | Amount owed by Related Parties MUR '000 | Amount owed to Related Parties MUR '000 |
|---|---|---|---|---|---|---|
| Associated companies | **2020** | **38,787** | **21,251** | **2,739** | **19,763** | **7,176** |
| | 2019 | 44,726 | 6,518 | - | 24,406 | 9,885 |
| Enterprises that have a number of common directors | **2020** | - | **400** | - | **73,893** | **1,130** |
| | 2019 | - | 400 | - | - | 589 |
| Joint ventures in which the company is a venturer | **2020** | - | **1,402** | - | **-** | - |
| | 2019 | - | 2,762 | - | 2,708 | - |
| Shareholders, Director and Key management personnel | **2020** | **-** | **-** | - | **-** | **18,000** |
| | 2019 | - | - | - | - | 70,784 |

(b) The Company

| | | Dividend Income MUR '000 | Cash at Call MUR '000 | Management Fees and Other Expenses MUR '000 | Interest, Rental and Other Income MUR '000 | Financial Charges MUR '000 | Amount owed by Related Parties MUR '000 | Amount owed to Related Parties MUR '000 |
|---|---|---|---|---|---|---|---|---|
| Subsidiary companies | **2020** | **375,827** | **12,338** | **39,862** | **4,718** | **1,781** | **15,302** | **7,185** |
| | 2019 | 327,748 | 3,380 | 48,080 | 547 | 6,821 | 183,823 | 13,964 |
| Associated companies | **2020** | **2,816** | **-** | **-** | **-** | **-** | **-** | **-** |
| | 2019 | - | - | - | - | - | - | - |

## 45. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(c) The above transactions have been made in the normal course of business. Amounts owed to/by related parties are unsecured and are repayable on demand. There have been no guarantees provided or received for any related party receivables/payables. The company has not recorded any impairment of receivables during the year. This assessment is undertaken each year through examining the financial position of the related party.

Management fees and other expenses relate to services provided for Strategic, Corporate Governance, Company Secretary & Registry, Legal Support, Communication and Corporate Finance.

(d) Key management personnel salaries and compensation

| | THE GROUP | |
|---|---|---|
| | **2020** | 2019 |
| | **MUR '000** | MUR '000 |
| Salaries and short-term employee benefits | **442,992** | 452,389 |
| Post-employment benefits | **19,689** | 23,540 |
| Termination benefit | **-** | 4,520 |
| Share based payments | **-** | 4,545 |
| | **462,681** | 484,994 |

## 46. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's objective is to provide long term capital growth and regular appreciation in dividend income distribution to investors. This objective is being fulfilled through investing in a diversified portfolio of equity and equity related investments.

*Non-banking specific segment*

The Group's activities expose it to a variety of financial risks including the effects of changes in equity market prices, foreign currency exchange rates, credit risk and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group seeks to minimise these risks by investing in various sectors to avoid risk concentration in a particular industry. There is an investment committee which operates under guidelines and policies, embodied in an investment manual approved by the Board of Directors and which actively participates in the monitoring of the financial and operational performance of the various companies in which it has invested.

*Banking specific segment*

One of the group's subsidiary, BNI Madagascar, is a bank in Madagascar. The Group analyses the financial risk management of BNI Madagascar separately as the Banking operations are different compared to other entities in the Group which are involved in various non-banking activities.

The Bank's activities expose it to financial risks such as market risk (including currency and interest rate risk), credit risk and liquidity risk.

**46. FINANCIAL RISK MANAGEMENT (CONT'D)**

(a) Financial risk factors (Cont'd)

*Non-banking specific segment*

**Textile Cluster**

The cluster's credit risk is primarily attributable to its trade receivables and bank balances. For banks and financial institutions, the Cluster only transacts with highly reputable counterparties. The amount presented within the Group's segmental note is net of allowances for doubtful receivables, estimated by the management based on prior experience and the current economic environment. The cluster has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

**Hotels & Resorts Cluster**

The cluster has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The cluster only transact with entities of good credit rating. This information is supplied by independent rating agencies where available and, if not available, the cluster uses other publicly available financial information and its own trading records to rate its major customers. The cluster's exposure and the credit risks of its counterparties are continuously monitored. The carrying amount of financial assets recorded, which is net of impairment losses, represents the cluster's maximum exposure to credit risk without taking into account the value of any collateral obtained.

**Agro & Property Cluster**

The cluster's risk is primarily attributable to its receivables. The amount presented within the Group's segmental note is net of allowances for doubtful receivables, estimated by the management based on prior experience and the current economic environment.

**Healthcare Cluster**

The cluster's risk is primarily attributable to its trade receivables. The amount presented within the Group's segmental note is net of allowances for credit losses, estimated by the management based on prior experience and the current economic environment. The cluster has a dedicated debtors recovery team that monitors its debtors balance. Where applicable, the cluster takes necessary legal actions in order to recover its balances from the debtors. The cluster has no significant concentration of credit risk, with exposure spread over a large number of counterparties

**Finance Cluster**

The Group's credit risk from its non-banking operations is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of provision for impairment calculated according to IFRS 9 based on past history, the current economic environment and future macro-economic variables. The Group has policies in place to ensure that sales of services are made to customers with an appropriate private credit history. The credit quality of this financial asset can be assessed by the historical information about the financial strengths of the financial institutions the Group is dealing with. In the opinion of the Group, there is no associated risk as these are reputable institutions.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable. The Group does not hold any collateral security for receivables relating to the non-banking segment.

*Banking specific segment – BNI Madagascar SA ('BNI')*

Credit risk is the risk of suffering financial loss, should any of the BNI's customers, clients or market counterparties fail to fulfil their contractual obligations to BNI. Credit risk arises mainly from commercial and consumer loans and advances, credit cards, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as financial guarantees, letters of credit, endorsements and acceptances.

BNI is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures'), including non-equity trading portfolio assets and settlement balances with market counterparties and reverse repurchase loans. Management carefully manages its exposure to credit risk where credit risk management and control are centralised in a credit risk management team (namely Direction of Risks, Legal, Compliance & Controls), managed by the Chief Risk Officer, who reports to Indian Ocean Financial Holding Limited's ('IOFHL') Risk Committee.

**46. FINANCIAL RISK MANAGEMENT (CONT'D)**

(a) Financial risk factors (Cont'd)

*Credit Risk Management*

The Group has put in place clear policies to manage its credit risks from its banking subsidiaries. This includes tolerance thresholds, maximum exposure limits, having an approval process that maintains the equilibrium objectives and risk management, and the responsibility and accountability for credit risk management has defined. All policies and limits are presented to the board for information

The strategy is to set a global acceptable level of risk and exposure limits and then, to put in place the required to ensure that the risks taken remain within the acceptable threshold. The Risk Strategy and related threshold approved by the Risk Committee include a global limit set with regards to sovereign risk including Central Bank and other government institutions whilst for the corporate sector, the limits are set per sector; Telecommunications, Transport-transit, real estate and textile. The credit policies are reviewed annually with the budget.

Management regularly reviews the loan portfolio, including non-performing loans, and periodically submits the credit committee to ensure adequacy of provision and monitoring of written off account.

**Risk limit control and mitigation policies**

BNI manages, limits and controls concentrations of credit risk wherever they are identified − within individual counterparties, groups and sectors.

BNI structures credit risk by placing limits on the level of risk accepted for one borrower, one group of borrowers or for industry segments. Such risks are monitored on a recurring basis and are subject to annual or more frequent reviews when considered necessary. Limits on the level of credit risk by product or industry sector are approved quarterly by the Risk Committee, which reports to the Board of Directors.

The exposure on borrowers including banks and brokers, is further restricted by imposing limits covering on and off-balance sheet exposures and by limiting daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Lending limits are reviewed in the light of changing market and economic conditions and periodic credit reviews and assessments of probability of default. Some other specific control and mitigation measures are outlined on the next page.

*(a) Collateral*

BNI employs a range of policies and practices to mitigate credit risk. The most common of these is the taking of security for funds advances, which is common practice. BNI implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation.

The principal collateral types for loans and advances are:

- Mortgages over residential properties.
- Charges over business assets such as premises, inventory and accounts receivable.
- Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss BNI will seek additional collateral from the counterparty as soon as impairment indicators are identified for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk factors (Cont'd)

*(b) Lending limits (for loan books)*

BNI maintains strict control limits on loan books. The amount subject to credit risk is limited to expected future net cash inflows of instruments, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not always obtained for credit risk exposures on these instruments, except where the Bank requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities.

*(c) Financial covenants (for credit related commitments and loan books)*

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans.

Documentary and commercial letters of credit – which are written undertakings by BNI on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore, carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, BNI is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards (often referred to as financial covenants).

