Le Collège de l'Ouest Associé Ltée

21 August 2024

Rating

Facilities/Instruments	Amount (MUR Million)	Rating[1]	Rating Action
Proposed Bond Issue	**77**	**CARE MAU BB+; Stable**	Assigned

Rating Rationale

The rating assigned to the Proposed Bond Issue of Le Collège de l'Ouest Associé Ltée (LCDLAL) derives strength from the experienced promoters, namely, Ecole du Centre ("EDC") and Ecole Paul et Virginie ("EPV") with over 30 years of experience in the education sector and Medine Limited, the affiliation with an academic partner - Agency for French Education Abroad ('AEFE") which is the licensing body for delivery of French education and the geographical location of the school in the west of Mauritius with growing demand for private educational institutions.

The rating is however constrained by the project execution risk for the new school, the regulatory risk associated with the operating a private school in Mauritius and risk of deviation from compliance with French guidelines, increasing competition from new players and the ability to attract admissions as envisaged.

Rating Sensitivities

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

- Ability to achieve stable cashflow throughout the projected years
- Timely completion of the school infrastructure within time and cost parameters
- Ability to enrol student annually as envisaged

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

- Additional debt availed by LCDLAL over and above envisaged
- Change in regulations pertaining to operations of private schools which can impact operations of the school

BACKGROUND

Le Collège de l'Ouest Associé Ltée "**LCDLAL**", is a school project for the establishment of a second primary school and a new secondary school (French medium) in the western part of Mauritius (in Black River). The school will be affiliated with AEFE (Agency for French Education Abroad) Academic partner, a licensing body for delivery of French education.

The shareholders of Le Collège de l'Ouest Associé Ltée comprises Medine Limited and other private investors holding 47.5% of stake and Le Collegien Ltee holding 52.5%. Le Collegien Ltee, is ultimately, equally held by Ecole du Centre ("EDC") and Ecole Paul et Virginie ("EPV"), which are the promoters of the project.

Ecole Paul et Virginie ("EPV") and Ecole du Centre ("EDC") (together the "Promoters"), through their common vision of promoting high quality education, have decided to partner together in the setting up of a second primary school and a new secondary French school in the West.

EDC is an established institution operating in the centre of the island, with over 30 years of experience in offering French education, at both primary and secondary level. EPV has been in operations in the west of the island for over 20 years now and has been a feeder school to existing French colleges.

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

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The main sources of revenue for LCDLAL will be from admission fees and annual school fees. In addition, part of the income will also be generated from monthly tuition fees and other school related income. The construction will begin in October 2024 and expected to be completed in nine months by the beginning of the school calender 2025/2026.

Management: The academic institution will be directed by a team of ten individuals, categorized as Project Execution Management Team. The strategic and operations affairs are being looked at by Mr. Paul Corson**.** He has worked at the top management level at the Mauritius Commercial Bank Limited and is now serving on the board of the MCB Group. He graduated from Ecole Nationale de la Statistique et de L'Administration
Economique and has completed his MBA from Université Laval, Canada.

Financial performance of LCDLAL
Project Stage – Not Applicable

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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.