

Gamma Civic Ltd

19 May 2023

Ratings

Facilities/Instruments	Amount (Mur Million)	Rating ¹	Rating Action
Bond (long term)	1,000	CARE MAU AA-; Stable [Double A Minus, Outlook: Stable]	Reaffirmed
Total	1,000		

Rating Rationale

The rating assigned to the long-term bond issue of Gamma Civic Ltd ("Gamma") continues to derive strength from established track record of Gamma group, experienced and resourceful promoters, professional and qualified management team managing different entities of the group, investment across diverse business verticals, consistent flow of dividends from financial services, lottery, cement & materials verticals, stable performance along with comfortable cash surplus & low debt profile of dividend paying companies. The rating also draws comfort from the sizeable holdings of land & property and comfortable financial position with low gearing & high liquidity position both at the standalone and group level earmarked for future investments to grow future profitability and cashflow.

The rating is, however, limited by Gamma being an investment company and its sources of revenue being dividend & management fees from group companies - contingent upon performance of various subsidiaries/associate companies amidst the pandemic, revenue of lottery business exposed to regulatory risk, concentration of the group's cashflow towards the building material sector, the market risk associated with sale of land & properties and impact of the proposed application of the proceeds for strategic initiatives and investment.

Rating Sensitivities:**Positive factors - Factors that could, individually or collectively, lead to positive rating action/upgrade:**

- Ability to improve profitability in all the dividend paying companies.
- Effective cash and working capital management through centralized treasury
- Ability to realize value from listing in SEM and from monetization of investment stakes held in various companies

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

- Additional debt both at the company & group level over and above the envisaged level.
- Dip in liquidity at the group level well below the committed level.
- Potential impact of new debt funded investments affecting on Gamma's profitability & capital structure

BACKGROUND

Gamma Civic Ltd ("Gamma") is a listed investment and holding company of Gamma group which is controlled and managed by the Ah Teck family (holding 60.5% stake). Gamma Group is among the top 15 largest companies listed on the Stock Exchange of Mauritius.

Gamma Civic Ltd derives its revenue as dividends and management fee from the various group companies engaged in diversified sectors like lottery, supplying of construction materials, distribution of cement, construction & engineering,

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

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property & real estate, financial services, and hospitality. The major companies of the group are Lottotech Ltd (listed on the Stock Exchange of Mauritius "SEM"), Gamma Materials Ltd, Kolos Cement Ltd (listed on the Development and Enterprise Market "DEM"), Gamma Construction Ltd, BR Capital Ltd, Jasiri Investment Ltd (ex-Square Mile Investment Nine Ltd) and Morning Light Co. Ltd (listed on "DEM").

Gamma Civic Ltd was incorporated on July 4, 1961, as Randabel & Sons Ltd. The company was initially engaged in asphalt production and road works. In August 1987, it was taken over by the Ah Teck brothers and the name of the company was changed to Civic Ltd. It started to manufacture and trade building materials. In 1994, the company was renamed as Gamma Civic Ltd and commenced additional activities such as contracting, cement trade, property development and lottery. In 1999, Gamma through its associate company Morning Light Co Ltd; entered into a partnership agreement with Hilton International, for the construction of a first-class Hotel resort - Hilton Mauritius Resort & Spa, which since inception is managed by Hilton International until end of February 2022 and thereafter by Hilton Worldwide Manage limited. Gamma Civic holds 25% in that venture.

In 2001, Gamma entered into a joint venture with Holcim Ltd. for distribution of cement in Mauritius. In 2015, Gamma bought the entire stake of Holcim in the joint venture and renamed the company Kolos Cement Ltd. In 2008, Gamma set up Lottotech Ltd ("Lottotech") and entered into an agreement with GTECH (now operating under the name IGT) as its exclusive technology partner for the implementation and operation of the Mauritius National Lottery for the Government of Mauritius. In 2009, the license of Mauritius National Lottery was awarded to Lottotech Ltd by the Gambling Regulatory Authority. Lottotech is the only National Lottery operator in Mauritius.

In 2011, the Group entered into a strategic alliance with Ingénierie et Participation Financières, a wholly owned subsidiary of Colas S.A through the sale of 50% interest in Gamma Materials Ltd (GML). This strategic alliance allowed GML to benefit from the international expertise of Colas S.A.

In January 2019, Gamma Capital Ltd, which is a wholly owned subsidiary of Gamma Civic Ltd purchased 50% stake in Jasiri Investment Ltd which is involved in the financial services industry through its subsidiaries.

