

CEB bonds over-subscribed

Rs 350 million bonds issued by the parastatal organisation have been fully subscribed

Bonds with a value of Rs 350 million issued by the Central Electricity Board (CEB) have been fully subscribed at the close of the issue on 9 June 2006. Some Rs 600 million worth bids were received at the CEB during the three-day international bond issue starting on 6 June – a first in Mauritius for a public sector non-bank organisation.

This first issue concerns three, four and five-year bonds and is part of a 5-billion rupees worth 'Domestic Medium Term Bond Programme' launched by the CEB on 17 May 2006, in collaboration with Barclays Bank, acting as lead arranger and placing agent.

According to the CEB, the Bond issue is not primarily aimed at raising new finance, but rather at replacing foreign currency loans by rupee denominated debt, as a response to changing conditions in interest rates and trends in the value of the rupee.

Mr. Patrick Assirvaden, chairman of the CEB, stated that the over-subscription of the bonds demonstrates foreign investor confidence in the financial policy adopted by the organisation: "Our aim is to bring our debt ratio in foreign currencies down to around 33 percent."

The CEB is now looking forward to issuing more rupee denominated bonds in the framework of the 'Domestic Medium Term Bond Programme' and to funding part of its capital projects through such financial instruments. "While the issue is on private placement basis, there is provision also for listing, subject to approval of the Stock Exchange of Mauritius," he told local media.

At the launch of the bond issue in May, the Minister of Finance and Economic Development, Mr. Rama Sithanen, underscored the need for more issues on the bond market. These would trigger more transactions and generate critical mass for increased efficiency. "This bond issue (...) will widen the spectrum of financial instruments on our capital market," he highlighted.

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