BNI monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

The maximum exposure to credit risk before collateral for the banking segment is as follows:

| | **2020<br>MUR '000** | 2019<br>MUR '000 |
|---|---|---|
| Credit risk exposure to on-balance sheet assets: | | |
| Cash and cash equivalents | **6,823,706** | 4,493,074 |
| Loans to banks | **40,297** | 413,308 |
| Loans and advances to customers | **16,608,651** | 12,685,684 |
| Investment in securities | **4,706,353** | 4,492,122 |
| Trade and other receivables | **532,396** | 1,749,455 |
| Export documentary remittances | **1,628,367** | 1,408,887 |
| Total on balance sheet exposure | **30,339,770** | 25,242,530 |
| Credit risk exposure to off-balance sheet assets: | | |
| Acceptances, guarantees, letter of credit and other obligations on account of customers | **4,797,155** | 4,203,655 |
| Total on and off-balance sheet exposure | **35,136,925** | 29,446,185 |

## NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED JUNE 30, 2020 (CONT'D)

### 46. FINANCIAL RISK MANAGEMENT (CONT'D)

*(c) Financial covenants (for credit related commitments and loan books) (Cont'd)*

The Bank also reviews its concentration risk to ensure that it is not exposed to a specific sector. The table below analyses the Bank's exposure as at 30 June 2020:

| | **2020 MUR '000** | 2019 MUR '000 |
|---|---|---|
| Corporate | **14,962,308** | 12,742,724 |
| Central Bank | **10,502,884** | 6,512,521 |
| Financial institution | **2,045,442** | 2,907,711 |
| Retail | **2,829,136** | 3,079,574 |
| | **30,339,770** | 25,242,530 |

**49%** (2019: 53%) of the Bank's exposure is with Corporate entities operating in different sectors while the credit risk with central bank represents **35%** (2019:27%) of the Bank's total on balance sheet exposure.

**Credit risk measurement**

**Loans and advances (including loan commitments and guarantees)**

The estimation of credit exposure for Risk Management purposes is complex and requires the use of models, as the exposures vary with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

In measuring credit risk of loan and advances at a counterparty level, BNI considers three components: (i) the 'probability of default' (PD) by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Group derives the 'exposure at default' (EAD); and (iii) the likely recovery ratio on the defaulted obligations (the 'loss given default') (LGD). The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimise their effectiveness. These credit risk measurements, which reflect expected loss (the 'expected loss model'), are required by the Basel Committee on Banking Regulations and the Supervisory Practices (the Basel Committee) and are embedded in the Group's daily operational management.

This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

(i) Probability of default

The probability of default (PD) is the likelihood that a particular borrower will default. IFRS 9 requires a multi-period forward-looking measure of PD that depends on macroeconomic factors. In other words, the PD model must produce a term structure of point in time PDs. Using historical data, a survival model was developed to produce a through-the-cycle PD term structure, followed by an econometric regression of the PDs for calibration to a point in time term structure over 5 years.

(ii) Exposure at default

EAD is based on the amounts BNI expects to be owed at the time of default. For example, for a loan this is the face value. For a commitment, BNI includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur. The EAD for term loans, Real Estate loans and leases is estimated by calculating the expected exposure for the next 12 months. Firstly, the expected closing balance is estimated (assuming the borrower will pay regularly up to the month under observation).. Off Balance sheets items comprise of Bank Guarantee, Letter of Credit, Acceptance, Swap, Spot and Forward. The EAD of all Off-Balance sheet items are calculated using the regulatory credit conversation factor - Contractual Cash Flow ('CCF') figure of 100%. Only the overdraft (autorisation) and the credit limit (Limite) have a CCF of 50% as they are revolving facilities. Revolving facilities include arrangements which allow the facility to be withdrawn, repaid and redrawn again in any manner and any number of times until the agreement expires.

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

(iii) Loss given default/loss severity

Loss given default or loss severity represents BNI's expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

The measurement of exposure at default and loss given default is based on the risk parameters standard under Basel II. For measuring the exposure for credit risk on a portfolio basis (for example, mortgage loans).

For both LGD and PD, the Bank segmented its book into Retail, Corporate, Professional - Small and Medium Enterprises (SME), Institutional and Mid-Caps portfolios. We also split portfolios to take into account the existence of a guarantee which suggests a better probability of recovery.

Based on a historical measurement, the bank adopted a calculated LGD for SME and retail segments. The LGD level used in the model corresponds approximately to the historical recovery rate after discount of collaterals and ranges from 59% to 84%, depending on the segment and availability of collateral.

For others, corporate, institutional and mid-caps, data available is not relevant as the sample is reduced to less than five occurrences by year since 2017. For these three last segments, the Bank adopted an LGD figure of 65%, which is more conservative than Basel III guidelines (45%).

The table below represents an analysis of the group assets as at 30 June 2020 and 2019:

| 2020 | AAA MUR '000 | BB/BB MUR '000 | CC MUR '000 | Unrated MUR '000 | Total MUR '000 |
|---|---|---|---|---|---|
| *Credit rating* | | | | | |
| Loans and advances to customers | **696,987** | **10,966,024** | **309,045** | **4,636,595** | **16,608,651** |
| Loans and advances to banks | **-** | **-** | **-** | **40,297** | **40,297** |
| Investment in securities | **-** | **4,705,913** | **-** | **440** | **4,706,353** |
| Cash and cash equivalents | **50,389** | **2,910,500** | **-** | **3,862,817** | **6,823,706** |
| Trade and other receivables | **-** | **-** | **-** | **532,396** | **532,396** |
| | **747,376** | **18,582,437** | **309,045** | **9,072,545** | **28,711,403** |
| Off-balance sheet exposure | **923,661** | **3,670,222** | **31,154** | **172,118** | **4,797,155** |
| Total on and off-balance sheet | **1,671,037** | **22,252,659** | **340,199** | **9,244,663** | **33,508,558** |
| 2019 | | | | | |
| *Credit rating* | | | | | |
| Loans and advances to customers | 594,128 | 9,494,382 | 146,942 | 2,450,232 | 12,685,684 |
| Loans and advances to banks | 413,308 | - | - | - | 413,309 |
| Investment in securities | - | - | - | 4,492,122 | 4,492,122 |
| Cash and cash equivalents | - | - | - | 4,493,074 | 4,493,074 |
| Trade and other receivables | - | - | - | 1,749,455 | 1,749,455 |
| | 1,007,436 | 9,494,382 | 146,942 | 13,184,883 | 23,833,643 |
| Off-balance sheet exposure | - | - | - | 4,203,655 | 4,203,655 |
| Total on and off-balance sheet | 1,007,436 | 9,494,382 | 146,942 | 17,388,538 | 28,037,298 |

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

**Expected credit loss measurement (ECL)**

The IFRS 9 impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, lease receivables, loan commitments and certain financial guarantee contracts. The Bank's debt instruments that are currently classified as held-to-maturity are measured at amortised cost under IFRS 9.

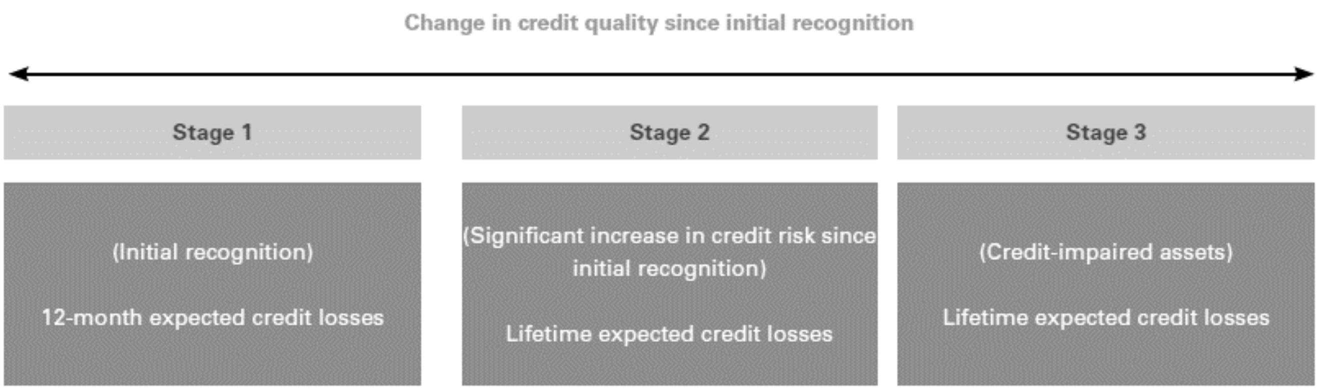
The Bank has applied the new rules from 1 July 2018. However, comparatives for previous years has not been restated.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'stage 1' and has its credit risk continuously monitored by the Bank.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'stage 3'. Refer to notes (iv) for a description of how the Bank defines credit-impaired and default.
- Financial instruments in stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events within the next 12 months. Instruments in stages 2/3 have their ECL measured on expected credit losses on a lifetime basis. Refer to note (v) for a description of inputs, assumptions and estimation techniques used in measuring ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note (vi) includes an explanation of how the Bank has incorporated this in its ECL models.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (stage 3). Currently, the Bank does not have any purchased or originated credit-impaired financial assets on its books.

Further explanation is also provided of how the Bank determines appropriate groupings when ECL is measured on a collective basis. (Refer to note (vi))

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit impaired financial assets):



**46. FINANCIAL RISK MANAGEMENT (CONT'D)**

The key judgements and assumptions adopted by the Bank in addressing the requirements of the standard are discussed below:

**Significant increase in credit risk (SICR)**

The Bank considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following qualitative or backstop criteria have been met.