Gamma Civic Ltd focuses on maintaining a debt-light capital structure by monetizing mature assets and diversifying its portfolio with investments into resilient industries. In 2017, the group sold the HSBC Centre in Ebene and utilized the proceeds to reduce debt and pay dividend. In 2018, Gamma Civic Ltd listed and disposed of 26% of its stake in Kolos Cement Ltd and utilized part of the proceeds to pay dividend and part of it to acquire Jasiri Investment Ltd, thus venturing into the financial services domain. The group is diversifying its revenue base from construction to more economically resilient sectors. In February 2022, the group sold its office units in Standard Chartered Tower in Ebene to monetize part of its investment in real estate. In April 2022, Gamma Civic used a portion of the bond proceeds to invest in LudWin Group (a French headquartered group of companies with gaming operations in various countries of Africa) through a combination of secured convertible bonds and equity.

During the last few years, the company has formed strategic alliances and partnerships with world-class companies such as Hilton International, Holcim Ltd, G-Tech Corporation, WH Investments Pte. Ltd and Colas group. In 2021, Gamma Civic Ltd has started operations in Madagascar with the launch of Mafonja cement through Kolos Madagascar SA.

Gamma Civic's main business operations include:

- Production & supply of aggregates and construction materials - asphalt, ready mix concrete, concrete blocks, etc.
- Construction - building engineering, road works, civil engineering, infrastructure and maintenance works.

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- Import & distribution of cement.
- Property - Commercial, Residential, and Hotel and Resort.
- Lottery & gaming technology - National lottery operation and provision of technology to gaming operators in African countries.
- Financial Services

CREDIT RISK ASSESSMENT

Long track record of the company & experienced promoters

Incorporated in 1961, Gamma (ex-Randabel and Sons Ltd) is the investment holding company of Gamma group. The Ah Teck family acquired Gamma in 1987 and it became listed on the official list of the Stock Exchange of Mauritius in 1994. The family has been engaged in the manufacture and trade of building materials and contracting in Mauritius since 1987 in cement trade and, property development since 2000, and in lottery since 2008. They also have an interest in the hotel industry and financial services since 1999 and 2019 respectively. Gamma derives its main revenue as dividends from the various group companies engaged in diversified sectors such as Construction Materials, Lottery, Cement, Financial Services and Properties. During FY21 and FY22, dividend received by Gamma was MUR 330 million and MUR 463 million, respectively.

Professional and highly qualified management team

Gamma has a highly qualified and experienced employee pool having large experience in their related field. Gamma's improvement in operational efficiency over the years can be attributed to its sound management team. Each vertical is managed by a team of professionals. Mr. Tommy Ah Teck is the Executive Chairman of Gamma Civic Ltd since 2020. The finance function of Gamma Civic Group of companies is overseen by Mr. Twalha Dhunnoo, Executive Director and Group CFO of Gamma. The latter is a Fellow Chartered Accountant from ICAEW. Mr. Shailesh Beejadarsing is the CEO of Gamma Construction and holds a degree in Civil Engineering from Imperial College London. Mr. Dominique Billon is the Executive Director and General Manager of Kolos Cement Ltd and Mr. Mooghen Veeramootoo is the Executive Director and Chief Executive Officer of Lottotech Ltd.

Established group with presence across diverse business verticals

Gamma group is managed and controlled by the Ah Teck family. It has interests across diverse business verticals such as construction & engineering, supplying of construction materials, property & real estate, lottery, financial services, and hospitality. The brief financials of major group companies are provided hereunder:

Companies (Audited FY22) (MUR Million)	Stake (%)	Revenue	PAT	GCA	Dividend Paid	Total Debt	Net worth	Overall gearing	Total debt/GCA
<i>Subsidiaries</i>									
Lottotech Ltd.	56.1%	1,479	153	195	126	77	69	1.12	0.40
Kolos Cement Ltd	74.0%	2,441	39	110	119	817	244	3.35	7.44
Gamma Construction Ltd	100.0%	1,662	16	40	-	5	114	0.04	0.11
Gamma Capital Ltd	100.0%	43	41	41	100	42	125	0.34	1.02
<i>Joint Venture and Associates</i>									
Gamma Materials Ltd	50.0%	2,185	260	374	113	196	674	0.29	0.52
Jasiri Investment Ltd	50.0%	85	85	85	85	-	5	NM*	NM*
Morning Light Co. Ltd	25.1%	581	50	106	-	440	401	1.10	4.14

**Not Meaningful*

Investment in group companies

As on December 31, 2022, Gamma had a total investment at a book value of MUR 1,708 million (MUR 1,632 million as on December 31, 2021) in its various business verticals.

