

HV Holdings Ltd

December 09, 2022

Ratings

Facilities/Instruments	Amount (Mur Million)	Rating ¹	Rating Action
Proposed Bond (long term)	1,500	CARE MAU BBB+; Stable [Triple B Plus; Outlook: Stable]	Assigned
Total	1,500		

Rating Rationale

The rating assigned to the proposed long-term bond issue of HV Holdings Ltd (HV Holdings) derives strength from the experienced and resourceful promoters, established group with investment across diverse business verticals, professional team managing each vertical, comfortable cashflow of the income generating companies, consistent flow of income to HV Holdings and the stable operational & financial performance of the various business verticals.

The rating also takes into consideration the portfolio of properties and land bank generating rental which can be monetized, liquidity in the form of quoted shares in MCBG and SBM and the comfortable financial performance of HV Holdings with low gearing and adequate liquidity at group level.

The rating is, however, constrained by the volatility in revenue of the various business verticals, risk associated with capex and stabilization of proposed retail showrooms, foreign exchange rate risk and market risk associated with import business to Madagascar, sales risk associated with real estate vertical, interest rate risk, the moderate level of debt in the group companies and the high collection period at group level.

Rating Sensitivities

Positive factors that could, individually or collectively, lead to positive rating action / upgrade:

- Completion of significant expansion of number of retail showrooms and stabilisation of operations
- Ability to maintain steady profitability in all the dividend paying companies
- Ability to complete and sell real estate residential project in a timely manner as envisaged

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

- Additional debt both at the company & group level over and above proposed bond issue of MUR 1,500 million affecting the ability to service debt
- Delay in expansion of showrooms and stabilisation of the same.
- Decline in total operating income below 15% at company level

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

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

Background

Incorporated in 2006, HV Holdings Ltd (“**HV Holdings**”) is an investment and holding company of HV group which is controlled and managed by the Hematlal family (holding 100% stake). It is the main holding company of HV Group of entities with its main operations in Mauritius. The Madagascar entities are under Udimia Ltd, owned by a Trust where HV Holdings Ltd is the beneficiary. HV Group ranks among the Top 50 groups of the Indian Ocean (ranked 26th in 2022 and 31st in 2021 in Mauritius by Business Magazine). HV Holdings consists of various subsidiaries with activities in real estate, retail and distribution, franchises of famous brands and international trade. It also has an investment portfolio of quoted shares.

HV Holdings derives its revenue as dividends, interest on loans given to subsidiaries and management fee from the various companies engaged in diversified sectors such as property & real estate, retail and distribution and import & export. The major companies are HV Retail & Distribution Ltd, HV Lifestyle Ltd, HV Property Management Ltd and HV International Ltd. Majority of the dividend is derived from HV International Ltd and from its investment in quoted and unquoted shares. However, during the projected years, HV Holdings will receive substantial amount of dividend from the other business verticals to service the debt at the holding company level. HV Holdings’ consolidated revenue for FY21 was MUR 5,671 million (MUR 4,019 million FY20).

Group background: In 1970, Mr. Hematlal Veljee started the business of trade of textile and haberdashery in Antananarivo, Madagascar where he was born. In the 1990s, his two sons, Mr. Sanjeev and Mr. Roupesh joined the family business to further grow and diversify the activities of the business. In 2001, Hematlal family relocated to Mauritius and in 2004, they set up HV Holdings Ltd and Aurs (in memory of their late father). The brothers turned a single retail shop into a reputed conglomerate. The business has stood strong for more than 50 years since inception in 1970.

The Real Estate and Property cluster kicked off with the acquisition of MaxCity building in Port Louis in 2007. In 2009, HV Industries Ltd was started as a noodle manufacturing entity. The Real Estate cluster grew further with the acquisition of stake in Grand Baie La Croisette Mall (Sottise Development Ltd). In 2013, HV Group diversified into retail of home equipment and became a Samsung distributor. It launched Cosmos (retail store selling home equipment and electronic products) in Madagascar. Later on, in 2016, HV Group acquired 50% stake in Orchestra and 50% stake in FF Mega Stores Ltd (Foir Fouille) in 2018. During the same year, it also finalized the Montebello and La Salette deals, and it acquired 50% stake in Flacq Retail Park.