**Qualitative criteria**

For Retail portfolios, if the borrower meets one or more of the following criteria:

- In short-term forbearance
- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last (12) months

For Corporate and Investment portfolios, if the borrower is on the Watchlist and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early sign of cashflow/liquidity problems such as delay in servicing of trade creditors/loans

The assessment of SICR is performed on a quarterly basis at a portfolio level for all retail financial instruments held by the Bank. In addition to Corporate and Investment Financial Instruments, where a watchlist is used to monitor credit risk, this assessment is performed at the counterparty level on a quarterly basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team.

**Definition of default and credit-impaired assets**

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

**Quantitative criteria**

The borrower is more than 90 days past due on its contractual payments.

**Qualitative criteria**

The borrower meets unlikeliness to pay criteria which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable than the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses

The criteria above have been applied to all financial instruments held by the Bank and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) throughout the Bank expected loss calculations.

An instrument is considered to be no longer in default (i.e. to have cured) when it no longer meets any default criteria for a consecutive period of six instalments or six months. The period of six months/instalments has been determined based on the definition prescribed by the Central Bank, in its Credit Classification and Provisioning guidelines.

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

**Measuring ECL- Explanation of inputs, assumptions and estimation techniques**

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are discounted product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per 'Definition of default and credit-impaired' above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M PD), or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Bank expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.
- LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is an estimate of loss from a transaction, given that a default occurs. It is computed as the loss amount which equals the write-offs, recovery costs, finance fees as a proportion of the exposure at the time of default.

The ECL is determined by projecting the PD, LGD and EAD for each future year and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is computed using the survival analysis method. Using historical data, a survival model was developed to produce a through-the-cycle PD term structure for each portfolio, followed by an econometric regression of the PDs for calibration to a point in time term structure. The lifetime PD is an aggregate of the years in the term structure.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type:

- For amortizing products and bullet repayment loans, this is based on the contractual repayments owned by the borrower over a 12M or lifetime basis. This will be adjusted for any expected overpayments made by a borrower. Early repayment/ refinance assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a 'credit conversion factor' (CCF) which allows for the expected drawdown of the remaining limit by adding the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Bank's recent default data.

LGD are determined based on the factors which impact the recoveries made post default, per customer type and by secured/unsecured status.

The assumptions under the ECL calculation such as how the maturity profile of the PDs and how collateral value change are monitored and reviewed on a quarterly basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

**Forward-looking information incorporated in the ECL models**

The calculation of ECL incorporates forward-looking information through the PD model only. BNI has performed an econometric regression on historical data to identify the key economic determinants of credit risk in Madagascar. Based on the results, it was inferred that these determinants impact the credit risk of each portfolio in the same way and therefore, the same forecast was applied on each portfolio. Expert judgement has also been applied in this process. Forecasts of these economic variables (base case and pessimistic case) are provided by BNI's Risk Team on a half-yearly basis and provide the best estimate view of the economy over the next 5 years.

A linear regression of 3 major economic determinants (inflation rate, change in trade balance, change in interest rates) was applied on default rates to arrive at a model that can be used to project quarterly default rates 5 years ahead. A mean reversion approach has been used i.e. the model assumes that projected default rates tend toward the long run average default rate. This assumption allows for the calibration of historical through-the-cycle PDs to forward-looking point-in-time PDs predicted using the economic forecasts.

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

**Forward-looking information incorporated in the ECL models (Continued)**

The base case and pessimistic case weightings were determined by expert judgement. A greater weighting than usual was applied on the pessimistic case due to Covid-19. The weightings remained the same across portfolios and staging.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore, the actual outcomes may be significantly different to those projected. Then, Group considers these forecasts to represent its best estimate of the possible outcomes.

**Economic variables assumptions**

The most significant period-end assumptions used in the ECL estimate as of 30 June 2020 are set out below. The scenarios "base case" and "pessimistic case" were used for all portfolios and the rates were the same across all of them. The weightings of each scenario were fixed at 50%.

| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|
| Inflation Rate | Base Case | 4.4% | 5.9% | 6% | 6% | 6% | 6% |
| | Pessimistic Case | 3% | 3% | 3% | 3% | 3% | 3% |
| Change in Trade Balance | Base Case | 0 | 50% | 0 | 0 | 0 | 0 |
| | Pessimistic Case | -75% | -50% | -50% | -50% | -50% | -50% |
| Change in 3-month T-Bills | Base Case | 0 | 0 | 10% | 10% | 10% | 10% |
| | Pessimistic Case | -10% | -10% | -10% | -10% | -10% | -10% |

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore, no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

**Sensitivity analysis**

The most significant economic assumptions affecting ECL allowance are as follows:

1. Inflation, given its positive correlation with company pricing power as well as the fact that Madagascar government policy tries to increase wages with inflation. Inflation is also a signal of the economic cycle.
2. Change in trade balance, given that trade deficits reflect higher levels of income, consumer confidence, and investment - increasing trade deficits reflect the increasing capacity of consumers to spend – and vice versa.
3. Interest rate, given that it is adjusted by the central bank depending on the economic environment. Set out below is a sensitivity analysis on inflation rate, as this has the biggest impact on ECL.

Set out below is a sensitivity analysis on these 3 variables, where each was increased by 2%.

| Economic Scenarios | Change in ECL (MUR) |
|---|---|
| Inflation rate | (1,911,308) |
| Trade Balance | (2,449) |
| Interest rate | 5,995 |

**Maximum exposure to credit risk- Financial instruments subject to impairment**

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets overleaf also represents the Bank's maximum exposure to credit risk on these assets:

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

**Loans & advances to customers at amortised cost**

30 June 2020

| | Stage 1<br>MUR '000 | Stage 2<br>MUR '000 | Stage 3<br>MUR '000 | Total<br>MUR '000 |
|---|---|---|---|---|
| Performing | 15,269,448 | - | - | 15,269,448 |
| Special Mention | - | 1,098,128 | - | 1,098,128 |
| Sub-Standard | - | - | 1,365,909 | 1,365,909 |
| **Gross carrying amount** | 15,269,448 | 1,098,128 | 1,365,909 | 17,733,485 |
| Loss Allowance | (168,208) | (40,607) | (916,019) | (1,124,834) |
| **Carrying amount** | 15,101,240 | 1,057,521 | 449,890 | 16,608,651 |

30 June 2019

| | Stage 1<br>MUR '000 | Stage 2<br>MUR '000 | Stage 3<br>MUR '000 | Total<br>MUR '000 |
|---|---|---|---|---|
| Performing | 11,904,771 | 527,058 | - | 12,431,829 |
| Special Mention | - | - | - | - |
| Sub-Standard | - | - | 1,028,541 | 1,028,541 |
| **Gross carrying amount** | 11,904,771 | 527,058 | 1,028,541 | 13,460,370 |
| Loss Allowance | (101,943) | (4,191) | (668,552) | (774,686) |
| **Carrying amount** | 11,802,828 | 522,867 | 359,989 | 12,685,684 |

**Loans & advances to banks at amortised cost**

30 June 2020

| | Stage 1<br>MUR '000 | Stage 2<br>MUR '000 | Stage 3<br>MUR '000 | Total<br>MUR '000 |
|---|---|---|---|---|
| Performing | 40,305 | - | - | 40,305 |
| Special Mention | - | - | - | - |
| Sub-Standard | - | - | - | - |
| **Gross carrying amount** | 40,305 | - | - | 40,305 |
| Loss allowance | (8) | - | - | (8) |
| **Carrying amount** | 40,297 | - | - | 40,297 |

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

### Loans & advances to banks at amortised cost (Cont'd)

| | 30 June 2019 | | | |
|---|---|---|---|---|
| | Stage 1<br>MUR '000 | Stage 2<br>MUR '000 | Stage 3<br>MUR '000 | Total<br>MUR '000 |
| Performing | 413,362 | - | - | 413,362 |
| Special Mention | - | - | - | - |
| Sub-Standard | - | - | - | - |
| **Gross carrying amount** | 413,362 | - | - | 413,362 |
| Loss Allowance | (54) | - | - | (54) |
| **Carrying amount** | 413,308 | - | - | 413,308 |

### Investment securities at amortised cost

| | **30 June 2020** | | | |
|---|---|---|---|---|
| | Stage 1<br>MUR '000 | Stage 2<br>MUR '000 | Stage 3<br>MUR '000 | Total<br>MU R'000 |
| Performing | **4,707,271** | **-** | **-** | **4,707,271** |
| Special Mention | **-** | **-** | **-** | **-** |
| Sub-Standard | **-** | **-** | **-** | **-** |
| **Gross carrying amount** | **4,707,271** | **-** | **-** | **4,707,271** |
| Loss Allowance | **(918)** | **-** | **-** | **(918)** |
| **Carrying amount** | **4,706,353** | **-** | **-** | **4,706,353** |

| | 30 June 2019 | | | |
|---|---|---|---|---|
| | Stage 1<br>MUR '000 | Stage 2<br>MUR '000 | Stage 3<br>MUR '000 | Total<br>MUR '000 |
| Performing | 4,492,706 | - | - | 4,492,706 |
| Special Mention | - | - | - | - |
| Sub-Standard | - | - | - | - |
| **Gross carrying amount** | 4,492,706 | - | - | 4,492,706 |
| Loss allowance | (584) | - | - | (584) |
| **Carrying amount** | 4,492,122 | - | - | 4,492,122 |