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Consistent flow of dividends from various group companies

Gamma Civic's revenue for last 4 years is 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			
		FY19	FY20	FY21	FY22
Kolos Cement Ltd & Group	Materials - Cement	150	61	171	88
Lottotech Ltd	Lottery	80	61	33	71
Gamma Materials Ltd	Materials – aggregate, asphalt, concrete, block	84	113	110	57
Ludgate Investments Ltd and Princegate Holdings Ltd	Property Cluster	-	-	15	146
Others (Gamma Treasury, Morning light etc)	-	0.3	1	1	1
Gamma Capital Ltd	Financial Services	-	-	-	100
Total		314	236	330	463

Comfortable financial performance with low gearing and nil working capital utilization level

Gamma derives its revenue mainly from dividend income and management fee income received from various group companies. Gamma provides strategic support as well as certain shared services to all its group companies for which it receives Management fee (as a % of the turnover or operating profit of those companies). This is recurring income. In FY20, Lottotech, Cement and Construction & Materials segments were impacted by the pandemic with the country going into two and a half months of lockdown. Operation of these sectors were closed during the lockdown. Despite this Lottotech Ltd, Kolos Cement Ltd and Gamma Materials Ltd posted positive PAT in FY20 and paid management fees and dividend. Gamma Construction Ltd incurred operating losses but had posted positive cashflow. None of the group companies had to approach Gamma Civic for financial assistance. Gamma Civic received a dividend payment of MUR 463 million from group companies in FY22 and it was able to post a higher EBITDA and PAT as compared to FY21. Gamma Civic (standalone) had a cash balance of MUR 430 million as of December 31, 2022. The overall gearing decreased to 1x times in FY22 following part payment of the existing term loan. Gamma has paid a dividend of MUR 267 million in FY22, out of dividends received from underlying companies. Average working capital utilization during the last 12 months was nil. In FY22, the company GCA was MUR 395 million vis-à-vis a debt repayment of MUR 41 million. Gamma Civic Ltd has not provided any corporate guarantee to any of its group companies.

The projected performance is expected to remain stable over the projected tenure. The construction sector is expected to improve with ongoing commissioning of various government projects – Metro Express, Social Housing, development of new road and maintenance of existing road is expected to boost the demand for cement and construction materials in the forecasted period. Lottotech has reported a satisfactory performance in the first quarter of FY23 and they have exceeded the budgets. With the release of new games in Q4FY23, the revenue for Lottotech will be further boosted. For the property cluster, Huawei has signed a 7-year lease for the whole building for Burford House which will ensure a steady cashflow. The hotel sector has been recovering since the pandemic with re-opening of borders and increase in number of flights to and from Mauritius. Around 997,290 tourists visited Mauritius in FY22 which gives a positive view on the hotel industry. Hotels are operating at a high occupancy rate and the trend is expected to continue. In June 2021, Gamma Civic raised a Bond of MUR 1,000 million and utilise MUR 250 million to reduce its existing term loan from SBM and ABC Banking. The company has advanced MUR 200 million to Kolos Cement Ltd for working capital management locally. The balance MUR 550 million is earmarked for strategic intents. In April 2022, Gamma Civic Ltd invested a total of MUR 216 million in LudWin Group (a French headquartered entity with operations in multiple countries in Africa) through a combination of equity and secured convertible debt. During the discussion the management stated that they are exploring the possibility to invest in

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positive cashflow generating business other than the construction and hospitality sector. Given that the investment is not yet committed, the projected cashflow from the same has not been considered in the projection.

Industry Risk

Lottotech

In Mauritius, the Government has been running lottery games since 1940. The main aim of lotteries in Mauritius is to raise funds for social causes. "Loterie Verte" was the only lottery option of Mauritians for decades. Since inception of Lottotech Ltd with the introduction of the Loto game it has gradually been the most preferred lottery for the Mauritians. Loterie Verte used to have 12 draws annually, once every month from February to November and twice in December. The ticket used to cost MUR 10 and the jackpot was capped at MUR 10 million. In 2018, Lottotech acquired the brand behind Loterie Vert and launched it by end of 2020, where the game was revamped with an innovative, fun, ecological and social concept. Additionally, Lottotech launched a second weekly draw of the Loto in 2019. Lottotech keeps on bringing new innovations to the gaming industry. It has acquired 100% of PJML company and partnered with The Football Pools which is a sports betting operator in the UK. It will hence provide new games with its more diversified portfolio. Lottotech has more 798 terminals strategically distributed around the island reach out more potential participants. More than 65% of the population of Mauritius plays lotto on a twice-weekly basis.

