

## Currimjee Jeewanjee and Company Limited

July 13, 2022

### Ratings

Facilities/Instruments	Amount (Mur Million)	Rating <sup>1</sup>	Rating Action
<b>Bond (long term)</b>	2,200 (enhanced from MUR 2,100 million)-	<b>CARE MAU A-; Stable [Single A Minus; Outlook: Stable]</b>	<b>Reaffirmed</b>
<b>Total</b>	<b>2,200</b>		

### Rating Rationale

The rating assigned to the long-term bond issue of Currimjee Jeewanjee and Company Limited (CJ & Co.) derives strength from the experienced group, comfortable cash surplus of the major dividend paying company (Emtel Limited rated CARE MAU AA-; Stable) operating in the telecom vertical, investment across diverse business verticals and professional team managing each vertical, consistent flow of dividend from telecom, energy & real estate vertical. It also derives comfort from the steady rentals from leased properties with around 90% occupancy, low debt profile of majority of subsidiaries barring Emtel Limited and IKO (Mauritius) Hotel Limited, liquid asset in the form of investment in shares of listed entities, locally and internationally and land at prime location which can be disposed to repay debt. The rating also takes into consideration the moderate financial position of CJ & Co. both at standalone & consolidated level and management's articulation that, by in 2024, the group is likely to list Emtel Limited through IPO and the proceeds to be used to pay off debt. Timely listing of Emtel is critical from credit perspective and any delay in the launch of the IPO may adversely impact the ability of the company to meet the repayment obligation due in August 2026. The rating is, however, constrained by the volatility in projected profitability in the pandemic impacted hotel & tourism cluster, possible extension of support to hotel & tourism cluster and insurance vertical. There is also market risk associated with sale of land & property development and CJ & Co, being an investment company, main source of revenue is dividend income - dependent on the performance of the subsidiaries and associate companies.

### Rating Sensitivities

#### Positive Factors

- Ability to improve debt coverage indicators with dividend inflow commensurate to its debt level
- Turnaround in operational performance of the Hotel & Insurance vertical
- Successful IPO of Emtel in FY24 and stake sale in Ceejay Gas in FY22 and utilisation of the proceeds for debt repayment in CJ & Co.

#### Negative Factors

- Additional debt at the company & group level till Bond is repaid in 5th year
- Additional Investment in hospitality and financial sectors
- Deterioration in performance of any major subsidiary leading to support requirement from CJ & Co
- Deterioration in credit profile of Emtel and delay in IPO of Emtel

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratingsafrica.com](http://www.careratingsafrica.com).

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**BACKGROUND**

Currimjee Jeewanjee and Company Limited (CJ & Co) was incorporated on 15 April 1948. Its shareholders are Currimjee Limited (62.95% stake) and Currimjee Jeewanjee Properties Ltd. (37.05% stake).

Currimjee Limited (formerly known as Fakhary Limited), 100% owned by Currimjee family, was founded in 1890 with more than 130 years of existence. It owns 99.75% stake of Currimjee Jeewanjee Properties Ltd.

Currimjee group was founded by Currimjee Jeewanjee –grandfather of Mr. Bashirali Currimjee (Chairman of CJ & Co). Mr. Anil C Currimjee is the Chairman of Currimjee Limited, the Managing Director of CJ & Co and Director in Currimjee Industries Limited.

Currimjee Limited, through its 2 main subsidiaries - Currimjee Jeewanjee and Company Limited and Currimjee Industries Limited, operates in 7 clusters - Telecoms, Media & IT, Real Estate, Tourism & Hospitality, Commerce & Financial Services, Energy, Food & Beverages, and Home & Personal Care. The Currimjee group's total income for FY21 was Mur 7,075 million with 7 clusters (Mur 6,920 million in FY20).

**Credit Risk Assessment  
Experienced group**

Currimjee group (Currimjee Limited and subsidiaries) was founded by Currimjee Jeewanjee (grandfather of Mr. Bashirali Currimjee) and has over 130 years of existence. Mr. Currimjee arrived in Mauritius in 1884 and started a little business in Port Louis, trading in commodities in 1890. Currently, Currimjee group operates in seven business clusters. **Currimjee Jeewanjee & Co Limited** through its various subsidiaries operates in 5 clusters - Telecoms, Media & IT, Real Estate, Tourism & Hospitality, Commerce & Financial Services and Energy. The company primarily derives its revenue mainly as dividends from Emtel Limited (CARE MAU AA- Stable), Total Energies Marketing Mauritius Ltd (Total Mauritius) & Ceejay Gas Ltd. and Compagnie Immobiliere Ltee. Currimjee Jeewanjee & Company Limited earned a total income of MUR 389 million in FY20 and MUR 554 million in FY21. Currimjee Jeewanjee & Company Limited and the various subsidiaries (Currimjee group) achieved a revenue of MUR 4,820 million in FY20 and MUR 4,880 million in FY21.

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### Established group with presence across diverse business verticals

CJ & Co. has interests across five diverse business verticals such as Telecoms, Media & IT, Real Estate, Tourism & Hospitality, Commerce & Financial Services and Energy. The brief financials of major group companies are provided hereunder:

Companies (Audited FY21) - MUR million	Clusters	Stake (%)	Total income	PAT	GCA	Dividend Payout	Bank Loans	Loan from Promoters	Total Debt	Net worth	Overall gearing	Total debt / GCA
<b>Subsidiaries</b>												
Emtel Limited	Telecom, Media & IT	75%	3,203	380	1,101	516	2,714	0	2,714	1,119	2.43	2.47
Screenage Limited		80%	35	0	11	0	0	13	16	-7	NM	1.46
Seejay Cellular Limited		100%	13	11	12	1	1	1	1	229	0.00	0.08
Currimjee Informatics Limited		100%	110	1	4	0	16	4	16	-28	NM	4.28
Multi channel Retail Limited	Real Estate	100%	73	32	20	0	57	-	66	669	0.10	3.25
Compagnie Immobiliere Limitee		66.80%	20	7	5	5	33		33	323	0.10	6.59
Currimjee Real Estate Ltd		100%	33	-13	-12	0	4	0	4	-28	NM	NM
Plaisance Aeroville Ltd		100%	1	-8	0	0	0	0	0	421	0.00	0.00
Batimex Ltd	Commerce and Services	100%	324	16	36	0	77	37	77	-111	NM	2.14
Island Life Assurance Co. Ltd		100%	253	-8	-6	0	0	0	0	370	0.00	0.00
IKO (Mauritius) Hotel Limited	Tourism & Hospitality	100%	88	-196	-113	0	1,304	-	1,354	302	4.49	NM
Silver Wings Travel Ltd		100%	19	-3	-1	0	34	80	34	18	1.99	NM
<b>Total</b>			<b>4,172</b>	<b>219</b>	<b>1,057</b>	<b>522</b>	<b>4,240</b>	<b>135</b>	<b>4,315</b>	<b>3,277</b>		
<b>Associates</b>												
Ceejay Gas Ltd - Group	Energy	33.30%	492	35	104	27	442	0	442	210	2.11	4.26
TotalEnergies Marketing Mauritius Ltd	Energy	25.00%	6184	201	413	179	307	0	307	1,008	0.3	0.7

### Investment in group companies

As on December 31, 2021, CJ & Co. had a total investment of MUR 5,349 million (MUR 4,723 million as on December 31, 2020) in its various business verticals which is 1.5x times the networth of the company. However, majority of the investment was in subsidiary company, Emtel Limited (to MC Vision Ltd) and in associate companies.

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### Professional team managing each vertical

CJ & Co. is a professionally managed company. It is governed by a 12-member Board of Directors comprising of 2 executive directors, 6 non-executive directors and 4 independent directors with diversified skills, competencies, expertise, knowledge, gender representation and a number of eminent industrialists and professionals. The strategic affairs of the company are looked after by Strategy and Finance Committee of which Mr. Bashirali A. Currimjee and Mr. Anil Currimjee are members. They are supported by a team of professionals managing different clusters.

### Consistent flow of dividends from various group companies

Majority of CJ & Co.'s revenue, for past 4 years, was generated in the form of dividends received from various group companies engaged in different business verticals.

*MUR Million*

Companies	Business Verticals	Amount of dividend received			
		FY18	FY19	FY20	FY21
Emtel Ltd	Telecom, Media & IT	512	455	273	387
EMVision Ltd	Telecom, Media & IT	142	0	0	0
TotalEnergies Marketing Mauritius Ltd	Energy	43	45	0	45
Ceejay Gas Ltd	Energy	15	0	10	9
Compagnie Immobiliere Ltee	Real estate & Property	5	6	0	3
Others	Other	14	5	0	1
<b>Total</b>		<b>732</b>	<b>512</b>	<b>283</b>	<b>445</b>

### Stable performance of the dividend paying clusters (Telecom, real estate and energy) partly overshadowed by volatility in performance of hotel (operational in late FY19) & Insurance vertical

**Telecom, Media, and IT cluster:** Telecom, Media and IT cluster comprises of activities such as Telecommunications (Emtel Limited), Pay TV (through MC Vision) and Information Technology Enterprises Services (Currimjee Informatics and Screenage).

**Emtel Limited (rated CARE MAU AA-; Stable)** was incorporated in July 1987 by the Currimjee group (owning 75% stake in Emtel). The remaining 25% is with Bharti group of India.

Mauritius has 3 telecom service providers (MyT, Emtel and MTML) and Emtel is the second largest telecom service provider after MyT in the country. As of 31st December 2021, Emtel had a mobile subscriber market share of approximately 34% of the mobile telecom sector in Mauritius (total mobile subscribers in Mauritius are 1.97 million). Emtel provides mobile telecom services (voice, SMS, mobile data), home broadband, fixed line, enterprise business solutions. Emtel generates majority of its revenue from its voice and data services. It also owns 3G/4G spectrum and tower network. In June 2020, Emtel acquired 90% stake in EM Vision Ltd., from CJ & Co, at an aggregate cost of MUR 1,150 million. EM Vision Ltd is an investment holding company which holds 52.94% stake in MC Vision Ltd. EM Vision Ltd does not hold any other investment and does not have any other business activity. It is a debt free company and only source of revenue is in the form of dividends from MC Vision. MC Vision is the leader in digital pay TV market in Mauritius. It operates under the trading name 'Canal+ Mauritius' and its main revenue comes from provision of subscription television direct to home satellite broadcasting & re-broadcasting on which it earns subscription fees & rental.

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**Financials of Emtel:****Mur Million**

<b>For the year ended as on</b>	<b>Dec-18</b>	<b>Dec-19</b>	<b>Dec-20</b>	<b>Dec-21</b>
	<b>Audited</b>			
<b>Subscriber base</b>	<b>627,593</b>	<b>657,116</b>	<b>648,521</b>	<b>670,102</b>
Revenue	3,005	,3,239	3,091	3,129
Dividend income from EM Vision	-	-	71	47
Total Income	3,005	3,239	3,172	3,203
EBIDTA	1,151	1,378	1,419	1,386
Depreciation	559	688	632	720
PBT	551	624	651	509
PAT	418	477	552	380
Gross Cash Accruals (GCA)	977	1,165	1,184	1,101
Dividend paid/proposed	616	364	364	516
Dividend Paid/to be paid to CJ	462	273	273	387
Tangible network	967	1,067	1,242	1,119
Total debt	1,188	1,608	2,108	2,714
Cash & Bank balances	74	81	264	99
EBIT/Total Income	19.70	21.29	24.81	20.79
PAT / Total income	13.89	14.72	17.41	11.88
Interest coverage (EBITDA/Interest)	20.97	13.63	10.79	8.86
Overall gearing ratio	1.23	1.51	1.70	2.43
Total Debt/Gross Cash accruals	1.22	1.38	1.78	2.47

