Rating Rationale
CIM Finance Ltd.

Ratings

Facility/Instrument	Amount (MUR Million)	Rating	Rating Action
Long term Bank Facilities	1,250 (reduced from 1,480)	**CARE MAU AA; Stable [Double A; Outlook Stable]**	**Reaffirmed**
Long term/Short term bank Facilities	1,870 (enhanced from 1,640)	**CARE MAU AA; Stable/ CARE MAU A1+ [Double A; Outlook Stable/A One plus]**	**Reaffirmed**
Short Term loan	1,000	**CARE MAU A1 + (A One Plus)**	**Reaffirmed**
Bank Facilities – Long term Bond from MCB	3,500	**CARE MAU AA; Stable [Double A; Outlook Stable]**	**Assigned**

Rating Rationale

The ratings assigned to bank facilities, short term loan and proposed bond issue of CIM Finance Ltd. ("CFL") derive strength from long & satisfactory track record of CFL & CIM group, experienced & resourceful promoters, professional and highly qualified management team, dominant market share (~90%) in Credit Facility Agreement ("CFA"; previously termed as Hire Purchase), well diversified asset portfolio, consistent growth in disbursements, moderate asset quality, satisfactory financial position with moderate gearing and comfortable asset-liability maturity profile, capital adequacy ratio ("CAR") & liquidity profile.

The ratings are however constrained by risk associated with increasing competition in the financial services business, entry of new players in CFA segment, exposure to regulatory risks, risk associated with volatility in interest rates and increase in exposure to relatively riskier segments such as unsecured lending.

Ability of CFL to maintain asset quality and profitability while increasing asset size, improving asset liability maturity profile, maintain CAR in the range of 11.50% to 12.00% - well above Regulatory norm of 10% and continued support from promoters are the key rating sensitivities.

BACKGROUND

CIM Finance Ltd. ("CFL") was incorporated, in 1987, by the Taylor family and Rogers group of Mauritius as CIM Ltd. The main objective was to provide CFA/credit facilities to the customers of the retail outlets (selling electronic goods/furniture) of the group. In April 1996, the company was rechristened as CIM Finance Ltd. CFL is regulated by Bank of Mauritius ("BOM") as well as the Financial Services Commission ("FSC") of Mauritius.

In July 2005, CIM Financial Services Ltd. ("CFSL") was incorporated, to manage the global business, finance business and property business of CIM group. Subsequently, CFL was made a wholly owned subsidiary of the CIM Financial Services Ltd., a company listed in the Stock Exchange of Mauritius. Till 2012, Rogers group and Taylor family (through CIM holding Ltd.) were holding majority stake in

CIM Financial Services Ltd. However, post restructuring in 2012, CFSL came under the fold of Taylor family. At present, Taylor Family through various companies owns majority share (53%) of CFSL. The balance 47% is held by corporates, insurance companies, pension funds and individuals.

CFL is currently one of the largest Non-Banking Deposit Taking Institution (NBDIT) in Mauritius in terms of Asset under Management and turnover. It operates around 95 counters and a network of more than 700 merchants in Mauritius and Rodrigues. The main services offered are CFA, leasing, deposit taking, unsecured loans, credit cards and factoring.

CFA: CFL started its CFA (previously termed as Hire purchase) operations in 1987 and today serves most of the independent dealers in Mauritius. It is a household name in the field of consumer finance, with a local customer base exceeding 300,000 individuals and 550,000 agreements. CFL encourages majority of its consumers to take insurance (covering death, loss of job and among others including loss of product) on CFA products from an insurance company through Cim Agencies Ltd. As on date more than 70% of its CFA portfolio is insured. ***In September 30, 2015, there was a modification in the Hire Purchase and Credit Sale (Charges) Regulations 2000 ACT, whereby the annual interest rate of Higher Purchase was reduced from 19% p.a. to 12% p.a.***

