CIEL Limited
19 January 2024

Rating

Facilities/Instruments	Amount (MUR Million)	Rating[1]	Rating Action
Long term Bond I	**590**	**CARE MAU AA; Stable [Double A; Outlook: Stable]**	Revised from CARE MAU AA-; Stable [Double A Minus; Outlook: Stable]
Long term Bond II	**1,530**	**CARE MAU AA; Stable [Double A; Outlook: Stable]**	Revised from CARE MAU AA-; Stable [Double A Minus; Outlook: Stable]
Long term Bond III	**500**	**CARE MAU AA; Stable [Double A; Outlook: Stable]**	Revised from CARE MAU AA-; Stable [Double A Minus; Outlook: Stable]
Bank Facilities – Long Term/ Short Term	**180**	**CARE MAU AA; Stable/ CARE MAU A1+ [Double A; Outlook: Stable /A One Plus]**	Revised from CARE MAU AA-; Stable /CARE MAU A1+ [Double A Minus; Outlook: Stable/ A One Plus]

Rating Rationale

The revision in the ratings assigned to the bond issues and bank facilities of CIEL Limited primarily factors in the overall improvement in both operation and financial performance of the multiple verticals including textiles, hospitality, banking and financial service and health care sectors of the CIEL Group.

The ratings continue to derive strength from long-established track record of the promoters of the Group who have extensive experience in managing businesses, market leadership position of CIEL Group companies in their respective sector of operation, sustained revenue growth in the textile, finance and hotels & resorts clusters translating into marked increase into profitability, significant improvement in the overall gearing, large land bank in the property cluster, and continuous cash inflows in the form of dividend income from group companies to CIEL Limited (Standalone).

The ratings are however constrained by the onset of a slowdown being observed in the textile sector, market, macroeconomic & political risks which are contingent factors in the banking & financial segment, additional debt taken to meet high Capex expenditures in the healthcare cluster, and the seasonal nature of the hotels & tourism sector.

Rating Sensitivities:

Positive Factors - Factors that could lead to positive rating action/upgrade:

- Sustained growth in the profitability of subsidiaries leading to higher profitability for the Group
- Continuous improvement in the consolidated gearing below 0.4x

Negative Factors - Factors that could lead to negative rating action/downgrade:

- Significant decline in the profitability of group companies affecting the profitability and debt repayment capacity of the Group
- Additional debt taken at the holding company and subsidiaries level leading to a deterioration in the consolidated gearing above 1x

BACKGROUND

CIEL Limited ("CIEL") is Mauritian Conglomerate with a 110-year history of owning and developing businesses in Mauritius and overseas. Starting with the acquisition of a sugar estate in 1912, the Company has over the century successfully transitioned from a primary sector operator to become a major player in six sectors of the Mauritian economy namely,

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

Agriculture, Textile, Healthcare, Finance, Hotels & Resorts, and Property development & management. Operating more than 30 brands through its different subsidiaries and associates, CIEL and its subsidiaries, collectively called ("CIEL Group" or the "Group") is one of the leading business groups in Mauritius. Besides, having a dominant position in Mauritius, the Group has a significant regional presence with operations in strategic regional markets such as South Africa, Madagascar, Kenya, Uganda, Tanzania, India and Bangladesh.

At 30 September 2023, CIEL was operating a portfolio of companies valued at MUR 23,118 million. Some of the portfolio companies which carry a rating are listed below:

Group companies	Sector of operation	Rating
C-Care (Mauritius) Ltd	Healthcare	CARE MAU AA-; Stable/ CARE MAU A1+
Bank One	Banking	CARE MAU A+; Stable
CIEL Finance Limited	Banking & Financial Services	CARE MAU A; Stable
Alteo Limited	Sugar, Energy & Property	CARE MAU A (SO); Stable
Miwa Sugar	Sugar	CARE MAU A; Stable
City and Beach Hotels (Mauritius) Limited	Hotel & Resorts	CARE MAU A; Stable
Wolmar Sun Hotels Limited	Hotel & Resorts	CARE MAU A; Stable
Evolis Properties Ltd	Property Management	CARE MAU A-; Stable

CIEL is listed on the Official Market of the Stock Exchange of Mauritius (SEM) and had a market capitalization of MUR 11,557 million as on 15 November 2023.

The Company is ultimately owned and controlled by members of the Dalais family, with Mr. Pierre Arnaud Dalais and Mr. Jean-Pierre Dalais directly holding 8.06% and 5.52% respectively.

Financial performance of CIEL Limited (Standalone & Consolidated)

On the back of a 52.9% higher dividend income from its group companies in FY23, CIEL Limited posted a PAT of MUR 624 million, an increase of 82.9% compared to FY22. During the year, a tranche of MUR 380 million from the bond issued in January 2018 reached maturity and same was duly repaid by the Company. The higher profitability coupled with the repayment of part of its debt resulted in significant decrease in the debt-to-EBITDA and debt-to-GCA from 6.32x and 9x respectively as on 30 June 2022 to 3.76x and 4.70x respectively at end of FY23.

A the Group level, total income was up 22.31% from the prior year driven by solid growth in all clusters while EBITDA was up 36.31% from the previous year. The almost two-fold increase in PAT was driven by the Hotels & Resorts, Textile and Finance clusters all breaking the MUR 1,000 million milestone in profitability. Returns were healthy as shown by the ROCE and RONW reaching 8.26% and 16.04% respectively compared to 4.52% and 9.42% respectively in FY22.

The Group remains on track to reduce its leverage level as shown by the overall gearing which improved steadily from the highs of 1.09x at end of FY20 to reach 0.57x as on 30 June 2023.

For Q1FY24, the Group registered a slightly lower revenue of MUR 8,795 million compared to MUR 8,966 million in Q1FY23, mainly due to lower turnover at the level of CTL. However, profitability for the quarter is up by 36.90%, driven by the elevated net interest margins and spreads across the banking sector and the sustained higher ADR in the hotels & resorts cluster. Overall, the CIEL Group generated a PAT of MUR 946 million in Q1FY24 against MUR 691 million for Q1FY23.

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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