Emtel's performance was impacted by the pandemic and lockdown in FY21. Despite the slight increase in revenue in FY21, EBIDTA and PAT were lower due to higher depreciation charged and higher borrowing costs during the year. The company's subscriber base witnessed an increase in subscribers from 670,102 subscribers in FY20 to 696,930 subscribers in FY21. Total debt/EBIDTA and Total debt/GCA were higher at 1.96x times and 2.47x times in FY21 compared to 1.49x times and 1.78x times in FY20. The average fund based working capital utilization was at 20% during the last 12 months ended March 2022. In FY21, overall gearing increased to 2.43x times due to additional debt availed by Emtel Ltd on behalf of a 100% subsidiary for land acquisition for a future project. In February 2022, the subsidiary repaid the total amount to Emtel.

**Seejay Cellular Ltd** is an investment holding company for the CJ group's shares in Bharti Airtel and Airtel Africa. Seejay Cellular holds 1,166,450 shares in Bharti Airtel (listed in BSE/NSE in India) which is valued at MUR 465 million and MUR 539 million worth of investment in Airtel Africa (listed in London Stock Exchange).

**Currimjee Informatics Limited**, 100% owned by CJ & Co., is an ICT related firm which specializes in Business Intelligence, Consolidation of Accounts Solution, Planning and Forecasting Tool and Managed services. Some of the brands it represents includes HP, Oracle, and Microsoft. It is an approved ICT Training Institution, and it also offers infrastructure and project management services. It is broadly a debt free company with some import loans for importing hardware. While the company is profitable it will not pay any dividend in the foreseeable future. Given its cashflow position will not require any support from CJ & Co.

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**Screenage Limited** was launched in 2010 which provides innovative technological solutions to the hospitality trade. CJ & Co. has 80% stake in Screenage. It provides multimedia services such as interactive television, mobile applications, contents (VOD, news, and tourist guide) and Wi-Fi cover. Screenage is the market leader of interactive media and connectivity services to the hospitality sector in Mauritius. It has contracts with some of the largest hotels in Mauritius including Lux Resorts. More than 4,000 hotel rooms have been equipped by Screenage. It is a debt free company with only loan from promoters. The company's profitability was impacted in FY20 due to closure of hotels and the company achieved break-even in FY21.

**Energy Cluster:** CJ Group's venture into this sector dated back to 1986 with its association with the French company Elf, with an operation focused on storage and bottling of liquefied petroleum gas. This investment was later restructured into a shareholding in TotalEnergies Marketing Mauritius Ltd and a much wider oil & gas operation.

**TotalEnergies Marketing Mauritius Ltd**, incorporated in 1956, is a subsidiary of Total Energies group which is present in over 130 countries. CJ & Co. has 25% stake in Total Mauritius and the remaining stake is held by TotalEnergies Marketing Afrique– French company (55%) and Harrel Mallac & Co. Ltd. (20%). They are engaged in the distribution of petroleum products through 47 service stations in Mauritius. Total Mauritius is a profitable company. Total Mauritius reported a good performance in FY21 with 6% growth in revenue. EBITDA increased from MUR 280 million in FY20 to MUR 467 million in FY21 and PAT reported was MUR 201 million (MUR 19 million in FY20). Dividend of MUR 179 million was paid in FY21.

**Ceejay Gas Ltd:** CJ & Co. owns 33.33% of Ceejay Gas Ltd. - engaged in the procurement, storage, bottling and distribution of retail and bulk gas in Mayotte (under France). It is dominant player with 90% market share in that market. It is the only player to be totally vertically integrated and own a gas bottling unit in Mayotte. Ceejay Gas is a profitable and almost debt-free. It pays regular dividend to CJ & Co.

**Real Estate and Property: Large land bank & steady rental income from leased properties**

CJ& Co., through various group companies, holds & manages a portfolio of rental yielding properties, hotels, ready for sale luxury villas and land located at prime location. The details of the properties are as under

1. Food & Retail outlets and office Buildings located at prime location in Mauritius- Phoenix Central and Curepipe Building under MCR and Arcades Currimjee under CIL
2. Free hold Land which can be monetized – 63 arpent of freehold land & 16 arpent of lease hold land at La Cambuse, 44 arpent of free hold land at Plaisance (beside Airport) and small plots of land at prime locations in Curepipe, Rose-Hill, Phoenix and Port Louis.

**Compagnie Immobilière Limitée (CIL)** incorporated in December 1950, is listed on the Stock Exchange of Mauritius.

CIL owns the following:

- 100% of the historic building "Arcade Currimjee"
- 50% of a bare plot of land in Rose-Hill opposite Plaza
- 100% of a plot of land in Curepipe

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**Arcades Currimjee**, built in 1912, used to host retailers in the ground floor space and business hotel in the tower (1st to 5th floors). From 1980 onwards the popularization of beach resorts and business hotels in Port Louis led to closure of the business hotel in Curepipe. The tower was then converted into offices. Total GLA of the building is 5,046 sqm comprising of the ground floor (retail and food outlets) and the 5-floors tower (mainly offices).



As on May 2022, the building had an overall occupancy of 87% and a weighted average lease expiry of 2.28 years. The area occupied (4,372 sqm) comprises of a mix of renowned tenants (e.g., Le Nenuphar, MCB Microfinance, BCP Bank, SBI (Mauritius) Ltd, Euro CRM, Chelsea’s Cup N Cake, Artisan Coffee, Kogi-Kogi, Wapalapam, Bistro Barbu etc.) with retail outlets, food outlets and offices from which CIL generates an annual income of around MUR 29 million. The lease expiry date for majority of the tenants is until 2026-2027 and most of the tenants have been in the building since a long time.

