

CIM Financial Services Ltd
22 September 2023

Ratings

Facilities/Instruments	Amount (MUR Million)	Rating ¹	Rating Action
Proposed Green Bond Issue - LT	1,500	CARE MAU AA; Stable [Double A; Outlook: Stable]	Assigned
Bond Issue (March 2023) - LT	2,590	CARE MAU AA; Stable [Double A; Outlook: Stable]	Reaffirmed
Bond Issue - LT	2,500	CARE MAU AA; Stable [Double A; Outlook: Stable]	Reaffirmed
Bond Issue (October 2019) - LT	1,070	CARE MAU AA; Stable [Double A; Outlook: Stable]	Reaffirmed
Bond Issue (July 2020) – LT	1,340 (reduced from 2,089)	CARE MAU AA; Stable [Double A; Outlook: Stable]	Reaffirmed
Term Loan - LT	644 (USD 14 million) *	CARE MAU AA; Stable [Double A; Outlook: Stable]	Reaffirmed
Bank Facility - LT/ST	8,143 (enhanced from 7,733)	CARE MAU AA; Stable/ CARE MAU A1+ [Double A; Outlook: Stable/ A One Plus]	Reaffirmed
Proposed Bond Issue (February 2023) - LT	- (reduced from 160)	-	Withdrawn
Proposed Green Bond Issue (February 2023) - LT	- (reduced from 250)	-	Withdrawn
Green Bond Issue (March 2022)	- (reduced from 375)	-	Withdrawn

***Exchange rate of USD 1 = MUR 46.00**

Rating Rationale

The ratings assigned to the bond issues and bank facilities of CIM Financial Services Ltd ("CFSL") continue to derive strength from the experienced & resourceful promoters, professional & highly qualified management team and dominant market share in NBFC space. The ratings also consider CFSL's long and satisfactory track record, well diversified asset portfolio, satisfactory collection efficiency, strong capital adequacy ratio & overall gearing ratio, comfortable liquidity position with no cumulative mismatch in asset-liability maturity profile and large & distributed network across the island.

The ratings are however constrained by continued high gross NPA level though the net NPA has improved on account of provisioning, risks associated with increasing competition in the financial services business, entry of new players in CFA segment and risk associated with volatility in interest rates.

Rating Sensitivities:

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

- Growth in disbursement & profitability on a sustained basis
- Significant improvement in asset quality with Gross NPA going below 10%

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

- Deterioration in asset quality or rise in Gross NPA
- Weakening profitability, collection efficiency and capital adequacy levels.
- Moderation in liquidity profile and increase in the share of high yield products.
- Negative cumulative mismatch in asset-liability maturity profile between 3 months to 5 years.

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

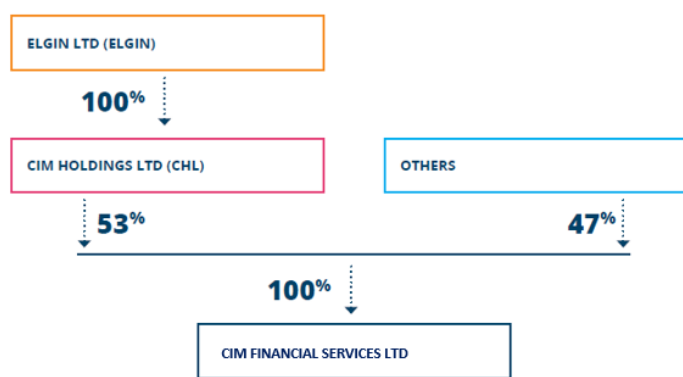
CARE Ratings (Africa) Private Limited

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BACKGROUND

Since 1987, CFSL (operating within the Rogers Group) has been engaged in providing hire purchase/credit facility agreements (CFA) in Mauritius and expanded its activities to leasing, unsecured loans, credit cards and factoring over the years. In July 2005, CIM Financial Services Ltd (CFSL) was incorporated to regroup and manage the finance (including CFL), global business, and insurance clusters of the Rogers Group.

In 2012, the controlling shareholders of Rogers Group namely the ENL Group, and Elgin Ltd (each controlling 26.5% of the Group at the time) agreed to restructure the Group. Post-restructuring, Elgin Ltd (Taylor Family) obtained control of the credit finance, global business and real estate clusters of the Rogers Group with a 53% stake while the remaining 47% is distributed among other financial institutions, corporates and the general public. CFSL is listed on the Official Market of the Stock Exchange of Mauritius ("SEM") with a market capitalization of approximately MUR 7,826 million at 31 January 2023. The shareholding structure of CFSL at 30 September 2022 was as follows:



In March 2017, CFSL disposed its global business cluster and in January 2019, the property activities were spun off so that CFSL could focus on and expand its core activities, i.e., the credit financing and leasing businesses.

On 01 October 2020, five group companies namely, CIM Finance Ltd, Mauritian Eagle Leasing Company Ltd, CIM Agencies Ltd, CIM Management Services Ltd and CIM Shared Services Ltd, all got merged with and into a single entity, CIM Financial Services Ltd ("CFSL").

In March 2022, CFSL completed the acquisition of Tsusho Capital (Mauritius) Limited ("Tsusho Capital"), a private company incorporated in February 2009, licensed by the Financial Services Commission ("FSC") to engage in the offering of finance and operating leases for motor vehicles supplied by Toyota (Mauritius) Ltd and CFAO Motors (Mauritius) Ltd. Post the acquisition, the operations of Tsusho Capital have been fully integrated into those of CFSL.

Acquisition of Loinette Capital Limited: In July 2023, CFSL finalised the acquisition of a controlling 75% stake in Loinette Capital Limited ("Loinette Capital"), a Company holding a Global Business License and regulated by the Financial Services Commission ("FSC") of Mauritius. It also holds a Credit Finance License under Section 14 of the Mauritian Financial Services Act 2007. Operating in the East, Central and West Sub-Saharan Africa since 1998, Loinette Capital engages with SMEs and equipment dealers to provide asset-backed financing. ***For the detailed rating rationale of Loinette Capital Limited, please visit CRAF's website: [Rating Rationale – Loinette Capital Limited.pdf](#)***

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Summary of audited financials for CIM Financial Services Ltd

Year ended/as on 30 September	FY19	FY20	FY21	FY22
	MUR million			
Total Income	2,198	2,513	2,652	3,000
Profit after Tax	383	191	415	601
Net Stock-on-hire	12,568	13,477	14,351	15,990
Total debt	9,095	9,837	9,832	11,808
Tangible networkth	4,087	4,090	4,483	4,843
Ratios				
PAT margin (after provisioning) (%)	17.41	7.59	15.65	20.05
Overall gearing (times)	2.23	2.41	2.19	2.38
Total Net debt to Total Gross loan assets (%)	62	61	57	59
Gross NPA (%)	8.39	15.40	15.75	14.93
Reported CAR (%)	25.00	28.45	30.35	26.73

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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.

Modifier {"+" (plus)} can be used with the rating symbols for the categories CARE MAU A1 to CARE MAU A4. The modifier reflects the comparative standing within the category.

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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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