Leasing & deposit taking activities: CFL also provides financial solutions to businesses of varying sizes, from small entrepreneurs to large conglomerates. The company holds a deposit taking license under the supervision of the Bank of Mauritius and is an established deposit taking institution, regulated by the Banking Act, which raises funds directly from the corporates & individuals only for investment in leasing business and credit card activities. ***As per the Deposit taking licensing condition, the company has to maintain 10% of its deposits in liquid portfolio (Fixed Deposit with Banks/Treasury Bills issued by Government of Mauritius).***

Credit card: The credit card activities of CFL started in 2001 with the launch of the first local credit card. The latter evolved into issuing MasterCard, Visa and China UnionPay International (UPI) cards. CFL became the first and only non-bank financial institution in the sub Saharan Africa region to issue a credit card with the MasterCard accreditation. CFL offers Classic, Gold and Business MasterCard.

Factoring: Since 2004, the company provides factoring solutions. In factoring services - CIM Finance purchases invoices from clients (@ 90% of the Invoice value) and also avails credit insurance for such Invoices from COFACE, global leaders in the field.

Loans & advances: In FY13, CFL started offering unsecured loans to meet its existing customers' financing needs beyond their immediate retail financing requirements. All manner of family expenses such as those relating to education, weddings, funerals and property refurbishments are financed. Given the repayment performance of this product in last 5 years, the company is focusing to boost disbursement in this product category. It is mandatory to take insurance (covering death, loss of job and loss of product) on unsecured loans from an insurance company through Cim Agencies Ltd.

CFL is a professionally managed company. It is governed by 7-member Board of Directors comprising of eminent industrialists and professionals. The strategic affairs of the company are looked after by professionals Mr. Mark Van Beuningen (Executive Director & Group CEO) who joined CIM Finance as M.D. and was promoted to the Group CEO in October 2017. Prior to joining the Cim Group, Mark worked for the Boston Consulting Group (BCG) in Sydney for two years and most recently Johannesburg for four years. He is assisted by a team of professionals looking after various functions of the company.

Ms. Aisha Timol has been appointed as the Chairman of CFL. She has served as the Chief Executive of the Mauritius Bankers Association for 15 years.

CREDIT RISK ASSESSMENT

Long & satisfactory track record of the group & support from experienced promoters

CFL, over 30 years old NBFC, is currently owned and managed by the Taylor family of Mauritius, having its presence in Mauritius for more than 100 years. The Taylor family has set up Taylor- Smith Investment Company which has interest in the port, logistics and distribution, distribution of retail products, financial services and manufacturing industries with a team of 800 people across various units. Taylor family through CIM Holdings Ltd. holds 53% of Cim Financial Services Ltd., which in turn holds 100% of CFL. Cim Financial Services Ltd. is a listed company with strong financial position. The company primarily operates under 1 cluster – finance. In May 2017, CIM Financial Services completed the sale of its Global Business cluster which produced a net profit of MUR 2,464 million. Accordingly, PBT & PAT witnessed a significant increase in June 2017, which has normalized in FY18. As on Sept 30, 2018 CFSL has cash balance of around MUR 1.6 billion and investment in liquid USD Bonds & FDs of Mur 1.6 billion.

In FY18 (October – September 2018), CFSL reported a PAT of MUR 352 million (MUR 2,950 million in FY17) on a turnover of MUR 1,964 million (MUR 1,934 million in FY17). As on Sept 30, 2018, CFSL has extended loans (short & long term) of MUR. 1.2 billion to CFL, of which MUR 149 million is repayable on demand and MUR 1,034 million on rollover basis having no fixed repayment schedule.

Professional and highly qualified management team

CFL has a highly qualified and experienced employee pool having large experience in their related field. Each division (CFA, leasing, credit card and Factoring) is managed by a Head, who reports to the M.D. The attrition level is quite low with key professionals having long association with the group. CIM group has 700 employees working across its Mauritius counters and sub offices.

Dominant market share in CFA Portfolio

CFL, over the years, has grown both organically as well as inorganically.