In 2019, HV Group acquired Le Warehouse Ltd (operating retail shops under the brand 361), obtained new franchise businesses in Mauritius and relocated HV Industries noodle factory to Madagascar. In 2021, it acquired full stake in Orchestra, Foir Fouille, KJ Mega Stores and Flacq Retail Park.

In 2022, there was a restructuring of HV Holdings Ltd and HV Industries Ltd where Mr. Roupesh took control of HV Holdings Ltd, and Mr. Sanjeev had control for HV Industries Ltd, while both brothers still work in partnership in key landmark real estate projects and for the distribution of FMCG products in Madagascar.

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)
Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius
Phone: +230 59553060/58626551 • www.careratingsafrica.com
BRN: C14127054 • FSC License No.: CR14000001

Management: HV Holdings is a professionally managed company. It is governed by a 6-member Board of directors comprising of three executive directors, one non-executive director and two independent directors. The strategic affairs of the company are looked after by Mr. Roupesh Hematlal who is the Executive Chairman of the group. Mr. Roupesh is the CEO of HV Holdings and has more than 25 years of experience in international trade, retail and distribution and real estate in the Indian Ocean region. He is assisted by a diverse team of experienced and qualified professionals.

CREDIT RISK ASSESSMENT

Long track record of the company & experienced promoters

Incorporated in 2006, HV Holdings Ltd is an investment & holding company of HV group which is controlled and managed by the Hematlal family. It is the main holding company of HV Group of entities with its main operations in Mauritius. The Madagascar entities are under Udimia Ltd, owned by a Trust where HV Holdings Ltd is the beneficiary. With over 50 years of operations, HV Group ranks among the Top 50 groups of the Indian Ocean (ranked 26th in 2022 and 31st in 2021 in Mauritius). The Group is present across the international trade, distribution, and retail sectors, through its fast-moving consumer goods, home equipment & multimedia and franchises. It also operates in the real estate sector and has significant portfolio of quoted investment on the Stock Exchange of Mauritius. During FY20 and FY21, the dividend received by HV Holdings was MUR 68 million and MUR 93 million, respectively.

Professional and highly qualified management team

HV Holdings has a highly qualified and experienced diverse employee pool having large experience in their related field. HV Group'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.

Established group with presence across diverse business verticals

HV Holdings is managed and controlled by the Hematlal family. It has interests across diverse business verticals such as property & real estate, international trade, retail (clothing, accessories, home décor and home equipment). The brief audited financials of the verticals are provided hereunder:

Companies (FY21) (Mur Million)	Stake (%)	Turnover	PA T	GCA	Dividend Paid	Total Debt (External)	Net worth	Overall gearing	Adjusted gearing#	Total debt/ GCA
Subsidiaries										
HV Home Equipment Ltd	100%	1,848	61	156	0	645	146	4.4	4.4	4.1
HV Lifestyle Ltd	100%	461	15	78	0	61	156	1.8	0.4	0.8
HV Property Management Ltd	100%	70	142	38	4	263	513	1.0	0.5	7.0
HV International Ltd	100%	2,606	186	194	70	1,051	714	1.7	1.5	5.4

#adjusted gearing excludes shareholder's loan

Majority of the income of the HV Home Equipment Ltd was primarily from the subsidiary company Le Warehouse Ltd, which was acquired during Q4, 2019. This was a loss-making entity till FY20, and the entity has seen turn around post the acquisition by HV group.

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

Consistent flow of income from various group companies

HV Holdings derives its revenue in the form of dividends, management fee and loan interest receivable from the group companies engaged in different business verticals and from its investment in quoted and unquoted shares. Breakdown of income for the past three years is as below:

Past dividends from group companies

MUR Million

Business Verticals - Dividends	Verticals	Dividend Received		
		FY19	FY20	FY21
HV Home Equipment Ltd - Group	Retail - Home Equipment	0	0	0
HV Lifestyle Ltd - Group	Retail – Clothing & Accessories	0	0	0
HV Property Management Ltd - Group	Real Estate – Property	2	2	2
HV International Ltd - Group	International Trade	45	61	67
Investment in quoted shares	Investment	13	0	24
HV Industries Ltd		0	5	0
Total		59	68	93

Past Management Fee from group companies

MUR Million

Business Verticals – Management fee	Management Fee Received		
	FY19	FY20	FY21
Le Warehouse Ltd (100% subsidiary of HV Home Equipment Ltd)	0	4	8
HV Lifestyle Ltd	2	5	2
HV Property Management Ltd	4	4	7
Total	6	13	17

Past Interest Received from group companies

MUR Million

Business Verticals – Loan Interest Receivable	Loan Interest Receivable		
	FY19	FY20	FY21
Le Warehouse Ltd (100% subsidiary of HV Home Equipment Ltd)	0	0	20
Total	0	0	20

Investment in group companies

As on December 31, 2021, HV Holdings had a total investment (in subsidiaries and associates) of MUR 2,699 million (MUR 2,323 million as on December 31, 2020) in its various business verticals.

