

DIRECTORS' REPORT

THE GROUP

2021 was a year of both, challenges and hope. With the COVID-19 crisis continued impacts, fundamental changes in consumer behaviour, supply chains, and routes to market have knocked companies off balance. The economic damage caused by the COVID-19 pandemic was largely driven by a fall in demand. This dynamic could be clearly seen in heavily affected industries such as travel and tourism. Despite the clear danger that the local economy was in, there were also reasons to be hopeful. The glimmer of hope came on two fronts namely; (i) the vaccination campaigns put in place by the government proved to be effective in containing the spread of the virus and (ii) our borders which remained closed since 19 March 2020 (a longer period than we initially expected) re-opened on 1 October 2021 and saw the arrival of tourists bring a spark of life to the Tourism and Hospitality Sector. The reopening of the borders was very important for our businesses, having direct impact on the performance of our investments in the Hospitality and Tourism sector.

The Group managed to keep its Turnover in line with the performance of 2020. In 2021, we saw a slight improvement of 1% on Group Revenue while Group Gross Profit Margin contracted by 3% as compared to last year, mainly attributable to the difficult economic environment prevailing and the efforts the companies made to remain resilient. In terms of other operating income, we noted a fall of 83% from 2020 to 2021, attributable to the Hospitality and Tourism sector. As a result of this, the Group achieved an operating Profit of RS 401M compared to RS 789M in 2020.

The Group has successfully completed a Bonds Issue in September 2021 for an amount of Rs. 2.2BN. The cash generated via the bonds issue has helped us reorganize our debt structure and make new investments. The gains, in subsequent years, will be in terms of a reduced finance costs and will also ease off the pressure on immediate capital repayments. The Bonds Issue will allow the Group to invest in new projects and also help subsidiaries where financing is required. Net Finance Costs for 2021 amounted to RS 415M as compared to RS 483M for 2020.

Share of profits of associates amounted to RS 60M in 2021 as compared to RS 5M in 2020, due improvement in the profit of associated companies operating within the Energy sector.

Financial assets at fair value through Other Comprehensive Income - an increase in share price of our quoted investments combined with a positive movement in exchange rate has yielded an upside in the value of our Financial Assets amounting to a gain of RS 330M in 2021.

Revaluation of properties has also brought a positive impact to the Group Results, with gains amounting to RS 273M in 2021 as compared to RS 11M in 2020.

The Group's liabilities on Retirement Benefits Obligations (RBO) also improved substantially in 2021. The increase in long term return on treasury bills impacting the discount rate used for calculation of the RBO liabilities has had a positive impact on the RBO liabilities for 2021. As a result, we have registered a gain in our Other Comprehensive Income for an amount of RS 136M pertaining to RBO 2021, as compared to a loss of RS 202M for 2020. Although operating profit was lower in 2021 as compared to 2020, the positive effects on the Group's Financial Assets at Fair Value along with the gains on revaluation of properties and a decrease in retirement benefit liabilities have resulted in a significant improvement the Total Comprehensive Income of the Group in 2021, reaching RS 720M compared to RS 79M in 2020.

THE COMPANY

On the Company's front, the dividend received from the subsidiaries in 2021 were higher than 2020, amounting to RS 445M for this year. Administrative expenses have gone down from RS 349M in 2020 to RS 237M in 2021 due to reversal of impairment on subsidiaries, upside on RBO charges and key initiatives around costs containment and efficiency. However, the NPAT for this year is significantly toned down to an amount of RS 153M as compared to RS 989M in 2020. This is due to an exceptional profit realised by the company in 2020. The remeasurement of our Retirement Benefit Obligations as at December 2021 brought a favourable impact to the Company's Other Comprehensive Income, generating a gain of RS 78M in 2021 as compared to a loss of RS 135M in 2020. Total Comprehensive Income of the Company in 2021 reached RS 231M compared to RS 854M in 2020. The company paid out a dividend of RS 112.5M in 2021 compared to RS 43.5M in 2020.

DIRECTORS

The following directors held office during the year ended 31 December 2021 and as at the date of this report:

Anil C Currimjee

M. Iqbal Oozeer

Ashraf M Currimjee

Azim F Currimjee

Riaz A Currimjee

Christophe de Backer

Shahrukh D Marfatia

Aisha C Timol

Karim Barday

Manoj K Kohli

Uday K Gujadhur

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DONATIONS

During the year ended 31 December 2021, donations amounting to Rs 415,000 (2020- Rs 6,529,000) were made by the Group and the Company.

AUDITOR

The Auditor, PricewaterhouseCoopers, has indicated its willingness to continue in office. The directors shall propose their re-appointment at the Annual Meeting.

ACKNOWLEDGEMENT

On behalf of the Board, we wish to express our sincere appreciation and gratitude to Management and staff, dedication, commitment and loyalty to the Company.

Mr Bashirali A Currimjee, G.O.S.K

Chairman

Mr Anil C Currimjee

Managing Director