

CIEL Limited
17 January 2019

Rating			
Facilities/Instruments	Amount (MUR Million)	Rating ¹	Rating Action
Bond Issue	700.05 (reduced from 1,000.05)	CARE MAU AA; Stable [Double A; Outlook: Stable]	Reaffirmed
Long/Short term Bank Facilities	180.00	CARE MAU AA; Stable/ CARE MAU A1+ [Double A; Outlook: Stable/A One Plus]	Reaffirmed
Bond Issue	1,270 (reduced from 1,300)	CARE MAU AA; Stable [Double A; Outlook: Stable]	Reaffirmed
Short term debt	NIL (reduced from 1,230)	CARE MAU A1+ [A One Plus]	Withdrawn
Proposed Commercial Paper – (earmarked against working capital limit) #	NIL (reduced from 270.00)	CARE MAU A1+ [A One Plus]	Withdrawn

C.P. was within overdraft facility of MUR 180 million and money market line of MUR 100 million, not placed. Repaid from the long-term Bond issue.

Rating Rationale

The ratings derive 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 verticals, consistent flow of dividend from textile, agro & property and finance verticals, increase in stake in 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,

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

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

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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 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.

In FY18 (July 1 – June 30), CIEL on a standalone level posted a PAT of MUR 273 million on a turnover of MUR 446 million. Interest coverage was 3.71x during FY18. Overall gearing was 0.17x as on June 30, 2018.

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 Q1FY19, CIEL at the consolidated level achieved EBIDTA of Mur 616 million (Mur 387 million in Q1FY18) on a turnover of Mur 6,085 million (Mur 5,539 million in Q1FY18).

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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.

Short term Instruments

Symbols	Rating Definition
CARE MAU A1	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU A2	Instruments with this rating are considered to have strong degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU A3	Instruments with this rating are considered to have moderate degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry higher credit risk as compared to instruments rated in the two higher categories.
CARE MAU A4	Instruments with this rating are considered to have minimal degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry very high credit risk and are susceptible to default.
CARE MAU D	Instruments with this rating are in default or expected to be in default on maturity.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE MAU A1 to CARE MAU A4. The modifiers reflect the comparative standing within the category.

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Contact us

Chief Executive Officer

Name : Mr. Saurav Chatterjee
Phone : + 230 5862 6551
E-mail : saurav.chatterjee@careratingsafrica.com

Analytical Contact:

Chief Rating Officer

Name : Mr. Vidhyasagar Lingesan
Phone : +230 5273 1406
E-mail : Vidhya.sagar@careratingsafrica.com

Group Head

Name : Ms. Pooja Appadoo
Phone : +230 5955 3060
E-mail : pooja.appadoo@careratingsafrica.com

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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