CIL is profitable company. In FY21, Revenue was lower as compared to FY20 as Arcades Currimjee was closed for a certain period due to a major refurbishment. However, they were still profitable for the year with a PAT of MUR 7 million and they paid a dividend of MUR 5 million after no dividend payment in FY20 due to the exceptional COVID year. Occupancy increased to 87% in FY21 (75% in FY20) and it is expecting to reach 100% in FY22 following the refurbishment of Arcades Currimjee.

	FY18	FY19	FY20	FY21
<b>Occupancy</b>	<b>87%</b>	<b>85%</b>	<b>75%</b>	<b>87%</b>
<b>Mur Million</b>	<b>Audited</b>			
Total income	25	27	23	20
PAT	13	14	9	7
Total Debt:	0	0	0	33
Cash & cash equivalents	1	2	7	5
Tangible Networth	198	203	212	322

**Multi-Channel Retail Limited (MCR)** owns the following:

1. 67% of Phoenix Central (the remaining stake of 33% is owned by the NIC)
2. 1.5 acres of land adjacent to Phoenix Central
3. 100% of Curepipe/ABSA building which is located opposite Arcades Currimjee

**Phoenix Central** is well-located in Plaines Wilhems area where majority of the population lives, and it can be easily accessed from different parts of the island. MCR owns 67% of the complex and NIC owns 33%. 67% of the complex owned by MCR translates to 12,530 sqm of the GLA which are mainly let to offices. This part has undergone major refurbishment to transform majority of the area into modern office spaces (11,630 sqm) and retail and food outlet mainly to cater to the office goers. Phoenix Central is regarded as one of the best alternatives for offices due to its big parking lot, minimal congestion and ease to commute & access, cheaper rate as compared to Ebene and Port Louis, coming up of the metro which will be stopping in front of the complex and the good visibility.



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The occupancy rate has dropped from 99% to 87% post the exit of one major tenant, Linkbynet. However, they have compensated MCR for the contract termination. It has a WALE of 2.7 years. Around 480 sqm are occupied by tenants within CJ Group such as Batimex, Currimjee Informatics and Screenage. Some 1,000 people work in the premises.

**Curepipe Building**, with a gross leasable area of 2,166 sqm, is located opposite Arcades Currimjee in Curepipe. As of May 2022, the occupancy of the building was at 60% and WALE was 1.8 years. The main tenants of the buildings are ABSA Bank, Currimjee Real Estate Ltd, Centre Culturel d'Expression Francaise to name a few.

	Mur Million			
	FY18	FY19	FY20	FY21
<b>Occupancy (Phoenix Central)</b>	<b>98%</b>	<b>75%</b>	<b>99%</b>	<b>87%</b>
<b>Occupancy (Curepipe Building)</b>	<b>60%</b>	<b>60%</b>	<b>60%</b>	<b>60%</b>
Total income	34	46	53	73
EBIDTA	14	28	29	42
Interest	6	7	5	21
PBT	8	20	23	33
GCA	11	20	23	20
Debt from bank	117	98	85	57
Loan from holding company	-	450	450	-
Tangible Network	62	82	190	668
EBIT margin	42%	60%	54%	74%
PAT margin	24%	44%	44%	44%
Gearing	1.9	1.2	0.4	0.1
Total Debt/GCA	11.1	4.9	3.6	2.8
Interest Coverage	2.4	3.7	5.4	2.0

Occupancy of Phoenix Central has increased over last 3 years which has led to steady improvement in revenue & profitability at MCR and the company is expected to remain profitable throughout the projected years.

### **Tourism and Hospitality cluster**

CJ & Co. ventured into the hospitality, tourism, and travel industry post 1970 to 1980 with the opening of the business hotel (now Arcade Currimjee) in Curepipe and a travel agency, Silver Wings Travels.

In 2010, the Group purchased Le Chaland land of 101 arpents (70 arpents of freehold land and 31 arpents of leasehold land) and received its permit to build a hotel. Anantara Mauritius hotel was launched in September 2019 which was followed by the completion of 8 luxury villas in 2021 through a company called Eight Iko Villas Ltd.

**Silver Wings Travels** provides travel related services such as processing air ticket reservation, booking holidays, inbound and outbound tours and hotel accommodation and airport transfers via a dedicated team of travel agents. Silver Wings Travels is ranked among the top 3 agencies in Mauritius. Its financials were impacted in FY20 and FY21 due to closure of international borders. The company managed its operation from existing cash, overdraft and support from CJ.



<b>Silverwings Ltd</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
<b>MUR Million</b>	<b>Audited</b>			
Total income	74.2	99.0	28.5	23.9
EBIDTA	9.3	11.5	-3.1	-2.49
Interest	1.2	1.4	2.2	3.5
PAT	5.7	6.3	-7.8	-3.4
GCA	6.2	6.7	-5.3	-1.0
Dividend Paid	5.0	5.0	0.0	0.0
Total Debt:	6.0	10.4	21.9	35.5
Cash & cash equivalents	1.7	1.9	2.0	2.3

### **IKO (Mauritius) Resort Village Ltd (IRVL):**

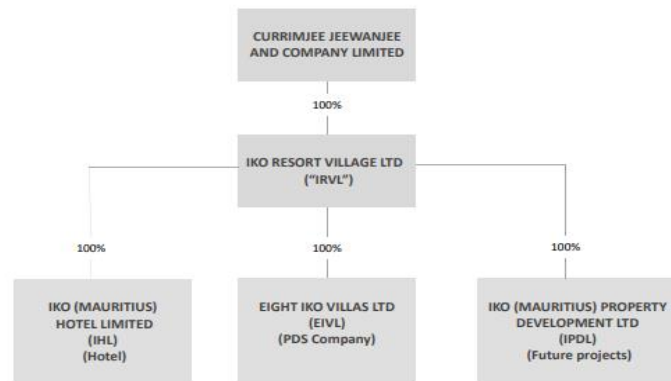
Anantara Resort was completed and made operational from September 2019. 8 luxury villas (adjacent to hotel) were also completed and ready for sale in FY22.