Assets	Range of products	Average Ticket size (MUR)	Market Share (%)	LTV (%)	Tenure (months)
CFA (Hire purchase & other credit agreements)	Electronic goods/Jewellery /Furniture & fittings	13,000-15,000	90	85-95	24-30
Finance Lease	Car (New & Reconditioned)	525,000	25	80-90	60
	Equipment	2,025,235	20	70-75	48
Loan & Advances	Personal loans	40,000	15-20	100	48
Credit card	Credit card	15,000	25-30	-	2
Factoring	Bill discounting	90 % of the bill	15-20	90	24
Corporate credit facilities	SME lending (loan)	1,300,000	10	100	60-84

CFL has a well-diversified portfolio of receivables spread over different sectors of the economy. 76% of its total exposure was in personal segment (CFA/credit facility and credit cards) followed by trading.

Low average ticket size of loans

The individual asset size is small with the highest average ticket size of CFA loans disbursed being Mur 200,000. Average ticket size of the unsecured loan was MUR 40,000 whereas it was MUR 2,000,000 for equipment in leasing business. Top 10 lending exposure had an aggregate outstanding of MUR 310 million (majorly comprising leasing to corporates) as on Sept 30, 2018, in view of individual ticket size being relatively small, client wise exposure was well within the prudential limit of 25% of owned funds, as prescribed by BOM.

Consistent growth in disbursement & Asset under Management

CFL made satisfactory disbursement in FY18, y-o-y growth of 4% in FY18 and 11% in FY17. The total Assets under Management (AUM) has shown an increasing trend over the years.

(MUR Million)

Assets as on	30.9.2016	% of total portfolio	30.9.2017	% of total portfolio	30.9.2018	% of total portfolio
CFA (Hire purchase & other credit agreements)	3,716.9	48%	4,454.9	47%	4,901.9	47%
Finance Lease	2,201.5	29%	2,442.4	26%	2,462.0	24%
Loan & Advances	1,029.4	13%	1,547.9	16%	2,077.0	20%
Credit card	481.7	6%	453.8	5%	425.8	4%
Factoring debtors	119.2	2%	222.1	3%	240.3	2%
Corporate credit facilities	173.5	2%	267.5	3%	269.4	3%
Total	**7,722.2**		**9,388.6**		**10,376.4**	

CFL holds 90% market share in CFA market (previously termed as Hire purchase). Traditionally, it was a high yielding product for CFL (IRR of 13%). In September 30, 2015, there was a modification in the Hire Purchase and Credit Sale (Charges) Regulations 2000 ACT (introduced in 2015 Budget of GOM), whereby the rate of higher purchase charges was reduced from 19% p.a. to 12% p.a. Accordingly, the IRR has reduced.

Disbursement increased by 4% in FY18 due to same level of disbursement in H.P. segment, in line with stagnant demand. However, CFL is focusing on extending loans & advances to meet its existing customers' financing needs beyond their immediate retail financing requirements. This is a high yielding portfolio (8.5-9.0%) and are extended to existing customers with good past track record. AUM in this portfolio has increased by 34% in FY18 over FY17 (50% in FY17 over FY16). Low yielding finance lease portfolio, where the company faces steep competition from major banks, increased at lower rate.

Consistently high return from the various products portfolio barring CFA

IRR remained almost at the same level during FY16-18, with moderate increase in FY18 because of the company's ability to borrow short term loan at cheaper rates. Majority of the company's lending are in fixed rates (85%) and around 40% of the borrowings are in fixed rate. The product-wise average IRR of assets financed as under:-

Asset Type	FY16	FY17	FY18
	%		
CFA (Hire purchase & other credit agreements)	6	6.5	7.0
Finance Lease	2.0-2.5	2.5-3.0	2.75-3.25
Loan & Advances	8.5	8.5	9.0
Credit card	19	19	19.5
Factoring	4	4	4
Corporate credit facilities	1.5	1.5	1.5

Moderate asset quality and high collection efficiency

CFL recognizes NPA in 90 days (for Finance lease and factoring portfolio) and in 360 days (for Hire Purchase, loans & advances and credit cards portfolio) and writes off 100% of loan overdue beyond 360 days. This apart it also makes specific provisioning and portfolio provisioning (1.00% of the portfolio value) in line with the Guideline on Credit Impairment Measurement and Income Recognition of BoM.