Cement

Cement industry in Mauritius consists mainly of import, packaging, and distribution of cement. As there is no limestone in a volcanic island, cement production cannot take place locally. The two main players in the industry today are Cementis Ltd and Kolos Cement Ltd. In 2011, the government liberalized the cement sector. The cement industry has witnessed innovation over the years in terms of cement packaging; from 50kg cement bag, now offering 25kg bags as well. The 25kg cement bag had a current retail price of MUR 158-174, prices varying based on the retail location until January 2023 with an upward revision in prices for around 20% (between MUR 30 to MUR 40 more expensive).

Given the current ongoing constructions in Mauritius, demand for cement is expected to increase in the medium term. The Construction Price Index (CPI) for the first quarter of 2023 is at 133. The price of cement is linked to the global price and increase in global price or currency fluctuation is passed on to the consumers.

Construction & Materials

Over the past decade the construction industry has become a pillar of the Mauritian economy, with over 42,000 people employed in construction representing around 8% of the total workforce in 2021. It contributes to an average of 5.2% to the Gross Value Added (GVA) in 2022. The construction sector grew by 1.1% in 2022 compared to 23% in 2021, based on ongoing implementation of main public projects (Metro Express, decongestion programme, drain projects, new hospital at Flacq and construction of Cruise Terminal Building) and private construction projects (smart city projects, morcellement projects and property development scheme projects).

There is around MUR 135 billion worth of capital development projects budgeted for the next 3 years (as per the Budget of 2022/23).

Below is a list of budgeted public development projects in Mauritius:

1. MUR 1.05 billion in construction and upgrading of secondary roads
2. MUR 839 million for the construction of healthcare centres and mediclinics
3. MUR 4.5 billion for the construction of the Metro Express System
4. MUR 12 billion for the construction of 12,000 social housing units/apartments across the island

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5. MUR 1.6 billion for the construction of multipurpose complexes, market fairs and sport infrastructure
6. Smaller projects amounted to MUR 750 million

Majority of the projects mentioned above shall be funded through grants from India.

Source: budgetmof.govmu.org

Financial Services

The financial services sector is a key economic pillar in Mauritius contributing around 13% to the GDP. Mauritius has a well-developed and stable financial system. Basic financial sector infrastructures, such as payment, securities trading, and settlement systems, are modern and efficient, and access to financial services is high, with more than one bank account per capita. As an internationally recognized jurisdiction of repute, the Mauritius IFC is home to a number of international banks, legal firms, corporate services, investment funds and private equity funds. Bearing in mind, its political, social, and economic stability and regulatory framework, the Mauritius IFC offers some certainty to global investors to look up for Africa as an investment destination. Nonetheless, the government took numerous measures to safeguard its reputation as an international financial center, mainly in terms of tax holidays to firms operating in the financial sector looking to set up locally.

Hotel

The tourist industry remains pivotal to the economy of Mauritius with a contribution of around 8% to the GDP and 10% of Mauritius' total employment. Tourism was one of the most afflicted sectors of the Island, having faced two years of hardship due to restrictions on international travel at the height of the COVID-19 pandemic. During the period of turmoil (where the national borders were closed and the economic situation worsened), Mauritius witnessed a drastic drop in tourist arrivals with a meager 259,672 arrivals recorded in 2021 compared to 1,973,405 arrivals in 2019.

Therefore, the Government of Mauritius introduced several measures to support economic operators across all sectors impacted by COVID-19. An amount of MUR 5 billion was earmarked to provide financial support at macroeconomic and cross sector level including tourism sector. 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. In 2022, the sector rebounded with 997,290 tourist arrivals and earnings of MUR 64,845 million, a new height achieved since the pandemic in 2020.

Outlook on tourism

- Strong demand to travel to Mauritius and overall soothing of the economy has brought expectations in the tourist industry to operate at pre covid levels and achieving the 1,000,000 tourist arrivals milestone. In Q12023, most of the international travelers were from Europe and 305,197 arrivals were registered in the same quarter.