The resort and villas are based in a picturesque location near Le Chaland / La Cambuse beach located on South of Mauritius (behind Airport).

Anantara Resort is a brand-new hotel comprising of 164 rooms (158 rooms and 6 suites), 3 restaurants (Horizon, Sea Fire Salt and Bon Manzer) and other

facilities. The hotel is managed by an International Hotel Group – Minor which is a global company focusing on hospitality, restaurants, and lifestyle brands distribution. It has a portfolio of 535 hotels under the Anantara, AVANI, Oaks, Tivoli, NH Collection, NH Hotels, Elewana, Marriott, Four Seasons, St. Regis, Radisson Blu and Minor International brands in 55 countries and is also one of Asia's largest restaurant companies with over 2,300 outlets system-wide in 26 countries.

**The Anantara villas** were designed by Grounds Kent Architects based in Australia. The 8 luxury villas are integrated with the hotel however each villa provides privacy and comfort equipped with internal courtyard and private swimming pools. The 8 villas are constructed under the PDS scheme. All the villas are expected to be sold by 2023. The market value of these 8 villas is estimated at MUR 450- 500 million.



### **Financials of IRVL**

Revenue for the hotel and hospitality cluster is derived from the Anantara Resort through accommodation, rental of pool, food and beverages, spa and events and future sales of Anantara Villas. The hotel was launched in September 2019 and operated until March 2020 due to the lockdown imposed because of the pandemic. It then re-opened in September 2020 and operated until March 2021 due to the second lockdown. Following several months of closure and no influx of tourists in the island, the company reported a negative GCA of MUR 221 million in FY20 and MUR 113 million in FY21. Now with re-opening of borders and arrival of tourists in the country, the performance of the hotel is expected to improve with the hotel being profitable as from FY24. Around 50 rooms (out of total 164 rooms) have been booked for the crew members.

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The company signed a subscription agreement with MIC (Mauritius Investment Corporation Ltd) for redeemable convertible bonds for a total amount of MUR 312 million to support its earlier and current year losses. An amount of MUR 208 million has been issued as of December 2021 and the final tranche of MUR 104 million will be issued in 2022. The management also confirmed there will be no support required from CJ.

<b>IKO (Mauritius) Hotel Limited</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
	<b>Audited</b>		
<b>Average occupancy rate - Hotel</b>	<b>NA</b>	<b>18%</b>	<b>13%</b>
Total income	41	53	88
EBIDTA	(91)	(88)	(51)
Interest	32	164	78
Other income	0	14	0
PAT	(115)	(308)	(196)
GCA	(90)	(221)	(113)
Dividend Paid	-	-	-
Total Debt:	1,127	1,361	1,304
Cash & cash equivalents	16	13	13
Tangible Networth	598	290	302
Gearing	1.9	4.7	4.3

### **Commerce and Finance**

#### **Island Life Assurance Co. Ltd. ("ILA")**

**Background:** Island Life Assurance (ILA), a 100% owned subsidiary by CJ & Co, has more than 35 years of experience in selling life assurance and pension products in the Mauritian market company offers a wide range of products for individuals as well as corporates and its product portfolio include Investment plans with competitive bonuses, cash back policies, educational policies, pure risk covers and secured loans for housing & other purposes. On the corporate front, ILA offers group life assurance and pension administration services. The products are also offered to the public through its agent as well as through its direct marketing arm that is geared to respond to the client's needs.

#### **Minimum Capital Requirement (MCR) Position**

As per the Mauritius Long-term Insurance Act and associated Regulations, Island Life Assurance Co. Ltd is required to report Minimum Capital Requirement (MCR), which is a measure of "risk-based /capital" more than the reserves to provide a cushion in the event that future experience diverges adversely from the best estimate assumptions. **The company is required to maintain shareholders fund to cover the MCR by at least 1 time (100%).** As per the calculation submitted to FSC, ILA's MCR is as under: -

<b>Particulars</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
MCR Ratio (%)	111.7	24*	0.2*	111

*#Prior to infusion of additional capital*

As a result of the fall in the valuation interest rates and investment returns over the year, ILA's solvency position deteriorated and was well below 100% as on Dec 31, 2019, and Dec 31, 2020. In order to maintain solvency, CJ & Co injected capital of MUR 75 million in June 2020 and MUR 150 million in July 2021 to make good the MCR ratio to 100% and the company is solvent for FY19, FY20 and FY21. During discussion, the management stated that the performance of Island Life is on track for FY22. No capital infusion would be required from CJ & Co. In addition, the company has taken re-insurance from Gen Re (S&P AA+/Moody's Aa1/AM Best A++) and Africa Re. for individual policy products. The

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reinsurance covers claims above Mur 500,000. The reinsurance premium is paid to the reinsurer on a quarterly basis after deducting the amount of claims payable.

**Total benefits assured/risk undertaken**

Particulars (Mur Million)	2019		2020		2021	
	Before Reinsurance	After Reinsurance	Before Reinsurance	After Reinsurance	Before Reinsurance	After Reinsurance
Benefits Insured	15,917	8,252	14,131	6,430	17,283	7,447
Contract liability	1,002		933		923	
Policyholders Inv.	886		912		1,020	

**Moderate Asset quality**

Island Life had an investment portfolio of Mur 1,362 million as on Dec 31, 2021 (Mur 1,120 million in 2020), out of which 30% (2020: 22%) attributable to policyholders' and shareholders' fund. As on Dec 31, 2021, 20% of the funds were invested in Government Securities (FY20: 25%) and 5% extended as loan & advances to the customers (FY20: 7%). Loans & advance to customers (5% of the total portfolio), is managed well within the company with no major delays in payment of interest and capital. The company has provided specific and general provisioning for this portfolio. A substantial portion of ILA's investments (around 73% in 2021) are readily marketable thereby extending its good liquidity support.