Stable operational and financial performance of the various business verticals

HV International Ltd (HV International): Incorporated in November 2001 with a Freeport License, HV International is the central purchasing arm based in Mauritius. It looks after the import / export operations, finance, quality controls, development of new brands & products and manages the overall supply chain. It's main market is Madagascar where most of its brands are market leader. It is the exclusive distributor of few international brands and has its own developed brands

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

for product groups such as Fast Moving Consumer Goods (FMCG), Daily Use Products and Home Equipment and Multimedia. HV international also deals in textile fabrics, hardware tools, construction materials, vehicle parts and provides raw materials to various manufacturing units.

HV International comprises of three subsidiaries namely Universal Exports Ltd, Panafrican Distributions Limited and Industrial Impex Ltd with a track record of 20 years of constant profitability.

Universal Export Ltd (previously HV Freezezone Ltd) channels all our freeport activities as recently required by the local regulations.

Industrial Impex Ltd (50.5% stake by HV International) is a recently incorporated JV with HV Industries Ltd (after the Group restructuration) with the aim to supply raw materials to manufacturing entities in Madagascar owned by HV Industries Ltd. It is managed by HV International Ltd team against a management fee.

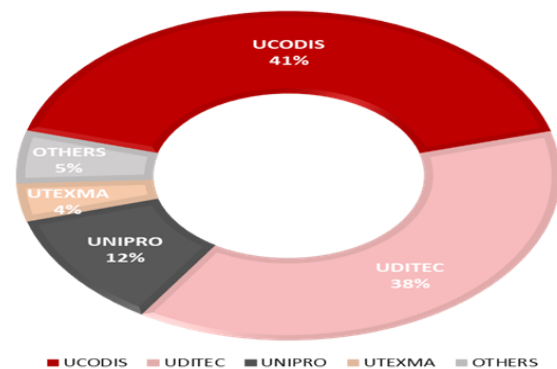
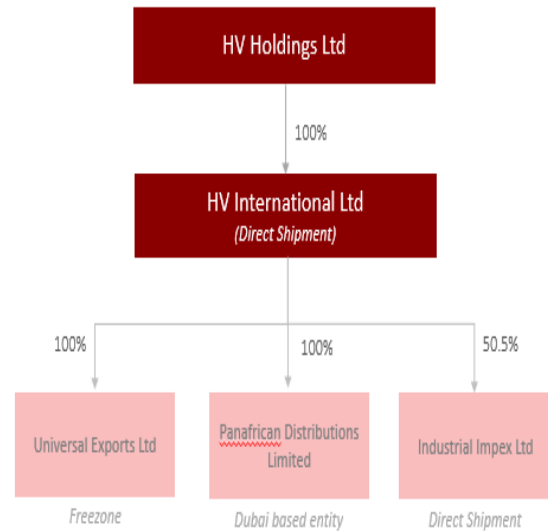
Panafrican Distributions Limited has been incorporated in Dubai in order to provide our customers different supply entities as they were constantly challenged by their local authorities due to growing turnover with HV International Ltd. The company is not yet operational.

Import and Export: HV International imports majority of its products from Asia to resell in Madagascar. It also exports to Reunion Island, Comoros Islands, Mayotte and Seychelles (5% of its total export). Around 10% of the total volume of products exported transits through Port Louis while the rest is direct shipment. The client base of HV International in Madagascar is mostly intra group entities as depicted in the chart below:

The major client (intra group entity) of HV International is UCODIS which represents around 40% of its total sale. UCODIS distributes FMCG and Daily Use products manufactured by HV Industries Ltd (not part of HV Holdings Ltd) as well as imported brands by HV International Ltd to more than 12,000 grocery stores in Madagascar.