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

### Off-Balance Sheet items

| Financial guarantees | 30 June 2020<br>Stage 1<br>MUR '000 | Stage 2<br>MUR '000 | Stage 3<br>MUR '000 | Total<br>MUR '000 |
|---|---|---|---|---|
| Performing | 4,768,171 | - | - | 4,768,171 |
| Special Mention | - | 42,951 | - | 42,951 |
| Sub-Standard | - | - | 5,204 | 5,204 |
| **Gross carrying amount** | 4,768,171 | 42,951 | 5,204 | 4,816,326 |
| Loss allowance | (12,569) | (2,932) | (3,670) | (19,171) |
| **Carrying amount** | 4,755,602 | 40,019 | 1,534 | 4,797,155 |

| Financial guarantees | 30 June 2019<br>Stage 1<br>MUR '000 | Stage 2<br>MUR '000 | Stage 3<br>MUR '000 | Total<br>MUR '000 |
|---|---|---|---|---|
| Performing | 4,239,105 | - | 2,632 | 4,241,737 |
| Special Mention | - | - | - | - |
| Sub-Standard | - | - | - | - |
| Doubtful | - | - | - | - |
| Loss | - | - | - | - |
| **Gross carrying amount** | 4,239,105 | - | 2,632 | 4,241,737 |
| Loss allowance | (36,371) | - | (1,711) | (38,082) |
| **Carrying amount** | 4,202,734 | - | 921 | 4,203,655 |

### Collateral and other credit enhancements

The Bank employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Bank has internal policies on the acceptability of specific classes of collateral or credit risk mitigation. The Bank prepares a valuation of the collateral obtained as part of the loan origination process. The principal collateral types for loans and advances are:

1. Mortgages over residential properties;
2. Charges over business assets such as premises, inventory and accounts receivable; and
3. Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss the Bank seeks additional collateral from the counterparty as soon as impairment indicators are identified for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments. The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period.

The Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

**30 June 2020**

| Credit-impaired assets | Gross Exposure MUR '000 | Impairment Allowance MUR '000 | Carrying Amount MUR '000 | Fair value of collateral held MUR '000 |
|---|---|---|---|---|
| Loans and advances to customers: | | | | |
| Individual | **328,007** | **(200,984)** | **126,984** | **6,203** |
| Professional - SME | **317,517** | **(246,655)** | **70,814** | **23,116** |
| Mid-Cap | **415,388** | **(270,171)** | **145,386** | **186,762** |
| Institutional | **5,128** | **(3,333)** | **1,795** | **-** |
| Corporate | **299,869** | **(194,876)** | **104,952** | **240,395** |
| Total | **1,365,909** | **(916,019)** | **449,931** | **456,476** |
| Financial guarantees | **5,202** | **(3,670)** | **1,534** | **3,152** |
| **Total credit-impaired assets** | **1,371,111** | **(919,689)** | **451,465** | **459,628** |

**June 2019**

| Credit-impaired assets | Gross Exposure MUR '000 | Impairment Allowance MUR '000 | Carrying Amount MUR '000 | Fair value of collateral held MUR '000 |
|---|---|---|---|---|
| Loans and advances to customers: | | | | |
| Individual | 220,624 | (143,406) | 77,218 | 2,080 |
| Professional - SME | 247,773 | (161,052) | 86,721 | 110,868 |
| Mid-Cap | 329,692 | (214,300) | 115,392 | 196,208 |
| Institutional | 229,232 | (149,001) | 80,231 | 495 |
| Corporate | 1,220 | (793) | 427 | 101,611 |
| Total | 1,028,541 | (668,552) | 359,989 | 411,262 |
| Financial guarantees | 2,632 | (1,711) | 921 | - |
| **Total credit-impaired assets** | 1,031,173 | (670,263) | 360,910 | 411,262 |

**Loss allowance**

The loss allowance recognised in the period is impacted by a variety of factors as described below:

- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions; and
- Financial assets derecognised during the period.

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

**30 June 2020**

| Loss allowance<br>Loans and advances to customers - Individual | Stage 1<br>12-month ECL | Stage 2<br>Lifetime ECL | Stage 3<br>Lifetime ECL | Total |
|---|---|---|---|---|
| | MUR '000 | MUR '000 | MUR '000 | MUR '000 |
| Loss allowance as at 1 July 2019 | **55,072** | **1,058** | **143,405** | **199,535** |
| New financial assets originated/purchased/(derecognised) | **66,256** | **3,731** | **22,397** | **92,384** |
| Changes to PDs/LGDs/EADs | **(22,784)** | **1,565** | **35,182** | **13,963** |
| **Loss allowance as at 30 June 2020** | **98,544** | **6,354** | **200,984** | **305,882** |

30 June 2019

| Loss allowance<br>Loans and advances to customers - Individual | Stage 1<br>12-month ECL | Stage 2<br>Lifetime ECL | Stage 3<br>Lifetime ECL | Total |
|---|---|---|---|---|
| | MUR '000 | MUR '000 | MUR '000 | MUR '000 |
| Loss allowance as at 1 July 2018 | 56,601 | 566 | 89,686 | 146,853 |
| New financial assets originated/purchased/(derecognised) | 11,450 | 618 | 53,719 | 65,787 |
| Changes to PDs/LGDs/EADs | (12,979) | (126) | - | (13,105) |
| Loss allowance as at 30 June 2019 | 55,072 | 1,058 | 143,405 | 199,535 |

**30 June 2020**

| Loss allowance<br>Loans and advances to customers - Professional SME | Stage 1<br>12-month ECL | Stage 2<br>Lifetime ECL | Stage 3<br>Lifetime ECL | Total |
|---|---|---|---|---|
| | MUR '000 | MUR '000 | MUR '000 | MUR '000 |
| Loss allowance as at 1 July 2019 | **7,624** | **233** | **161,052** | **168,909** |
| New financial assets originated/purchased/(derecognised) | **2,585** | **3,281** | **1,824** | **7,690** |
| Changes to PDs/LGDs/EADs | **(7,301)** | **985** | **83,779** | **77,463** |
| **Loss allowance as at 30 June 2020** | **2,908** | **4,499** | **246,655** | **254,062** |

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

30 June 2019

| Loss allowance<br>Loans and advances to customers - Professional SME | Stage 1<br>12-month ECL | Stage 2<br>Lifetime ECL | Stage 3<br>Lifetime ECL | Total |
|---|---|---|---|---|
| | MUR '000 | MUR '000 | MUR '000 | MUR '000 |
| Loss allowance as at 1 July 2018 | 22,286 | 2,883 | 183,712 | 208,881 |
| New financial assets originated/purchased/(derecognised) | (3,727) | (1,290) | (22,660) | (27,677) |
| Changes to PDs/LGDs/EADs | (10,935) | (1,360) | - | (12,295) |
| Loss allowance as at 30 June 2019 | 7,624 | 233 | 161,052 | 168,909 |

**30 June 2020**

| Loss allowance<br>Loans and advances to customers - Midcap | Stage 1<br>12-month ECL | Stage 2<br>Lifetime ECL | Stage 3<br>Lifetime ECL | Total |
|---|---|---|---|---|
| | MUR '000 | MUR '000 | MUR '000 | MUR '000 |
| Loss allowance as at 1 July 2019 | **29,412** | **1,144** | **214,300** | **244,856** |
| New Financial Assets originated/purchased/(derecognised) | **41,900** | **21,053** | **24,528** | **87,481** |
| Changes to PDs/LGDs/EADs | **(21,446)** | **3,839** | **31,343** | **13,736** |
| **Loss allowance as at 30 June 2020** | **49,866** | **26,036** | **270,171** | **346,073** |

30 June 2019

| Loss allowance<br>Loans and advances to customers - Midcap | Stage 1<br>12-month ECL | Stage 2<br>Lifetime ECL | Stage 3<br>Lifetime ECL | Total |
|---|---|---|---|---|
| | MUR '000 | MUR '000 | MUR '000 | MUR '000 |
| Loss allowance as at 1 July 2018 | 27,019 | 1,027 | 186,328 | 214,374 |
| New financial assets originated/purchased/(derecognised) | 4,953 | 212 | 27,972 | 33,137 |
| Changes to PDs/LGDs/EADs | (2,560) | (95) | - | (2,655) |
| Loss allowance as at 30 June 2019 | 29,412 | 1,144 | 214,300 | 244,856 |

## NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED JUNE 30, 2020 (CONT'D)

### 46. FINANCIAL RISK MANAGEMENT (CONT'D)

**30 June 2020**

| **Loss allowance**<br>**Loans and advances to customers - Institutional** | **Stage 1**<br>**12-month ECL** | **Stage 2**<br>**Lifetime ECL** | **Stage 3**<br>**Lifetime ECL** | **Total** |
|---|---|---|---|---|
| | **MUR '000** | **MUR '000** | **MUR '000** | **MUR '000** |
| Loss allowance as at 1 July 2019 | **2** | **-** | **793** | **795** |
| New financial assets originated/purchased/(derecognised) | **2** | **-** | **51** | **53** |
| Changes to PDs/LGDs/EADs | **2** | **1** | **2,489** | **2,492** |
| **Loss allowance as at 30 June 2020** | **6** | **1** | **3,333** | **3,340** |