**Profitability**

ILA's gross premium increased from MUR 165 million in FY20 to Mur 174 million in FY21 (6% increase), with new business activities increasing by 46% as a result of several measures implemented to mitigate. It posted an overall asset return of 7.09% (3.59% in FY20). Despite the lower investment yields, linked to declining interest rates and equity values, as a result of the Covid-19 pandemic, ILA's investment and other income increased by 91% at MUR 97.5 million which is majorly contributed by the increase in fair value gains on foreign investment and on revaluation of investment properties. ILA posted a negative PAT of MUR 7.9 million in FY21, compared to positive PAT of MUR 8.7 million in FY20 due to higher operating expenses and lower transfer from life assurance fund (MUR 9 million in FY21 compared to MUR 69 million in FY20). In FY21, Total claims paid decreased to MUR 204 million from Mur 216 million in FY20. Death and disability claims settled during the year was MUR 18 million.

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**SUMMARY OF FINANCIALS: Island Life Assurance Co. Ltd**

(Mur Million)

Financial Year Ending Dec 31,	Dec-18	Dec-19	Dec-20	Dec-21
<b>Gross Premium Written</b>	<b>370</b>	<b>252</b>	<b>165</b>	<b>174</b>
% of NPE	106.9	108.2	98.2	112.3
<b>Net Premium Written</b>	<b>346</b>	<b>233</b>	<b>168</b>	<b>155</b>
<b>Net Claims Paid</b>	<b>212</b>	<b>206</b>	<b>216</b>	<b>204</b>
<b>Net change in contract liability</b>	<b>124</b>	<b>1</b>	<b>(69)</b>	<b>(3)</b>
<b>Net Claims Incurred</b>	<b>337</b>	<b>206</b>	<b>147</b>	<b>195</b>
Direct Commission Paid	14	9	7	8
Operating expense related to insurance business	64	50	37	54
% of NPE	18.6	21.4	22.0	34.8
<b>Net Investment Income</b>	<b>67</b>	<b>37</b>	<b>50</b>	<b>97</b>
<b>PAT</b>	<b>-4</b>	<b>3</b>	<b>9</b>	<b>-8</b>
Tangible Net worth	96	146	221	370
Technical Reserve (Policyholders Fund)	1,002	1,002	933	924
<b>Investments</b>	<b>866</b>	<b>886</b>	<b>1,120</b>	<b>1,362</b>
<b>Cash &amp; bank balances</b>	<b>53</b>	<b>78</b>	<b>127</b>	<b>135</b>
<b>Total assets</b>	<b>1,167</b>	<b>1,215</b>	<b>1,242</b>	<b>1,402</b>
<b>Ratios</b>				
GPW growth	50	(32)	(35)	5
NPW growth	53	(33)	(28)	(8)
NPW/ Net worth	360	160	76	42
GPW/ Net worth	389	174	75	47
Claim Ratio (Net Claims paid/ NPE)	61	88	109	115
Commissions Ratio (Comm/ NPE)	4	4	4	5
Expense Ratio (Net Exp / NPE)	23	27	23	36
Combined Ratio	84	115	133	156
Net Earnings ratio	(1)	1	5	-
RONW	(4)	2	5	-
Solvency ratio (%)	111.7	24.0*	0.2*	111.0

\*prior to infusion of additional capital

**Batimex:** is 100% owned by CJ & Co. which specializes in the provision of building material finishes such as tiles, floor coverings, sanitary ware, and fittings. It represents world leading brands from Europe including Grohe, Villeroy & Boch, Fima Carlo, Frattini, RAK, Marrazi and its own brands, Dura and Aquavit which offers locals a more accessible range of materials. The company has 7 showrooms around the Island in strategical areas including Port Louis, Phoenix, Flacq, Curepipe, Goodlands and Rose Hill. Batimex has around MUR 115 million of debt which consist of lease liability, import loan and bank overdraft (required due to the nature of the business). After three consecutive years of reporting losses, Batimex realized a profit of MUR 16 million in FY21. It is expected to remain profitable throughout the projected years. Batimex does not pay any dividend to CJ & Co. It will not require any financial support from CJ & Co.

**Liquid asset in the form of investment which can be easily disposed to repay debt**

CJ &amp; Co. has liquid assets which can be easily liquidated to repay the Bond–

1. Listed shares of Bharti Airtel & Airtel Africa
2. Part sale of the stake in Emtel
3. Plots of land in Curepipe, Rose Hill, Phoenix and Port Louis

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4. 44 arpents of freehold land at Plaisance and 63 arpent of freehold land near the hotel  
During discussion, the management stated that CJ & Co. can liquidate these assets to repay the Bond in case of delay in IPO.

**Industry Risk**  
**Telecom, Media, and IT**

The Mauritian telecommunication industry is a frontrunner in the region, having been the first African country to launch mobile telecom networks in 1989, to provide 3G service in 2004 and one of the first countries to launch IPTV services in 2006. State of the art services such as LTE and fibre broadband services are also available countrywide. The needs of the mobile market are catered for by 3 network operators namely, Mauritius Telecom, Emtel, and MTML. As per the mobile telephony services data published in Information and Communication Technologies Authority ("ICTA") and Statistics of Mauritius website, the total mobile cellular subscription of Mauritius was 1.97 million for 2021. Despite the increase in subscriber volume over the years, the mobile market is undergoing a shift from voice to data services. The movements can be explained by an increasing use of web-based communication services such as WhatsApp, Viber etc. In addition, while earlier years witnessed mobile internet users being charged on a pay-as-you-go basis with an average cost of MUR 1/MB, daily, weekly, and monthly data packages have been introduced since and are dominating the mobile data market. The prices of such packages vary in the range of MUR 12 for a daily unlimited package to MUR 819 for 90-Day unlimited package, which is cheaper than pay-as-you-go and allows users to limit and monitor their mobile expenses. Short Message Service is on a decreasing trend for the past 3 years to reach under 500 million SMS sent for 2021 as compared to 1 billion in 2017. Given the limited size of the Mauritian market, issuance of licenses to new entrants whose services would bring aggregate supply over and above to what is required is highly unlikely. Hence, telecoms market in Mauritius remains one with high barriers to entry, with decreased likelihood of profitability erosion among existing participants.