MUR Million

Particulars	30/09/2015	30/09/2016	30/09/2017	30/09/2018
Gross NPA	336.1	343.0	368.3	482.6
Gross Loan assets	5,536.3	7,721.9	9,388.5	10,376.4
GNPA (%)	6.07	4.44	3.92	4.65
Net NPA	234.0	194.0	174.0	268.4
Net Loan assets	5,404.7	7,542.1	9,165.0	10,116.4
NNPA (%)	4.33	2.57	1.90	2.65
Net NPA/Net worth (%)	0.33	0.23	0.14	0.18

GNPA has increased from Mur 368 million in FY17 to Mur 483 million in FY18 primarily due to higher GNPA in loans & advances (high yielding portfolio and majority of the portfolio is insured).

Asset-wise classification of GNPA (%)

(MUR Million)

Division	FY17				FY18			
	Gross NPA	% of total GNPA	Net NPA	% of total NNPA	Gross NPA	% of total GNPA	Net NPA	% of total NNPA
CFA	202.2	55%	79.8	46%	228.2	47%	77.7	29%
Finance Lease	108.6	29%	90.0	52%	122.3	25%	123.7	46%
Loan & Advances & others	57.6	16%	4.2	2%	132.1	27%	66.6	25%
Total	**368.3**		**174.0**		**482.6**		**268.4**	

The collection efficiency has remained stable at 95-96%. CFL has written of provision for NPAs of Mur 219 million in FY18 (Mur 194 million in FY17). The recovery performance is as under:

For the Year ended 30	Sep-16	Sep-17	Sep-18
A. DEMAND		**(MUR Million)**	
1. Overdues at the beginning of the period	82.0	101.2	162.1
2. Demands raised during the period	4,186.0	4,576.5	5,191.9
TOTAL DEMAND	**4,268.0**	**4,677.7**	**5,354.0**
B. RECOVERIES:			
Total Recoveries during the period	**4,166.7**	**4,515.6**	**5,122.7**
C. OVERDUES:			
At the end of the period	101.2	162.1	231.3
D. COLLECTION EFFICIENCY	**97.6%**	**96.5%**	**95.7%**

Satisfactory Capital Adequacy Ratio ("CAR") and overall gearing ratio

CFL's CAR as on September 30, 2017 and September 30, 2018 was satisfactory at 13.54% and 14.31% and well above the Regulatory norm of 10% (stipulated by Bank of Mauritius). CIM Financial Services Ltd have made equity infusion of MUR 200 million in December 2018 and the Board of CFSL has approved additional equity infusion in FY19 in order to support the projected growth in the business of CFL and maintain CAR of 12%. CAR as on December 31, 2018 was 13.29%. Overall gearing ratio was comfortable at 5.59 times as on Sept 30, 2018 (6.04 times as on Sept 30, 2017).

Comfortable asset-liability maturity profile & liquidity profile

Being a deposit taking NBFC, the company has to maintain 10% of its deposits in liquid portfolio (Fixed Deposit with Banks/Treasury Bills issued by GoM). However, the company's investment in Fixed deposits during last 3 years are as under: *MUR Million*

As on	30.9.2016	30.9.2017	30.9.2018
Deposits from customers	2,708	3,020	2,528
Fixed Deposit	476	483	450
F.D as % of deposit from customers	**18%**	**16%**	**18%**

Asset-Liability maturity profile: While CFL's Asset-Liability maturity over 1 years is positive and comfortable, however it has cumulative negative mismatch in 6-12-months' time bucket, primarily arising out of repayment of cash credit and short-term loans availed from holding company short term loans from banks. The loans from holding company (MUR 1,000 million) are generally rolled over during maturity. This apart as on Sept 30, 2018, the holding company – CFSL has cash balance of around Mur 1.6 billion and investment in liquid USD Bonds & FDs of Mur 1.6 billion, which can be utilized by CFL to manage liquidity (if required).