Prospects

Gamma's prospects depend on its ability to improve profitability in lottery, construction, cement & materials & financial services vertical and consistent dividend pay-out by lottery, cement, materials, and finance verticals during the tenure of the Bond issue. The rating is sensitive to the company's ability to maintain & improve profitability in dividend paying companies, additional investment in hospitality & construction sector, additional debt at company & group level and potential impact of new strategic initiatives and investments on Gamma's profitability & capital structure.

Financials:

Dividend from group companies

MUR Million

<u>Companies</u>	<u>Amount of dividend received</u>			
	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>
Kolos Cement Ltd	150	61	171	88

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Gamma Materials Ltd	84	113	110	57
Gamma Capital Ltd	-	-	-	100
Ludgate Investments Ltd and Princegate Holdings Ltd	-	-	15	146
Others (Gamma Treasury, Morning light etc)	0.3	1	1	1
Total	314	236	330	463

Management Fee from group companies

MUR Million

Companies	Amount of Management Fee received		
	FY20	FY21	FY22
Kolos Cement Ltd	52	64	72
Lottotech Ltd	38	39	61
Gamma Materials Ltd	16	20	22
Gamma Construction Ltd	13	16	17
Others (Property, Gamma Land, Morning light etc)	3	2	2
Total	122	141	174

Financial Performance Gamma Civic Ltd (Standalone)

MUR Million

For the year ended as on	Dec-20	Dec-21	Dec-22
	12M, Audited		
Revenue	358	473	639
Total Income	370	508	688
EBIDTA	213	349	433
Depreciation	9	9	8
Interest	18	35	54
PBT	184	306	390
PAT	173	305	386
Gross Cash Accruals (GCA)	181	314	395
Dividend paid/proposed	200	241	267
Equity share capital	220	220	220
Tangible networth	1,148	1,216	1,338
Total debt	483	1,354	1,335
- Long term debt	409	1,312	1,253
- Short term debt	74	41	82
Cash & Bank balances	115	650	430
EBIDTA / Total operating income	59.48	73.77	67.76
PAT / Total income	46.63	60.04	56.08
ROCE- operating (%)	11.66	14.39	14.20
RONW (%)	14.98	25.82	30.23
<i>Long Term</i>			
Debt equity ratio	0.36	1.08	0.94
Overall gearing ratio	0.42	1.11	1.00
Interest coverage (times)	11.52	9.95	8.00
Total Debt/ EBIDTA	2.27	3.88	3.08
Total debt/ GCA	2.67	4.31	3.38

Financial Performance Gamma Civic Ltd (Consolidated)

MUR Million

For the year ended as on	Dec-20	Dec-21	Dec-22
	12M, Audited		
Revenue	3,706	4,471	5,553
Total Income	3,748	4,522	5,676
EBIDTA	372	374	439
Depreciation	116	122	156
Interest	49	71	103

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For the year ended as on	Dec-20	Dec-21	Dec-22
	12M, Audited		
PBT	282	404	545
PAT	228	360	481
Gross Cash Accruals (GCA)	344	483	637
Dividend paid/proposed	200	241	267
Equity share capital	220	220	220
Tangible networkth	2,423	2,384	2,514
Total debt	1,035	1,996	2,148
- Long term debt	815	1,679	1,623
- Short term debt	220	318	525
Cash & Bank balances	653	1,125	1,116
Key Ratios			
EBIDTA / Total operating income	10.03	8.37	7.91
PAT / Total income	6.08	7.97	8.47
ROCE- operating (%)	5.85	4.80	3.32
RONW (%)	9.13	14.99	19.63
Debt equity ratio	0.34	0.70	0.65
Overall gearing ratio	0.43	0.84	0.85
Adjusted gearing ratio	0.16	0.37	0.41
Interest coverage (times)	7.57	5.24	4.27
Total Debt/ EBIDTA	2.78	5.34	4.89
Total debt/ GCA	3.01	4.14	3.37

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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Details of Instrument

Long term Bond (rated)

Particulars	Amount (MUR Million)	Repayment (MUR Million)
Long term Bond	1,000	FY27 (June 27) – 250 FY28 (June 28) – 330 FY29 (June 29) – 75 FY31 (June 31) – 345

Details of Bank Facilities (Not Rated)

Long-term facilities - Secured term loans

MUR Million

Name of Bank	Amount o/s	Maturity	Interest Rate	Debt Repayment Terms
State Bank of Mauritius (Original Loan Amount – 850 million)	323	September 2026	6.05% SBM PLR (7.05% less 1%)	FY23 – 81 FY24 – 81 FY25 – 81 FY26 - 80

Disclaimer

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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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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.

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