30 June 2019

| **Loss allowance**<br>**Loans and advances to customers - Institutional** | **Stage 1**<br>**12-month ECL** | **Stage 2**<br>**Lifetime ECL** | **Stage 3**<br>**Lifetime ECL** | **Total** |
|---|---|---|---|---|
| | **MUR '000** | **MUR '000** | **MUR '000** | **MUR '000** |
| Loss allowance as at 1 July 2018 | 2 | - | 728 | 730 |
| New financial assets originated/purchased/(derecognised) | (2) | - | 65 | 63 |
| Changes to PDs/LGDs/EADs | 2 | - | - | 2 |
| Loss allowance as at 30 June 2019 | 2 | - | 793 | 795 |

**30 June 2020**

| **Loss allowance**<br>**Loans and advances to customers -Corporate** | **Stage 1**<br>**12-month ECL** | **Stage 2**<br>**Lifetime ECL** | **Stage 3**<br>**Lifetime ECL** | **Total** |
|---|---|---|---|---|
| | **MUR '000** | **MUR '000** | **MUR '000** | **MUR '000** |
| Loss allowance as at 1 July 2019 | **9,834** | **1,757** | **149,001** | **160,592** |
| New financial assets originated/purchased/(derecognised) | **12,983** | **1,800** | **1,140** | **15,923** |
| Changes to PDs/LGDs/EADs | **(5,933)** | **160** | **44,735** | **38,962** |
| **Loss allowance as at 30 June 2020** | **16,884** | **3,717** | **194,876** | **215,477** |

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

30 June 2019

| Loss allowance<br>Loans and advances to customers - Corporate | Stage 1<br>12-month ECL | Stage 2<br>Lifetime ECL | Stage 3<br>Lifetime ECL | Total |
|---|---|---|---|---|
| | MUR '000 | MUR '000 | MUR '000 | MUR '000 |
| Loss allowance as at 1 July 2018 | 3,829 | 97 | 192,274 | 196,200 |
| New financial assets originated/purchased/(derecognised) | 861 | 1,529 | (43,273) | (40,883) |
| Changes to PDs/LGDs/EADs | 5,144 | 131 | - | 5,275 |
| Loss allowance as at 30 June 2019 | 9,834 | 1,757 | 149,001 | 160,592 |

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as financial assets and FVOCI.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

Diversification of the portfolio is done in accordance with the limits set by the Group.
*Sensitivity analysis*

The table below summarises the impact of increases/decreases in the fair value of the investments in other financial assets on the Group's equity. The analysis is based on the assumption that the fair value had increased/decreased by 5%, with other factors remaining constant.

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **MUR 'M** | MUR 'M | **MUR 'M** | MUR 'M |
| Financial asset at fair value through OCI | **18.6** | 17.8 | **1.4** | 2.2 |

(iii) Market risk - Banking Segment

Market risk arises from activities undertaken in or impacted by financial markets generally. This includes of gain or loss arising from the movement in market price of a financial asset or liability as well as ancillary risks such as liquidity and funding risk.

The Bank is exposed to market risks, which is the risk that the fair value or future cash flows of a financial fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, curry and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. The Bank separates exposure to market risk into either trading or non-trading portfolios.

The market risk arising from trading and non-trading activities are concentrated in the Bank's Treasury teams. Regular reports are submitted to the management and the Board of Directors. The Board approves the risk strategy, risk policies and prudential limits within which the operations are to be carried out. Compliance to the strategy, policies and prudential limits are monitored by the risk committee. Management monitors adherence to the limits daily, which facilitates the risk management.

**46. FINANCIAL RISK MANAGEMENT (CONT'D)**

(iii) Market risk - Banking Segment (Cont'd)

Non-trading portfolios primarily arise from the interest rate management of the Bank's commercial banking assets and liabilities.

The cash surplus is placed either:

(i) Through a subscription of treasury bonds or on the local money market ('PMML') for local currency; or
(ii) On the international money market for foreign currencies,

with limits imposed on each category of equity/debt based on the level of risk inherent in the market. Once 90% of the limit is exceeded, the placement is flagged and appropriate measures are taken to allocate the cash surplus in an alternative way.

All foreign currencies are transacted on the foreign exchange interbank market while the purchases and sales are carried out in cash.

(iv) Interest rate risk

*Non-banking specific segment*

The Group is exposed to interest rate cash flow and fair value risk as it borrows at variable and fixed rates. This risk is somehow mitigated by non-current receivables and loans at call being granted at variable rates.

The risk for the group is managed by maintaining an appropriate mix between fixed and floating rate borrowings, and the use of interest rate swap contracts.

Had interest rate on financial liabilities been 1% higher/lower with all other variables held constant, the effect on profit or loss would be as follows for the Group, excluding CIEL Finance Group, which comprises mainly of BNI Madagascar.

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **MUR 'M** | MUR 'M | **MUR 'M** | MUR 'M |
| Profit or loss | **243.5** | 172.3 | **29.7** | 26.9 |
| | ======== | ======= | ======= | ======= |

*Banking specific segment*

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may induce losses in the event that unexpected movements arise.

The Board sets limits on the level of mismatch of interest rate repricing and value at risk that may be undertaken, which is monitored daily by Group Treasury.

*Treasury Bonds*

The Treasury Bonds are held until maturity. They are valued at cost and bear a fixed interest rate. Following local applicable rules in Madagascar, the bonds are not revalued at market price at maturity.

Interbank placements are also at a fixed interest rate.

Bonds in foreign currencies are placed for a period between 3 to 6 months, at a pre-agreed rate.

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

(iv) Interest rate risk (Cont'd)

*Clients transactions*

BNI's prime lending rate is indexed on the Prime Lending Rate ('PLR') of the Central Bank of Madagascar, which is then used to determine the different applicable rates for credit lending. The Central Bank's Prime Lending Rate increased from 8.3% to 9% in May 2017 and was subsequently increased to 9.5% on 9 November 2017. BNI's Prime Lending Rate has remained unchanged at 14.9% since 2009.

Most of the Bank's credit is at a variable rate indexed to the PLR, hence more or less fixed (unchanged since 2009). There is no correlation between the rates on the government bonds and the prime lending rate applied by BNI.

Deposits are remunerated at a fixed rate.

The Bank manages the net interest margin rather than the actual rates on lending and deposits. The deposit rates and lending rates are discussed and agreed during monthly ALCO meetings, depending on the liquidity situation of the Bank.

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

(iv) Interest rate risk (Cont'd)

The table below summarises the Bank's non-trading book fair value exposure to interest rate risks. It includes the Group`s financial instruments at carrying value categorised by the earlier of contractual maturity and date of repricing. The interest sensitivity of assets and liabilities for the Bank is as follows:

| 2020 | < 3 months MUR '000 | 3-6 months MUR '000 | 6-12 months MUR '000 | 1-3 years MUR '000 | > 3 years MUR '000 | Non-Interest Bearing MUR '000 | Total MUR '000 |
|---|---|---|---|---|---|---|---|
| Assets | | | | | | | |
| Cash and cash equivalents | 2,961,444 | - | - | - | - | 3,862,261 | 6,823,705 |
| Investment securities | 1,175,492 | 382,749 | 238,194 | 2,905,518 | 5,318 | - | 4,707,271 |
| Loans and advances to customers | 5,275,772 | 482,440 | 951,333 | 3,455,063 | 3,286,003 | 4,282,270 | 17,733,481 |
| Loans and advances to banks | - | 40,305 | - | - | - | - | 40,305 |
| Other investments | - | - | - | - | - | 15,943 | 15,943 |
| Trade and other receivables | - | - | - | - | - | 532,396 | 532,396 |
| Export documentary remittances | - | - | - | - | - | 1,628,367 | 1,628,367 |
| | 9,412,708 | 905,494 | 1,189,527 | 6,360,781 | 3,291,321 | 10,321,837 | 31,481,468 |
| Liabilities | | | | | | | |
| Deposits from customers | (23,851,718) | (346,427) | (428,879) | (8,182) | (71) | - | (24,635,277) |
| Borrowings | (1,573,500) | - | (451,070) | (227,011) | - | - | (2,251,581) |
| Trade and other payables | - | - | - | - | - | (415,997) | (415,997) |
| Export documentary remittances | - | - | - | - | - | (1,627,063) | (1,627,063) |
| Provision for other liabilities and charges | - | - | - | - | - | (54,509) | (54,509) |
| Other payables and deferred revenue | - | - | - | - | - | (148,044) | (148,044) |
| | (24,425,218) | (346,427) | (879,949) | (235,193) | (71) | (2,245,613) | (29,132,471) |
| Off-Balance Sheet items attracting interest rate sensitivity | 2,792,607 | 735,744 | 990,630 | 278,374 | 751 | - | 4,798,106 |
| Interest rate sensitivity gap | (13,219,903) | 1,294,811 | 1,300,208 | 6,403,762 | 3,292,001 | 8,076,224 | 7,147,103 |