Average utilisation of fund based working capital limits & short-term loans in the 12 months ended December 2018 was about 58% and as on the same date, 42% remained unutilised, providing liquidity cushion to the company. CFL also had cash & bank balance of Mur 190 million and deposit of Mur 450 million on Sept 30, 2018.

CFL is also availing a long-term bond of Mur. 3,500 million from MCB and proposes to utilize the same to repay short-term borrowings from CFSL and working capital. This will help CFL to align its borrowing and lending schedule, because H.P. portfolio is for 24-30 months and lease portfolio is 4-5 years.

Diversified Income profile ***MUR Million***

Particulars	FY16	FY17	FY18
Interest Income	831.58	1,031.73	1,120.4
Fees & Commission Income	417.28	416.90	371.8
Operating lease income	40.77	36.91	**27.9**
Other operating Income	36.04	15.35	**18.1**
Bad debt recovered	4.23	8.04	**4.6**
Total Income	**1,329.90**	**1,508.93**	**1,542.8**

Total income increased by only 2% in FY18, despite 12% growth in HP income, mainly due to lower fees & commission income. Fees and commission income were lower due to reduction in commission rate being charged to smaller H.P. dealers (as per Regulations of Competition Commission) and lower fees from credit card. The company is focusing more on unsecured loans and advances, since it is more popular than credit cards and CFL is also facing stiff competition from banks in credit card business. In addition to interest, the company charges commission on the total H.P. sales from H.P. dealer. It charges around 1.5-2.5% of Invoice amount as Factoring Fees and renewal charges for Credit card.

Stable Profitability

In FY18 (Oct 1 – Sept 30), CIM's total revenue has increased by 2% bit lower than the projected numbers. PAT and GCA are more or less similar to FY17 and lower than projected due to higher provisioning (0.5% more than Regulatory norms in H.P. & loans & advances portfolio). GNPA (%) at 4.65% in FY18 is higher FY17 (3.92%), due to higher GNPA in loans & advances. The collection efficiency in FY18 was around 96%. Overall gearing, CAR and interest coverage were also satisfactory. PAT margin dipped to 16.22% in FY18 due to lower fees & commission income and higher provisioning & operational cost. NIM was hovering in the range of 10-11% during last 3 years due to higher IRRs. ROTA, though declined due to higher provision for NPA/bad debts written off in FY18

(MUR 219 million) was comfortable at 2.38% in FY18 (2.70% in FY17). In Q1FY18 (Oct 1- Dec 31), CFL has earned an interest income of Mur 307 million (Mur 271 million in Q1FY17) and PAT of 66.3 million (Mur 57.9 million in Q1FY17).

Industry Risk

In Mauritius, Non-Bank Deposit-Taking Institutions' (NBDTIs') main activity relates to the mobilisation of deposits and the granting of leasing and loan facilities to individuals and corporates. There are 8 NBDTIs in operation as at end-December 2018, of which 4 were exclusively involved in leasing activities, 2 carried out lending business only and the remaining 2 were involved with both leasing and lending operations. 4 of the NBDTIs were subsidiaries/related companies of banking institutions or insurance companies. As at end-June 2018, all NBDTIs were holding the minimum required capital of Mur. 200 million, and their total assets represented around 4.4% of the total assets of the financial sector. Theses NBDITs mostly provide leasing and factoring services. CFL is the largest NBDIT in terms of AUM. The AUM of other NBDITs are MCB Finlease Company Limited (MUR 4.1 billion), Axys leasing (MUR 3.0 billion), La Prudence Leasing (MUR 1.3 billion), SICOM (MUR 460 million) and Mutual Aid (MUR 400 million). In Hire purchase, CFL has 90% market share followed by Rogers Capital and Kalachand group-company (finances products sold by their retail showrooms).

During the period July 1, 2017 to June 30, 2018, total outstanding credit facilities extended by NBDTIs fell by 3.6% or Mur. 2,229 million, while total amount of gross non-performing advances declined by 11.0% or Mur. 391 million. As a result, gross non-performing advances ratio improved from 5.8% as at end-June 2017 to 5.4% as at end-June 2018.