**Real Estate sector**

**Land and Property:** Over the last few decades Mauritius has witnessed a booming real estate sector, to such an extent that today, the real estate sector is the one attracting majority of foreign investment for the country. This can be explained by an increasingly growing number of construction projects across the island in addition to government introducing schemes such as the Integrated Resort Scheme, Real Estate Scheme, Property Development Scheme, and Smart City scheme. Such schemes have transformed the dynamics of the real estate market locally over the years. Post the pandemic and with the previous restrictions on travel, Mauritians chose to invest their money in the form of land which provides higher appreciation and security as compared to other investments. Land sale is ongoing despite the economic crisis.

**Retail properties:** There are over 15 well-known malls in Mauritius. The years 2020 and half-year 2021 were affected by the pandemic and lockdown. After the lockdown, malls in general, reported a lower physical footfall since all the outlets with exception to grocery stores and pharmacies, were closed. Supermarkets being anchor tenants in all the shopping malls, faced mass purchases during the pandemic with people stocking up on groceries fearing that there might be shortage on the market. Travel restriction also contributed to a fall in retail activities and many big international brands have closed a number of their outlets across the world. Fortunately, the Government of Mauritius came up with several measures to keep the economy stable. Gradually, with the re-opening of borders and easing of restrictions, things have

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started to normalize. Shopping malls and food courts are full again. Nevertheless, despite the pandemic, we note that the overall occupancy rate remained stagnant in most of the malls and operational & financial performance were satisfactory. Reports show that the consumption has taken a dip in volume but has gained in terms of value.

**Office properties:** As for offices, the situation and demand are stable. The demand for office spaces is one which is seeing significant shifts over the years, with a decentralization of office spaces (from Port Louis & Ebene) towards other places whereby parking facilities are available and commute smoother. Majority of office properties holders have showed resilience to the pandemic and has been able to maintain occupancy level. Overall, majority of companies have resumed normal office since the partial reopening. As discussed with few commercial property holders, it is unlikely that companies will give up their tenancy for a short-term scenario (lockdown) as the Mauritian work culture is still traditionally influenced by having a physical office rather than working remotely.

### **Tourism & Hospitality**

Mauritius has a relatively diversified economy with the tourism and hospitality industry being one of the main economic pillars. The country welcomed 1.3 million tourists in 2019 with a total tourism earnings of MUR 63 billion. At end of 2019, Mauritius had 112 hotels in operation with a total of 73% room occupancy rate. The tourism and hospitality industry faced severe hardship since the beginning of the pandemic, with reduced international travel, closure of borders and lockdown periods. Tourist arrivals decreased with only 308,980 arrivals in 2020 and 179,780 arrivals in 2021. To support the industry, Government of Mauritius introduced several measures to support economic operators across all sectors impacted by COVID-19. A special relief fund of Mur 5 billion has been extended till June 2022 to economic operators at a discounted interest rate of 1.5% with 6 months moratorium on capital and interest repayment. Until December 2021, a special Wage assistance scheme was provided by the government of Mauritius, whereby Government provided a wage subsidy to Employers, to ensure that all employees are duly paid their salary. Following the outbreak of the pandemic, the national borders of Mauritius were closed twice (2020 and 2021) to control the propagation of the virus. In October 2021, Mauritius re-opened its borders to all vaccinated travelers and welcomed 170,320 tourists in the month of October-December 21. From January 2022 to May 2022, some 313,548 visited Mauritius and majority of hotels are operating between 40% to 60% occupancy level. Mauritius is expecting slightly more than 1 million tourists in FY22. The tourism sector is gradually recovering.

### **Insurance & Financial Sector**

The Life insurance segment comprises of 10 players, which registered total gross premiums around MUR 10 billion in 2020. Total gross claims for the same period were MUR 8 billion. The segment is further distributed into Life Assurance (56%), Pension (20%) Permanent Health and Unit- Linked Insurance making up the remaining 24% share of the segment. The total number of long-term insurance policies in force for the year 2020 was 525,065 compared to 501,157 for 2019. This segment remains dominated by Swan Life (30%) and SICOM (21%), while NIC and MUA control 15% and 12% market share respectively, in GPW terms.

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### **Energy Sector**

The energy sector is directly linked to the welfare and prosperity of a country. In Mauritius, the total primary energy requirements in 2020 was 1,334 Ktoe. Imported fuel comprising of petroleum products and coal made up of 87%, and the rest was from local sources namely bagasse, hydro, wind, land fill gas, photovoltaic and fuel wood. The State trading Corporation is responsible for the importation of petroleum products along with LPG, which is being done through open international tenders. Unfortunately, with the pandemic, the closure of international borders and lockdown resulted in low movement in the aviation and automobile industry. Subsequently, demand for petroleum products has dropped leading to reduced revenue for the suppliers.

### **Prospects**

CJ & Co's prospects depend on its ability to improve profitability in hospitality & insurance sector, and consistent dividend receipt from Emtel, MCR, Total Mauritius and CIL. The rating is sensitive to the company's ability to maintain & improve profitability in dividend paying companies, additional investment in hospitality & financial sector, additional debt at company & group level and deterioration in performance of any major subsidiary leading to support requirement from CJ & Co. The rating is also dependent on successful IPO of CJ's stake in Emtel and stake sale in subsidiary and utilization of the proceeds for debt repayment in CJ & CO.