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

(iv) Interest rate risk (Cont'd)

| 2019 | < 3 months MUR '000 | 3-6 months MUR '000 | 6-12 months MUR '000 | 1-3 years MUR '000 | > 3 years MUR '000 | Non-Interest Bearing MUR '000 | Total MUR '000 |
|---|---|---|---|---|---|---|---|
| Assets | | | | | | | |
| Cash and cash equivalents | 1,660,281 | - | - | - | - | 2,832,793 | 4,493,074 |
| Investment securities | 196,598 | 1,245,798 | 659,665 | 2,390,645 | - | - | 4,492,706 |
| Loans and advances to customers | - | - | 7,242,231 | 906,918 | 5,728,983 | - | 13,878,132 |
| Loans and advances to banks | - | 315,320 | 98,132 | - | - | - | 413,452 |
| Other investments | - | - | - | - | - | 14,493 | 14,493 |
| Trade and other receivables | - | - | - | - | - | 1,440,661 | 1,440,661 |
| | 1,856,879 | 1,561,118 | 8,000,028 | 3,297,563 | 5,728,983 | 4,287,947 | 24,732,518 |
| Liabilities | | | | | | | |
| Deposits from customers | (14,976,022) | (768,884) | (604,911) | (391,337) | - | (3,337,161) | (20,078,315) |
| Borrowings | - | - | - | (212,751) | - | - | (212,751) |
| Trade and other payables | - | - | - | - | - | (2,429,636) | (2,429,636) |
| Export documentary remittances | - | - | - | - | - | (1,408,091) | (1,408,091) |
| Provision for other liabilities and charges | - | - | - | - | - | (87,167) | (87,167) |
| Other payables and deferred revenue | - | - | - | - | - | (73,854) | (73,854) |
| | (14,976,022) | (768,884) | (604,911) | (604,088) | - | (7,335,909) | (24,289,814) |
| Off-Balance Sheet items attracting interest rate sensitivity | 339,585 | 249,967 | 610,056 | 2,600,938 | 176,009 | 265,183 | 4,241,738 |
| Interest rate sensitivity gap | (12,779,558) | 1,042,201 | 8,005,173 | 5,294,413 | 5,904,992 | (1,373,892) | 6,093,329 |

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

(iv) Interest rate risk (Cont'd)

The Group is exposed to interest rate risk as entities in the Group borrows funds at floating interest rates. The Group's policy is to minimise exposure to interest rate movements without exposing the Group to speculation or undue risk. The Group manages its exposure to fluctuations in interest rates with a view to containing its net interest costs or securing its interest revenues through the purchase of certain hedging instruments such as interest rate caps, floors, swaps or forward rate agreements.

The current policy is to have a good mix of fixed and variable interest rate.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section.

The interest rate profile of the Group at the end of the reporting period are in note 30(f).

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for both financial assets and liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was for the whole year. A 1% increase or decrease is used and represents management's assessment of the likely change in interest rate.

If interest rates had been 1% higher/lower and all other variables were held constant:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **Rs'000** | Rs'000 | **Rs'000** | Rs'000 |
| Profit or loss | **52,772** | 64,306 | **(29,277)** | (26,788) |
| Other equity | **3,725** | 3,570 | **(130,682)** | (141,414) |
| | ======= | ======= | ======== | ======== |

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

(v) Currency risk

*Non-banking specific segment*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.
The Group has a treasury department in place where foreign exchange exposure risk is monitored and managed. If necessary, management can also use financial instruments to hedge currency risk.

The Group is primarily exposed to GBP, Euro, USD, SA Rand and INR. Foreign exchange risk arises from future commercial transactions.

Forward contracts are used to mitigate foreign currency risks.

The following table details the Group's sensitivity to a 5% increase or decrease in the rupee against the relevant foreign currencies:

| | THE GROUP | |
|---|---|---|
| | **2020** | 2019 |
| | **Profit or loss** | Profit or loss |
| | **MUR'000** | MUR'000 |
| US Dollar | **(149)** | (136) |
| Euro | **(287)** | (116) |
| GBP | **(14)** | 5.9 |
| Ariary | **(75)** | (16) |
| ZAR | **16** | 21 |
| INR | **-** | (6.8) |
| UGX | **2** | 3.9 |
| | ======= | ======= |

CIEL Ltd, the Company, does not have significant exposure to foreign currencies. Therefore, no sensitivity analysis has been performed as the amount will be immaterial.

*Banking specific segment*

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Central Bank has set the limit to 20% of Available Tier 1 Capital and the bank has set an internal threshold of 13%. The accounting department provides this information to the Trading Floor for effective monitoring of the limit.

Furthermore, an internal report is issued on a daily basis, and a monthly report is sent to the Central Bank on a monthly basis.

Control mechanisms in place in case of a substantial change in the exchange rate are listed below:

- If there is a strong appreciation of the Ariary, the Bank takes a short position for up to 13%.
- In the event of a strong depreciation, the Bank may go long and up to 13%.

The Bank is primarily exposed to EURO and USD.

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk factors (Cont'd)

(v) Currency risk (Cont'd)

The Banking segment financial assets and financial liabilities by foreign currency is detailed below:

| | USD MUR '000 | EURO MUR '000 | Others MUR '000 | Total |
|---|---|---|---|---|
| **At June 30, 2020** | | | | |
| **Assets** | | | | |
| *Banking specific segment* | | | | |
| Investments in other financial assets | - | - | 15,943 | 15,943 |
| Investment securities | - | - | 4,706,353 | 4,706,353 |
| Loans and advances | 350,036 | 602,471 | 15,656,141 | 16,608,648 |
| Loans and advances to banks | - | 40,297 | - | 40,297 |
| Trade and other receivables | 12,952 | - | 519,444 | 532,396 |
| Export documentary remittances | 1,187,927 | 150,446 | 289,994 | 1,628,367 |
| Cash and cash equivalents | 1,584,909 | 1,309,548 | 3,929,248 | 6,823,706 |
| **Total Assets** | 3,135,824 | 2,102,762 | 25,117,123 | 30,355,709 |
| **Liabilities** | | | | |
| *Banking specific segment* | | | | |
| Trade and other payables | 1,953 | 53,105 | 360,940 | 415,998 |
| Deposits from customers | 1,963,051 | 1,541,526 | 21,130,700 | 24,635,277 |
| Borrowings | - | 227,011 | 2,024,570 | 2,251,581 |
| Export documentary remittances | 1,187,927 | 289,998 | 149,138 | 1,627,063 |
| Provision for other liabilities and charges | - | - | 54,509 | 54,509 |
| Other payables and deferred revenue | - | - | 148,044 | 148,044 |
| Lease Liability | - | - | 61,601 | 61,601 |
| **Total Liabilities** | 3,152,931 | 2,111,640 | 23,926,502 | 29,191,073 |
| Net on balance sheet position | (17,107) | (8,878) | 1,190,621 | 1,164,636 |
| At June 30, 2019 | | | | |
| Assets | | | | |
| *Banking specific segment* | | | | |
| Investments in other financial assets | - | 2,142 | - | 2,142 |
| Loans and advances | 228,570 | 672,768 | 14 | 901,352 |
| Trade and other receivables | 977,968 | 316,162 | 2,986 | 1,297,116 |
| Cash and cash equivalents | 852,330 | 922,414 | 2,718,231 | 4,492,975 |
| Total Assets | 2,058,868 | 1,913,486 | 2,721,231 | 6,693,585 |
| Liabilities | | | | |
| *Banking specific segment* | | | | |
| Trade and other payables | 961,193 | 353,375 | 3,921 | 1,318,489 |
| Deposits from customers | 1,216,086 | 1,438,390 | 28,037 | 2,682,513 |
| Borrowings | - | 202,851 | - | 202,851 |
| Total Liabilities | 2,177,279 | 1,994,616 | 31,958 | 4,203,853 |
| Net on balance sheet position | (118,411) | (81,130) | 2,689,273 | 2,489,732 |

All other assets and liabilities are denominated in Mauritian Rupees.