Total assets of NBDTIs increased by 1.5% to reach Mur. 78 billion as at end-June 2018. The share of loans to total assets declined from 56.7% as at end-June 2017 to 55.0% at the end of June 2018, while investment in finance leases to total assets stayed constant at 14.0% over the same period.

The advances-to-deposits ratio decreased from 123.6% at end-June 2017 to 121.3% at end-June 2018. Leases-to-deposits ratio (based on deposits held by leasing companies only) went down from 76.3% at end-June 2017 to 78.3% at end-June 2018.

As at end-June 2018, liquid assets held by NBDTIs amounted to Mur. 11 billion or 24.9% of their deposits compared to Mur 9.8 billion or 22.4 % of deposits recorded as at end-June 2017. The liquidity ratios were above the statutory minimum of 10% over the year ended June 30, 2018.

The consolidated profitability figures for NBDTIs are based on the audited results for the financial years ended June, September and December. For the FY2017-18, NBDTIs' aggregate profit after tax fell by 82.0% from Mur 2,228 million to Mur 400 million. This decline was driven mainly by a reassessment of the amount of tax to be paid for one NBDTI for the years 2007 to 2017. Further, another NBDTI incurred losses in the period under review.

Leasing Companies

Leasing facilities are provided by 15 entities in Mauritius. 12 of them are banks and Non-Bank Deposit-Taking Institutions (NBDTIs), which are licensed by the Bank of Mauritius. The remaining three are Non-Deposit Taking Institutions (NDTIs), licensed by the Financial Services Commission (FSC).

Banks, NBDTIs, and NDTIs offer leasing facilities to both households and corporates. Banks provide only finance leases, while NBDTIs and NDTIs offer both finance and operating leases. Nearly all the NBDTIs are the leasing companies and it is not difficult to get a leasing license. Moreover, there are many companies in the insurance industry and banking industry that are trying to give leasing facilities along with all other facilities which these companies already have. As these businesses are already well-known, they can get NBDT license very easily. But with promulgation on the Banking Act 2004, the NBDTIs are now subject to the same prudential regulations as banks and the NBDTIs have to maintain a minimum capital of Mur 200 million alongside complying with the guidelines on 'Guidelines on Capital Adequacy Ratio' and 'Credit Concentration Risk' and on 'Related Party Transactions'. All these guidelines and requirements act as a barrier to entry in the NBDT sector.

As at end-September 2018, total leasing facilities granted to the household and business sectors stood at Mur 18.8 billion compared to Mur. 19.0 billion as at September 2017. The automobiles segment accounted for 83% of total leasing facilities, up from 78% in FY17. As at end-September 2018, an amount of Mur 15.6 billion (Mur.14.8 billion as at Sept 30, 2017) was extended towards the purchase of automobiles, while the number of leases summed to 32,714 (31,534 in FY17). Leasing facilities granted to "other" sector represented facilities offered for buildings, office equipment, machinery and other assets and stood at Mur. 3.2 billion as at September 2018 (Mur. 4.2 billion as at September 2017).

Banks are important substitutes of NBDTIs as they are leaders in the financial markets. Banks have a quite strong brand presence and a good credit appraisal method also. The main fund suppliers to the NBDTIs Sector are the depositors and the depositors have lots of alternatives to invest apart from NBDTIs. If the depositors will consider the level of risk, they can deposit in banks or invest in bonds as it will require them to have low risks along with low interest otherwise they can invest in stocks which include high risk and high interest. Therefore, the NBDTIs will have to attract the depositors either by providing them with a higher interest or providing them with better additional service.

Prospects

CFL's prospects largely depends on the fortunes of retail industry (electronic goods/ furniture's & fixtures) automotive and construction sectors, the demand drivers of major products financed by the company. The growth of both the aforesaid sectors has close linkages with the economic growth of the country. The ability of CFL to improve ROTA along with maintaining CAR at similar levels are key rating sensitivities.