### **Financials:**

#### **Currimjee Jeewanjee and Company Limited (Standalone)**

*MUR Million*

<b>For the year ended as on</b>	<b>Dec-18</b>	<b>Dec-19</b>	<b>Dec-20</b>	<b>Dec-21</b>
<b>12M</b>	<b>Audited</b>			
Total Income	840	636	389	554
EBIDTA	624	403	55	332
Depreciation	11	29	23	27
Interest	216	242	172	152
PAT	400	128	989	153
Gross Cash Accruals (GCA)	411	157	1,012	180
Dividend paid/proposed	110	136	44	113
Equity share capital	30	30	30	30
Tangible networth	1,324	1,241	2,052	2,173
Total debt	3,108	2,966	3,261	3,407
Cash & Bank balances	11	8	4	60
<b>Key Ratios</b>				
EBIDTA / Total operating income	74.31	63.38	14.02	59.93
PAT / Total income	47.60	20.17	254.23	27.59
ROCE- operating (%)	11.25	6.10	-0.01	4.15
RONW (%)	34.11	10.00	60.06	7.24
Long-Term Debt equity ratio	1.86	1.46	0.60	1.55
Overall gearing ratio	2.35	2.39	1.59	1.57
Interest coverage (times)	2.89	1.66	0.32	2.18
Total Debt/ EBIDTA	4.98	7.36	59.79	10.25
Total debt/ GCA	7.56	18.91	3.22	18.91

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**Currimjee and Jeewanjee & Company Limited (Consolidated)**

MUR Million

For the year ended as on	Dec-18	Dec-19	Dec-20	Dec-21
<b>12M</b>	<b>Audited</b>			
Revenue	4,865	5,018	4,820	4,880
Total Income	4,975	5,145	4,918	4,943
EBIDTA	1,573	1,657	1,450	1,412
Depreciation	730	923	923	1,018
Interest	297	391	516	415
PBT	628	639	311	46
PAT	421	440	200	-91
Gross Cash Accruals (GCA)	1,151	1,363	1,123	927
Dividend paid/proposed	425	387	213	295
Equity share capital	545	547	301	239
Tangible networth	659	884	531	921
Total debt	4,596	6,003	7,140	7,980
Cash & Bank balances	750	602	640	443
<b>Key Ratios</b>				
EBIDTA / Total operating income	32.34	33.02	30.08	28.94
PAT / Total income	8.46	8.56	4.07	-1.84
RONW (%)	54.89	57.10	28.33	12.54
Long-Term Debt equity ratio	4.83	4.67	8.77	8.07
Overall gearing ratio	6.98	6.79	13.45	8.67
Interest coverage (times)	5.29	4.23	2.81	3.40
Total Debt/ EBIDTA	2.92	3.62	4.92	5.65
Total debt/ GCA	3.99	4.40	6.36	8.61

**Adjustments**

1. Tangible net worth is calculated by netting off revaluation reserve and intangible assets from total equity.
2. Gross Cash Accruals (GCA) is calculated as PAT+ Depreciation + deferred tax+ other non-cash expenditure.
3. Overall Gearing ratio is calculated as total debt (long term and short-term debt including lease liabilities)/Tangible Networkth.
4. Total operating Income includes revenue from others (Management fees/Interest Income, rental income, etc.)

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CJ & Co. derives its revenue from dividend income and management fee from the group companies, rental income, and other fee income. Majority of the dividend income is received/to be received from Emtel Limited - which is a profitable and strong cash generating company. It is assumed that Emtel will continue to pay consistent dividend to CJ & Co. Post the IPO in FY24, dividend will be lower due to reduction of stake.

Total Mauritius (associate company) is a profitable and stable company which pays regular and consistent dividend to CJ & Co. In FY20, following the drop in revenue, the company did not pay any dividend. It paid dividend in FY21. Ceejay Gas is a profitable business and has made dividend payments to CJ & Co in the past years. Island Life Assurance will start paying dividend as from FY24. Compagnie Immobiliere Ltee has paid regular dividend to CJ & Co. In FY20 even though it was profitable it has not paid dividend due to uncertainties with respect to COVID-19 pandemic. It paid dividend in FY21 and will continue to pay dividend onwards. CJ & Co. will start to receive dividend payment from Multi-Channel Retail as from FY24. Majority of the management fee is received from Emtel Limited. Batimex has paid management fee till FY19 and has started payment as from FY22. CJ & Co. has waived management fees from some subsidiaries for FY20 and FY21 as a breather against the challenges faced by the pandemic. Expenses consist of staff costs and other administrative expenses.

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### Details of Instruments

#### Bond Issue

Tranche	Amount (MUR Million)	Repayment	Indicative Interest Rate	
			Fixed	Floating
I	850	5 years from disbursement	3,90% p.a.	3.20% p.a.
II	750	7 years from disbursement	4.30% p.a.	3.60% p.a.
III	600	10 years from disbursement	-	4.05% p. a
	<b>2,200</b>			

**Security:** Floating first charge on all the assets of the company  
**Call Option with Issuer:** As from 3rd Anniversary of Issue date (August 2024).

#### Disclaimer

CARE Ratings (Africa) Private Limited ("CRAF")'s ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CRAF's ratings do not convey suitability or price for the investor. CRAF's ratings do not constitute an audit on the rated entity. CRAF has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CRAF does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CRAF have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CRAF may also have other commercial transactions with the entity.

In case of partnership/proprietary concerns, the rating /outlook assigned by CRAF is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CRAF is not responsible for any errors and states that it has no financial liability whatsoever to the users of CRAF's rating.

CRAF's ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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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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