

**CIEL Limited**  
**Brief Rationale**  
**CRAF assigns CARE MAU AA Stable rating to the Long Term Bond issue of**  
**MUR 1,000 million of CIEL Limited**

**Ratings**

| Facility/Instrument | Amount (Mur)  | Rating   | Rating Action   |
|---------------------|---------------|--|-----------------|
| Long Term Bond      | 1,000 Million | <b>CARE MAU AA; Stable</b><br><b>[Double A; Outlook: Stable]</b> | <b>Assigned</b> |

**Rating Rationale**

The rating derives strength from established track record of CIEL group, experienced promoters, professional and highly qualified management team, presence across diverse business verticals, satisfactory performance of major dividend paying companies, consistent flow of dividend from textile, agro & property and finance verticals, increase in stake in its textile subsidiary in August 2017 - which is expected to enhance dividend inflow from textile vertical, huge land bank which can be monetized to reduce debt at group level and comfortable financial profile with low overall gearing, satisfactory debt coverage indicators along with comfortable investment to debt ratio.

The long-term rating is, however, tempered by the major investment and high debt availed in its hotel vertical to finance acquisitions & renovation of the hotels, market & political risks associated with operations in Africa, dip in performance of the agro sector and currency risk associated with textile vertical.

Ability of CIEL Ltd to improve profitability of hotel & textile vertical, reduction of debt at group level and consistent dividend pay-out by textile, agro & property and finance verticals will be the key rating sensitivities.

**BACKGROUND**

CIEL Limited (CIEL), an investment & holding company of CIEL group, is controlled and managed by the siblings of Mr. Adrien Dalais (holding more than 30% stake). CIEL is one of the largest industrial and investment groups based in Mauritius with operations in African and Asian countries. The major companies of the group are CIEL Textile Limited, Alteo Limited, Sun Limited, CIEL Finance Limited, Bank One and CIEL Healthcare Limited.

The operations of CIEL group are deeply etched in the Mauritian soil, with presence in African and Asian continents. The other geographical footprints of the CIEL group clusters are present in Maldives through the hotel industry, Tanzania through the agricultural industry, Kenya, Seychelles, Madagascar, Botswana, South Africa through the finance industry and Madagascar, India and Bangladesh through the textile industry.

CIEL is a professionally managed company. It is governed by a 15-member Board of Directors and a number of eminent industrialists and professionals. The strategic affairs are looked after by Mr. Arnaud

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Dalais (61 years), - Chairman of the group and his brother Mr. Jean-Pierre Dalais (53 years) -Group Chief Executive. Mr Arnaud Dalais' son is also actively involved in the family business. They are assisted by Mr. Jerome de Chasteauneuf (Executive Director; Group Finance Director) associated with CIEL group for more than 20 years. They are also assisted by a team of experienced and qualified professionals.

### **Purpose of the Issue**

CIEL Limited is in the process of increasing its stake in 2 of its subsidiary companies, CIEL Textile Limited and The Medical & Surgical Centre Limited (rated CARE MAU A; Stable).

While CIEL has already increased its stake in CIEL Textile from 88.48% to 92.92% at an aggregate cost of Mur 198.5 million (paid through Mur 100 million in cash and Mur 98.5 million by way of fresh share issue of CIEL Limited) and is looking to acquire balance 7.07% stake in CIEL Textile at a proposed consideration of Mur 320 million (expected to be paid by Mur 160 million in cash and Mur 160 million by fresh share issue by CIEL).

CIEL and its subsidiary CIEL Healthcare Limited (53.03% holding of CIEL) have decided to jointly buyout the 28.89% stake of Fortis Healthcare International Limited in its existing healthcare subsidiary, The Medical & Surgical Centre Limited at an aggregate outflow of Mur 337 million in cash. Post conclusion of this transaction, CIEL's shareholding in MSCL will become 20.08% and CIEL Healthcare's shareholding will increase from 58.60% to 67.41%.

Both these transactions will entail a cash requirement of around Mur 600 million. Accordingly, CIEL has raised a bond of Mur 1,000 million to finance the aforementioned acquisition and to utilize the balance amount to refinance the upcoming repayment of its existing Bond in June 2019 and the repayment of short term debt availed from banks. The Bond is proposed to be repaid after a moratorium of 7 years in 4 instalments (Mur 400 million in June 2026, Mur 400 million in June 2027 and Mur 100 million in June 2029 and Mur 100 million in June 2034).

At a consolidated level, CIEL posted a PAT of MUR 1.1 billion on a turnover of MUR 22.6 billion in FY18. Interest coverage was 3.68x during FY18. Overall gearing was 0.96x as on June 30, 2018. In 9MFY19, CIEL at the consolidated level achieved EBIDTA of Mur 2,653 million (Mur 2,328 million in 9MFY18) on a turnover of Mur 18,540 million (Mur 16,997 million in 9MFY18).

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