**46. FINANCIAL RISK MANAGEMENT (CONT'D)**

(a) Financial risk factors (Cont'd)

(v) Currency risk (Cont'd)

The following table details the Group's sensitivity to a 5% increase or decrease in the rupee against the relevant foreign currencies:

| | THE GROUP 2020 | | THE GROUP 2019 | |
|---|---|---|---|---|
| | Profit or loss MUR 'M | Equity MUR 'M | Profit or loss MUR 'M | Equity MUR 'M |
| US Dollar | 0.85 | - | (5.9) | - |
| Euro | 2.1 | - | (4.1) | - |

(vi) Liquidity risk

*Non-banking specific segment*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group and the Company aim at maintaining flexibility in funding by keeping reliable credit lines available. The Directors monitor rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

The table below analyses the non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date

| THE GROUP | Less than 1 year MUR '000 | Between 1 and 2 years MUR '000 | Greater than 2 years MUR '000 | Total MUR '000 |
|---|---|---|---|---|
| **At 30 June 2020** | | | | |
| Borrowings | 7,706,173 | 2,957,371 | 15,499,294 | 26,162,838 |
| Trade and other payables | 4,419,768 | 72,092 | - | 4,491,860 |
| Provision and other liabilities | 3,553 | 60,298 | - | 63,851 |
| | 12,129,494 | 3,089,761 | 15,499,294 | 30,718,549 |
| **THE COMPANY** | | | | |
| **At 30 June 2020** | | | | |
| Borrowings | 609,138 | 121,186 | 3,108,777 | 3,839,102 |
| Trade and other payables | 19,898 | - | - | 19,898 |
| | 629,036 | 121,186 | 3,108,777 | 3,859,000 |

**46. FINANCIAL RISK MANAGEMENT (CONT'D)**

(a) Financial risk factors (Cont'd)

(vi) Liquidity risk (Cont'd)

| | Less than 1 year MUR '000 | Between 1 and 2 years MUR '000 | Greater than 2 years MUR '000 | Total MUR '000 |
|---|---|---|---|---|
| **THE GROUP** | | | | |
| **At 30 June 2019** | | | | |
| Borrowings | 6,198,090 | 5,219,713 | 8,114,800 | 19,532,603 |
| Trade and other payables | 6,435,702 | - | - | 6,435,702 |
| Provision and other liabilities | 40,519 | 82,897 | 47,523 | 170,939 |
| | 12,674,311 | 5,302,610 | 8,162,323 | 26,139,244 |
| **THE COMPANY** | | | | |
| **At 30 June 2019** | | | | |
| Borrowings | 455,481 | 300,000 | 1,964,093 | 2,719,574 |
| Trade and other payables | 35,155 | - | - | 35,155 |
| | 490,636 | 300,000 | 1,964,093 | 2,754,729 |

*Banking specific segment*

Liquidity risk is the risk that the Bank is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as corporate payments(tax, dividends, etc). Such outflows would deplete available cash resources for client lending, trading activities and investments. The Group`s liquidity management process is carried out by the group Treasury team.

In extreme circumstances, lack of liquidity could potentially lead to the inability to fulfil regulatory requirement of the Obligatory Reserve ('OR'). This OR consists of maintaining a minimum monthly average balance (based on daily closing balances) in BNI's settlement account at the Central Bank of Madagascar. This threshold is determined for each current month as 13% of the last month total of individual and corporate customers' deposits in both MGA and foreign currency.

The risk that the Bank will be unable to do so is inherent in all banking operations and can be affected by a range of commercial-specific events – like aggressive campaigns on deposits collection by the competition, or aggressive self-campaign of loan distribution – or market-wide events like cycles related to the agricultural sector (Vanilla, clover, etc.) or seasonality.

Liquidity risk management process

The Bank's liquidity management process is carried out within the bank by the Finance department and governed by the monthly ALCO (Assets & Liabilities Committee) and quarterly ALM (Assets & Liabilities Management) committees.

Moreover, there is an operational daily process with a close-of-day report, issued by the dealing room, summarising the various updated indicators and proposing the next day actions and an updated view on the landing end-of-month situation. There is a daily calculation of the internal "availability ratio" which is the remaining amount of bills available for repo against the deposit base (same base used for OR calculation). The objective is to keep up with an availability ratio above 15% (vs the 13% of OR).

Points covered in the monthly meeting include but are not limited to the following:

- Review of market liquidity situation
- Evolution of the total balances above the total Obligatory Reserves
- Central Bank of Madagascar feedback and perspectives
- Central Bank of Madagascar feedback short-term and mid-term interventions (lending / borrowing) and issuances of treasury bills
- Review of treasury flows, commerce, loans and deposits projections and borrowings/placements decision funding approach

**46. FINANCIAL RISK MANAGEMENT (CONT'D)**

(a) Financial risk factors (Cont'd)

(vi) Liquidity risk (Cont'd)

The available sources of funding for the bank consist of:

- Cash and balance with central bank; (to be noted that the full balance is available as long as the monthly average balance exceeds the monthly level of Obligatory Reserves)
- Balances of nostro accounts;
- Interbank borrowings (overnight); the 4 primary banks, including BNI, are the main actors in the market
- Government bonds that are fully liquid and readily acceptable in repurchase agreements with central bank on an overnight basis;
- Central Bank of Madagascar liquidity injection at its discretion to adjust the market liquidity in case of market shortfall due to macro-economic seasonality;

The liquidity management objective is to fulfill the minimum required balance at the Central Bank of Madagascar account at any point in time to comply with the OR but also to avoid unproductive excess of balance. In case of projected shortage, BNI uses interbank borrowing with preferential rates (depending on banks' liquidity situation) and government treasury bills. The utilisation of the funding sources is reported daily and reviewed in the ALCO.

The maturity gap report slots the inflows and outflows in different maturity buckets as defined by the Bank of Madagascar, according to the expected timing of cash flows.

NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED JUNE 30, 2020 (CONT'D)

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk factors (Cont'd)

(vi) Liquidity risk (Cont'd)

*Banking specific segment (Cont'd)*

***BNI Madagascar SA Liquidity analysis***

The table below analyses the Bank's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date on an undiscounted basis.

| 2020 | < 3 months MUR '000 | 3-6 months MUR '000 | 6-12 months MUR '000 | 1-3 years MUR '000 | > 3 years MUR '000 | No fixed maturity MUR '000 | Total MUR '000 |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and cash equivalents | 6,823,706 | - | - | - | - | - | 6,823,706 |
| Investment securities | 1,200,404 | 403,665 | 252,936 | 3,572,442 | 5,575 | - | 5,435,022 |
| Loans and advances to customers | 8,493,686 | 486,948 | 1,043,418 | 4,099,340 | 4,360,232 | - | 18,483,624 |
| Loans and advances to banks | - | 42,925 | - | - | - | - | 42,925 |
| Other financial assets | - | - | - | - | - | 15,943 | 15,943 |
| Trade and other receivables | 532,396 | - | - | - | - | - | 532,396 |
| Export documentary remittances | 1,628,367 | - | - | - | - | - | 1,628,367 |
| | 18,678,559 | 933,538 | 1,296,354 | 7,671,782 | 4,365,807 | 15,943 | 32,961,983 |
| **Liabilities** | | | | | | | |
| Deposits from customers | 23,408,001 | 598,781 | 685,790 | 9,769 | 98 | - | 24,702,439 |
| Borrowings | 3,147,878 | - | 452,384 | 227,831 | - | - | 3,828,093 |
| Trade and other payables | 415,997 | - | - | - | - | - | 415,997 |
| Export documentary remittances | 1,627,063 | - | - | - | - | - | 1,627,063 |
| Lease liabilities | 11,857 | 11,555 | 21,831 | 77,664 | 11,130 | - | 134,037 |
| | 28,610,796 | 610,336 | 1,160,005 | 315,264 | 11,228 | - | 30,707,629 |
| **On balance sheet liquidity gap** | (9,932,237) | 323,292 | 136,349 | 7,356,518 | 4,354,579 | 15,943 | 2,254,354 |
| Off balance sheet commitment | 2,780,274 | 732,495 | 986,256 | 297,383 | 748 | - | 4,797,156 |
| **Net liquidity gap** | (7,151,963) | 1,055,697 | 1,122,605 | 7,653,901 | 4,355,327 | 15,943 | 7,051,510 |

**NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED JUNE 30, 2020 (CONT'D)**

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk factors (Cont'd)

(vi) Liquidity risk (Cont'd)

*Banking specific segment (Cont'd)*

***BNI Madagascar SA Liquidity analysis (cont'd)***

| 2019 | < 3 months MUR '000 | 3-6 months MUR '000 | 6-12 months MUR '000 | 1-3 years MUR '000 | > 3 years MUR '000 | No- fixed maturity MUR '000 | Total MUR '000 |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and cash equivalents | 4,493,074 | - | - | - | - | - | 4,493,074 |
| Investment securities | 196,598 | 1,245,798 | 6,531,334 | 23,669,753 | - | - | 31,643,483 |
| Loans and advances to customers | 6,819,555 | - | - | 357,615 | 5,439,720 | - | 12,616,890 |
| Loans and advances to banks | - | 413,362 | - | - | - | - | 413,362 |
| Other financial assets | - | - | - | - | - | 142,937 | 142,937 |
| Trade and other receivables | 170,078 | - | - | - | - | - | 170,078 |
| Export documentary remittances | 1,408,887 | - | - | - | - | - | 1,408,887 |
| | 13,088,192 | 1,659,160 | 6,531,334 | 24,027,368 | 5,439,720 | 142,937 | 50,888,711 |
| **Liabilities** | | | | | | | |
| Deposits from customers | 18,157,078 | 759,443 | 589,068 | 589,068 | 560,286 | - | 20,654,943 |
| Borrowings | | | | 212,751 | - | - | 212,751 |
| Trade and other payables | 893,802 | - | - | - | - | - | 893,802 |
| Export documentary remittances | 1,408,091 | - | - | - | - | - | 1,408,091 |
| Provision for other liabilities and charges | 36,966 | - | - | 23,552 | - | - | 60,518 |
| | 20,495,937 | 759,443 | 589,068 | 825,371 | 560,286 | - | 23,230,105 |
| **On balance sheet liquidity gap** | (7,407,745) | 899,717 | 5,942,266 | 23,201,997 | 4,879,434 | 142,937 | 27,658,606 |
| Off balance sheet commitment | 339,585 | 249,967 | 610,056 | 2,600,938 | 441,192 | - | 4,241,738 |
| **Net liquidity gap** | (7,068,160) | 1,149,684 | 6,552,322 | 25,802,935 | 5,320,626 | 142,937 | 31,900,344 |