Financial Performance *MUR Million*

For the year ended/As on Audited	30/09/2016	30/09/2017	30/09/2018
		(Audited)	
Interest income	831.6	1,031.7	1,120.4
Fees & Commission Income	417.3	416.9	371.8
Operating lease income	40.8	36.9	27.9
Other operating Income	36.0	15.4	18.1
Bad debt recovered	4.2	8.0	4.6
Total Income	**1,329.9**	**1,508.9**	**1,542.8**
Operating expenses (excl. provisions)	521.9	586.3	610.3
Provision for NPA (credit impairment)	149.0	194.3	219.2
Depreciation	72.2	68.7	64.7
Interest	292.7	350.6	348.0
PBT	**294.2**	**309.0**	**300.6**
PAT	**242.0**	**250.5**	**250.2**
Gross cash accruals (GCA)	314.1	319.3	314.9
Stock-on-hire (net of provision)	7,358.5	8,981.5	9,868.5
Loan AUM	7,722.0	9,388.6	10,376.4
Total Assets under Management (AUM)	8,484.5	10,087.2	10,918.8
Total assets on the balance sheet	8,484.5	10,087.2	10,918.8
Deposit from customers	2,707.7	3,020.3	2,528.7
Total debt	3,826.2	4,671.4	5,808.1
Equity share capital	335.0	660.0	660.0
Tangible networth	844.9	1,272.7	1,490.7
Ratios			
PAT margin	18.20	16.60	16.22
NIM (%)	11.34	10.98	10.12
Interest Income/ Int. earning assets (%)	13.19	12.63	11.89
Interest expended/ Average Borrowed Funds	4.99	4.93	4.34
Interest spread (%)	8.20	7.70	7.55
Operating Expenses (before provn & write-offs) / Average total assets (%)	6.86	6.31	5.81
Credit Cost (%)	1.96	2.09	2.17
RONW (%)	31.12	23.66	18.11
Cost of Capital (%)	9.07	7.22	4.17
Net Spread	1.62	2.11	3.60
Return on total assets (ROTA) (%)	3.18	2.70	2.38
Overall gearing	7.73	6.04	5.59
Interest Coverage (after prov.)	2.25	2.08	2.05
Interest coverage (before prov.)	2.76	2.63	2.68
Gross NPA (%)	4.44	3.92	4.65
Net NPA (%)	2.57	1.90	2.65
Net NPA / Net worth (%)	0.23	0.14	0.18
Reported CAR (%)	10.49%	13.54%	14.31%
Tier I CAR (%)	9.24%	12.29%	13.06%

Adjustments

1. Tangible networth is calculated by netting off intangible assets from total equity.
2. GCA is calculated as PAT+ Depreciation + deferred tax+ other non-cash expenditure.
3. Overall Gearing ratio is calculated as total debt (long and short-term debt)/Tangible Networth.
4. Total Assets and Total AUM is calculated after deducting Deferred Tax and Intangible Assets from Total Assets

Annexure - I

Details of Rated Bank Facilities/Instruments

A-1 Details of Bank Facilities

Long-term facilities

Secured term loans

Name of Bank	Amt. (MUR million)
Barclays Bank Mauritius Limited	195
Bank One Limited	284
MauBank Ltd.	126
SBI (Mauritius) Ltd.	382
SBM Bank (Mauritius) Ltd.	263
Total	**1,250**

Long-term/Short term bank facilities

Overdraft, Money Market Lines and Short-term loans

Name of Bank	Total
AfrAsia Bank Limited	225
Bank of Baroda	260
Bank One Limited	220
Barclays Bank Mauritius Limited	350
SBI (Mauritius) Ltd.	10
MauBank Ltd.	125
SBM Bank (Mauritius) Ltd.	300
Unallocated	380
Total	**1,870**

Short-term loans

Name of Bank	Description	(Cash Credit)-
AfrAsia Bank Limited	Short term loan	425
SBM Bank (Mauritius) Ltd.	Short term loan	500
Unallocated	Short term loan	75
Total		**1,000**

Secured Bond

Name of Bank	Amount (MUR million)	Tenure
The Mauritius Commercial Bank Ltd.	3,500	2-4 years
Total	**3,500**	

Annexure II

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.