

Currimjee Jeewanjee and Company Limited

04 July 2023

Ratings

Facilities/ Instruments	Amount (MUR Million)	Rating ¹	Rating Action
Bond Issue	2,200	CARE MAU A-; Stable [Single A Minus; Outlook: Stable]	Reaffirmed

Ratings Rationale

The rating assigned to the long-term bond issue of Currimjee Jeewanjee and Company Limited (CJ & Co.) continues to derive strength from the experienced group – Currimjee group, comfortable operational performance of the major dividend paying company (Emtel Limited rated CARE MAU AA-; Stable) operating in the telecom vertical, investment across diverse business verticals, professional team managing each vertical and consistent flow of dividend from telecom, energy & real estate vertical.

It also derives comfort from the steady rentals from leased properties with around 90% occupancy, low debt profile of majority of subsidiaries barring Emtel Limited and IKO (Mauritius) Hotel Limited, liquid asset in the form of investment in shares of listed entities locally and internationally and land bank at prime location.

The rating also takes into consideration the moderate financial position of CJ & Co. both at standalone & consolidated level and expected Initial Public Offer (IPO) of Emtel Limited by 2024 and the proceeds to be used to pay off debt. Timely listing of Emtel is critical from a credit perspective and any delay in the launch of the IPO may adversely impact the ability of the company to meet the repayment obligation due in September 2026.

The rating is, however, constrained by the cyclical performance of the Tourism and Hospitality cluster, possible extension of support to this cluster and insurance vertical. There is also market risk associated with sale of land & property development and CJ & Co, being an investment company, main source of revenue is dividend income - dependent on the performance of the subsidiaries and associate companies.

Rating Sensitivities

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

- Improvement in debt coverage indicators with dividend inflow commensurate to its debt level
- Sustained improvement in the performance of the hotel in operational performance of the Hotel & Insurance vertical
- Successful IPO of Emtel in FY24 and stake sale in Ceejay Gas in FY23 and utilisation of the proceeds for debt repayment in CJ & Co.

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

- Additional unsustainable debt at the company & group level
- Additional significant investment in hospitality and financial sectors
- Deterioration in performance of any major subsidiary leading to support requirement from CJ & Co.
- Deterioration in credit profile and delay in IPO of Emtel

¹Complete definitions of the ratings assigned are available at www.careratingsafrica.com.

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

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BACKGROUND

Currimjee Jeewanjee and Company Limited (CJ & Co) was incorporated on 15th April 1948. Its shareholders are Currimjee Limited (62.95% stake) and Currimjee Jeewanjee Properties Ltd. (37.05% stake).

Currimjee Limited (formerly known as Fakhary Limited), 100% owned by Currimjee family, was founded in 1890 with more than 130 years of existence. It owns 100% stake of Currimjee Jeewanjee Properties Ltd. Currimjee group was founded by Currimjee Jeewanjee - grandfather of Mr. Bashirali Currimjee (Chairman of CJ & Co). Mr. Anil C Currimjee is the Chairman of Currimjee Limited, the Managing Director of CJ & Co and Director in Currimjee Industries Limited.

Currimjee Limited, through its 2 main subsidiaries - **Currimjee Jeewanjee and Company Limited** and **Currimjee Industries Limited**, operates in 7 clusters - Telecoms, Media & IT, Real Estate, Tourism & Hospitality, Commerce & Financial Services, Energy, Food & Beverages, and Home & Personal Care. The Currimjee Limited group's total income for FY22 was Mur 8,379 million with 7 clusters (Mur 7,075 million in FY21).

Management: CJ & Co. is a professionally managed company. It is governed by a 12-member Board of Directors comprising of 2 executive directors, 6 non-executive directors and 4 independent directors with diversified skills, competencies, expertise, knowledge, gender representation and a number of eminent industrialists and professionals. The strategic affairs of the company are looked after by Mr. Bashirali A. Currimjee and his nephew Mr. Anil Currimjee.

Performance of CJ & Co (Group): Despite the loss-making hotel and insurance verticals, CJ & Co. (group) reported a revenue of MUR 5,475 million and PAT of MUR 340 million in FY22 (MUR 4,880 million and negative PAT of MUR 91 million in FY21). The group had a cash balance of MUR 1,073 million as at December 31, 2022.

Performance of CJ & Co. (Standalone): The company posted MUR 593 million of total income in FY22 which represents a growth of 7% as compared with FY21. The growth was bolstered by the increase in dividend income mainly from Emtel and Total Mauritius. CJ & Co. posted PAT of MUR 159 million (MUR 153 million in FY21). Overall gearing ratio was at 1.53 times (1.57 times in FY21) and interest coverage was at 1.71 times in FY22.

As on December 31, 2022, Currimjee Jeewanjee and Company Limited had long term debt of MUR 3,164 million (Bond issue – MUR 2,200 million and bank loans of MUR 964 million). The management's articulated that, by 2024, the group is likely to list Emtel Limited through IPO and the proceeds to be used to pay off debt. Timely listing of Emtel is critical from a credit perspective and any delay in the launch of the IPO may adversely impact the ability of the company to meet the repayment obligation due in September 2026.

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Annexure I

Rating Symbols Long /Medium-term Instruments

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

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

Rating Outlook

The rating outlook can be 'Positive', 'Stable' or 'Negative'.

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

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

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

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About CARE Ratings (Africa) Private Limited:

CARE Ratings (Africa) Private Limited (CRAF) is the first credit rating agency to be licensed by the Financial Services Commission of Mauritius in May 2015. It is also recognized by Bank of Mauritius as External Credit Assessment Institution (ECAI) from May 2016. CRAF is also licensed by Capital Markets Authority of Kenya to operate as a Credit Rating Agency in Kenya. CRAF intends to expand across other geographies in Africa with Mauritius as its hub of operations. With an equitable position in the Mauritius capital market, CARE Ratings (Africa) Private Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

CRAF's shareholders are CARE Ratings Limited, African Development Bank, MCB Equity Fund and SBM (NFC) Holdings Limited.

CRAF gets its technical support in the areas such as rating systems and procedures, methodologies, etc. from CARE Ratings Limited on an ongoing basis. CARE Ratings Limited, with an established track record of rating companies over almost three decades, follows a robust and transparent rating process that leverages its domain and analytical expertise backed by the methodologies congruent with the international best practices.

CRAF's Rating Committee consist of full-time members comprising of Senior Rating officials from CARE Ratings Limited and a panel of experienced professionals from Mauritius and African Development Bank.

CRAF has had a pivotal role to play in developing bank debt and capital market instruments including MMIs, corporate bonds and structured credit.

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