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

(vii) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company/Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments are disclosed in Note 2.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cashflows at the current market interest rate that is available to the Group for similar financial instruments.

| Categories of Financial Instruments | THE GROUP | |
|---|---|---|
| | **2020 MUR'000** | 2019 MUR'000 |
| **Financial assets** | | |
| **Amortised cost** | | |
| Investment in securities | **4,712,534** | 4,498,836 |
| Loan to banks | **40,297** | 413,309 |
| Loans and advances to customers | **16,608,651** | 12,685,684 |
| Non current receivables | **45,663** | 51,456 |
| Trade and other receivables | **2,885,265** | 3,959,115 |
| Cash and cash equivalent | **8,239,849** | 6,204,956 |
| | **32,532,259** | 27,813,355 |
| **FVTOCI** | | |
| Investments in other financial assets | **372,497** | 356,968 |
| | **372,497** | **356,968** |
| **FVTPL** | | |
| Derivative financial instruments | **107,479** | 49,918 |
| | **107,479** | **49,918** |
| **Financial liabilities** | | |
| **Amortised costs** | | |
| Borrowings | **20,575,466** | 17,446,145 |
| Lease liabilities | **3,769,816** | - |
| Trade and other payables | **4,545,389** | 4,796,851 |
| Dividend Payable | **-** | - |
| Provisions for other liabilities and charges | **63,851** | 170,939 |
| Other payables and deferred revenue | **-** | - |
| | **28,954,522** | 22,413,936 |

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

(vii) Fair value estimation (Cont'd)

**Categories of Financial Instruments (Cont'd)**

| | 2020 MUR'000 | 2019 MUR'000 |
|---|---|---|
| **FVTPL** | | |
| Derivative financial instruments | **132,003** | 27,375 |
| | **132,003** | 27,375 |

Trade and other receivables exclude prepayments amounting to **MUR 613M** (2019: MUR 756M), advanced payments amounting to **MUR 353M** (2019: MUR 21M) and export documentary remittances **MUR 1,628M** (2019: MUR 1409M)

Trade and other payables exclude client advances amounting to **MUR 219M** (2019: 336M), export documentary remittances **MUR 1,627M** (2019: MUR 1,408) and deferred revenue **MUR 143M** (2019: Nil).

| | THE COMPANY | |
|---|---|---|
| | 2020 MUR'000 | 2019 MUR'000 |
| **Financial assets** | | |
| **Amortised cost** | | |
| Trade and other receivables | **15,132** | 188,641 |
| Cash and cash equivalent | **25,649** | 318,921 |
| | **40,781** | 507,562 |
| **FVTOCI** | | |
| Investments in other financial assets | **28,928** | 43,816 |
| Investments in subsidiary companies | **12,928,917** | 14,005,297 |
| Investments in Joint Ventures | **35,371** | 43,896 |
| Investments in associates | **75,028** | 48,369 |
| | **13,068,244** | 14,141,378 |
| **Financial liabilities** | | |
| **Amortised costs** | | |
| Borrowings | **2,968,442** | 2,719,574 |
| Trade and other payables | **19,898** | 35,155 |
| Dividend Payable | **-** | |
| | **2,988,340** | 2,754,729 |

Trade and other receivables exclude prepayments amounting to **MUR 0.2M** (2019: MUR 0.9M).

(viii) Capital risk management

The Group's objective when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets in order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, issue new shares or sell assets.

The assets of the Company are financed through equity and borrowings.

## 46. FINANCIAL RISK MANAGEMENT (CONT'D)

(viii) Capital risk management (Cont'd)

The gearing ratio, excluding banking deposits, lease liabilities and cash and cash equivalents, as at June 30, 2019 is as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **MUR'000** | MUR'000 | **MUR'000** | MUR'000 |
| Total debt | **18,323,884** | 17,233,394 | **2,968,441** | 2,719,574 |
| Less Cash & cash equivalents | **(1,416,143)** | (1,711,882) | **(25,649)** | (318,921) |
| | **16,907,741** | 15,521,512 | **2,942,792** | 2,400,653 |
| Total equity | **18,536,478** | 22,131,137 | **10,120,412** | 11,659,640 |
| Net debt + equity | **35,444,219** | 37,652,649 | **13,063,204** | 14,060,293 |
| Gearing | **47.7%** | 41.2% | **22.5%** | 17.1% |

*Banking segment*

The minimum required capital adequacy ratio in Madagascar is 8%. As at 30 June 2020 and 2019, the capital adequacy ratio of BNI Madagascar was as follows:

| | | 2020 | 2019 |
|---|---|---|---|
| Capital base | MUR' 100M | **1,970** | 1,705 |
| Risk weighted | MUR' 100M | **18,800** | 15,665 |
| Capital adequacy ratio | % | **10.48** | 10.89 |

## 47. SUBSEQUENT EVENT

Subsequent to the year end, the directors of the Textile segment approved the closure of one of its production units, operating in the woven cluster. At the time of signing these financial statements, discussions are ongoing with all affected parties

## NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED JUNE 30, 2020 (CONT'D)

### 48. FINANCIAL SUMMARY

| | THE GROUP | |
|---|---|---|
| | **2020 MUR' 000** | 2019 MUR' 000 |
| Revenue | **21,923,306** | 24,206,459 |
| | ========= | ========= |
| **Earnings before interest, tax, depreciation, amortisation, impairments and reorganisation costs** | **3,291,845** | 3,443,392 |
| Depreciation and amortisation | **(1,515,738)** | (1,215,821) |
| - On right-of-use assets | **(179,748)** | - |
| - On property, plant and equipment, intangible assets and leasehold rights | **(1,335,990)** | (1,215,821) |
| | --------- | --------- |
| **Earnings before interest, tax, impairments and reorganisation costs** | **1,776,107** | 2,227,571 |
| Impairment | **(1,913,302)** | (2,078,127) |
| - Goodwill | **(128,058)** | (1,877,286) |
| - Non-financial assets | **(1,045,031)** | (200,841) |
| - Financial assets | **(740,213)** | - |
| Reorganisation costs | **(107,951)** | - |
| Finance income | **47,654** | 32,138 |
| Finance costs | **(1,589,532)** | (812,721) |
| - Ineffective portion of cash flow hedge | **(368,929)** | - |
| - Lease liabilities | **(283,275)** | - |
| - On bank loans and other borrowings | **(937,328)** | (812,721) |
| Share of results of joint ventures | **(67,047)** | 161,215 |
| Share of results of associates | **15,513** | (232,261) |
| Impairment of associates | **(108,744)** | (50,835) |
| | --------- | --------- |
| **(Loss)/profit before income tax** | **(1,947,302)** | (753,020) |
| Income tax expense | **(215,425)** | (436,041) |
| | --------- | --------- |
| **(Loss)/profit for the year** | **(2,162,727)** | (1,189,061) |
| | ========= | ========= |
| **(Loss)/profit attributable to:** | | |
| Owners | **(1,671,990)** | (860,428) |
| Non-controlling interests | **(490,737)** | (328,633) |
| | --------- | --------- |
| | **(2,162,727)** | (1,189,061) |
| | ========= | ========= |
| **Basic and diluted (loss)/earnings per share (MUR)** | **(0.99)** | (0.52) |

## 48. FINANCIAL SUMMARY (CONT'D)

| | 2020 MUR'000 | 2019 MUR'000 |
|---|---|---|
| **Total comprehensive income** | | |
| (Loss)/profit after tax | **(2,162,727)** | (1,189,061) |
| Other comprehensive income for the year, net of tax | **883,025** | (743,972) |
| | **(1,279,702)** | (1,933,033) |
| **Total comprehensive income attributable to:** | | |
| Owners of the parent | **(1,074,880)** | (1,398,751) |
| Non-controlling interests | **(204,822)** | (534,282) |
| | **(1,279,702)** | (1,933,033) |

(a) Statement of financial position

| | 2020 MUR'000 | 2019 MUR'000 |
|---|---|---|
| **ASSETS** | | |
| Non-current assets | **46,735,023** | 42,018,275 |
| Current assets | **30,196,138** | 26,953,169 |
| Non-current assets classified as held for sale | **131,969** | 12,726 |
| Total assets | **77,063,130** | 68,984,170 |
| **EQUITY AND LIABILITIES** | | |
| Capital and reserves | **11,244,236** | 12,935,181 |
| Non-controlling interests | **7,292,242** | 9,195,956 |
| Total equity | **18,536,478** | 22,131,137 |
| **LIABILITIES** | | |
| Non-current liabilities | **17,025,538** | 14,703,267 |
| Current liabilities | **41,501,114** | 32,149,766 |
| | **58,526,652** | 46,853,033 |
| Total equity and liabilities | **77,063,130** | 68,984,170 |