UCODIS is held by UDIMA Ltd (36%) and HV Industries Ltd (36%). Udima Ltd is in turn held by UDIMA Trust (100% stake). The ultimate beneficiary of UDIMA Trust is sister company HV Holdings (Mr. Roupesh Hematlal and family).

UDIMA Ltd holds investment in the retail and distribution segment in Madagascar only which includes UCODIS, UDITEC, UMATEC and UTEXMA.



CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)
 Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius
 Phone: +230 59553060/58626551 • www.careratingsafrica.com
 BRN: C14127054 • FSC License No.: CR14000001

Within one year of its incorporation, HV International started its operation in August 2002 with the launch of its first product "Energy" (a dry cell battery). This product has 90% of the market share with over 4,000 containers exported within its 20 years of existence. In 2004, the company created their home appliance brand (mid level brand) named "TRUST" in Mauritius and Madagascar. The brand has 25% of the market share in Madagascar. Throughout the years, it launched several brands such as Dynamic Energy drink (60% of the market share), FMCG products such as Tople condensed milk (40% market share), Extra Propre detergent (60% market share) to name a few. In 2013, it started the distribution of Samsung products in Madagascar followed by various other Multimedia and consumer electronic brands such as Huawei, TCL, Midea, ITEL and LG (Mauritius and Madagascar). As on date, HV International supplies around 50 brands to some 140 suppliers.

The past financials of HV International Ltd (consolidated) is as follow:

HV International Ltd - Group	FY19	FY20	FY21
Rate used (USD)	36.35	39.35	42.97
MUR Million	Actual		
Total income	1,853	1,390	2,606
EBITDA	142	104	243
Depreciation & Amortization	5	7	8
Total interest	36	39	33
PBT	102	58	191
Tax	0	0	5
PAT	102	58	186
GCA	107	65	194
Total Dividend payable	91	61	70
Total Debt (external)	688	720	1,051
Loan from Holding company	75	189	160
Tangible Networth	449	589	714
EBITDA margin	8%	8%	9%
PAT margin	5%	4%	7%
Overall gearing	1.7	1.5	1.7
Adjusted Gearing (Exc. Shareholders loan)	1.5	1.2	1.5
Total Debt/GCA	6.5	11.1	5.4
Interest Coverage	4.0	2.7	7.4
Collection period	-	370	247

CARE Ratings (Africa) Private Limited

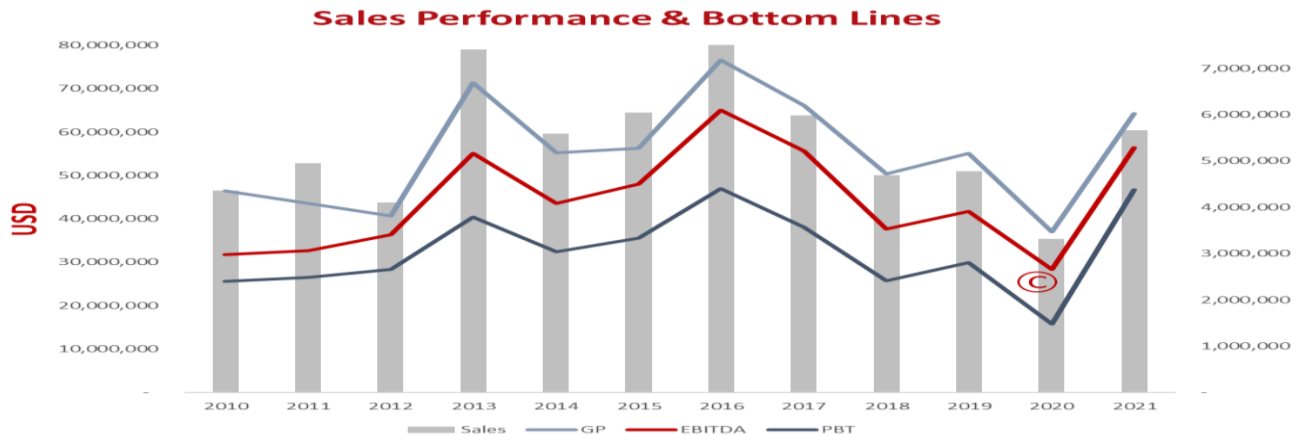
(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

Sale trend for the past 10 years is as below:



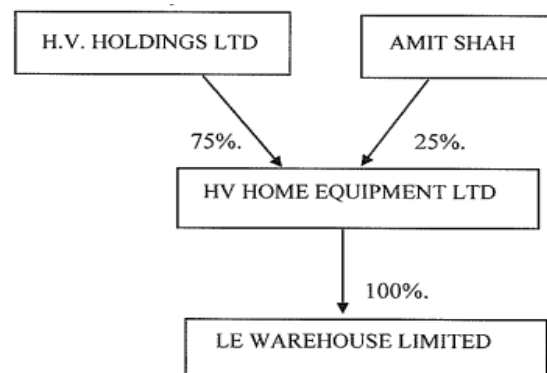
HV International Ltd has 20 years of existence and supplies over 50 brands to 140 suppliers. HV International has posted satisfactory performance and has been profitable for the past 20 years. HV International exports basic products such as biscuits, battery, soap etc. to Madagascar for which demand will remain same should there be increase in prices.

As per the above chart, the exceptional performance in 2016-17 was due to the one-off contract received for supply of edible oil and sugar. In FY20, there was a disruption in the supply chain due to the pandemic and restriction in air travel which led to unforeseen reduction in stock. HV International had to increase the buffer stock level to cater for the disruptions thus sales were higher in 2021 which reflects the lower EBITDA (MUR 104 million) and PAT (MUR 58 million) for FY20 as compared to FY21 with revenue of MUR 2,482 million, EBITDA of MUR 219 million and PAT of MUR 176 million. This also implicated a long trade receivable cycle as goods took around 6-7 months to reach because of restrictions in air travel and sales were already booked. The collection period is expected to reduce gradually.

HV Home Equipment Ltd (HV Home Equipment): Strong operating performance with dominant market share & satisfactory financial performance

The Home Equipment cluster currently deals in import and retail of home equipment i.e., electronic and multimedia appliances for the Mauritian market. This cluster comprises of Le Warehouse Limited (Le Warehouse) known as 361 and three other companies namely The Sofa Makers Ltd, Cash Converters Ltd and Mega Cosmos Ltd which have not started operations yet.

Incorporated in Mauritius on September 02, 1994, **Le Warehouse Limited** is one of the leading retailers of latest home appliances and electronics in Mauritius. In September 2019, HV Home Equipment Ltd acquired 100% stake of Le Warehouse Limited for a total purchase consideration of MUR 156 million.



CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)
 Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius
 Phone: +230 59553060/58626551 • www.careratingsafrica.com
 BRN: C14127054 • FSC License No.: CR14000001

The activities of Le Warehouse have been restructured into three business segments namely **distribution (AURS), retail, and service center (361 Service Centre)**. HVHE made a capital contribution of MUR 117 million to restructure the company.

Retail: Le Warehouse (361) operates 23 outlets and 5 concept store shops (28 shops in all) covering the most strategic areas of the island and delivery is done inhouse by a fleet of more than 20 delivery vehicles. It also provides an ecommerce platform for online shopping. Le Warehouse has exclusivity rights on retail of Huawei, TCL and Samsung products. They receive price protection from the supplier if the stock level remains stagnant. Some of the reputed brands that are sold by 361 are Whirlpool, Rinnai, Philips, Black+Decker, Midea, SEB, WestPoint to name a few. Some of the best-selling brands for the retail segment include Samsung, Huawei, TCL, WestPoint, Midea, HP, Rinnai and Rowenta which represented 61% of the sales revenue for retail for FY21.

Distribution is carried out by AURS which is a reputed distributor of Home and Electronic Appliances in Mauritius. It provides customized business solutions to corporate customers (such as property developers and hotels), government bodies, SMEs and Independent resellers. It has a portfolio of more than 200 merchants across the island and is backed up by a fleet of 7 delivery vehicles. Some of the best-selling brands for the distribution segment include Huawei, Rinnai, WestPoint, Samsung, TCL, Midea, Tefal to name a few.

Aftersales services (361 service centre): provides support to the retail and distribution segments. They provide services such as warranty and non-warranty repairs, sale of spare parts, maintenance contracts & installation projects and clearance sales to individuals and B2B. This segment is backed up by 9 vehicles. It operates a clearance sales centre at Cassis.

Le Warehouse has entered into a partnership with Loyalty One World recently. Customers can earn loyalty points when they make purchases from 361 and they can use the loyalty points in any of Loyalty One World outlets. This partnership will help to increase the customer portfolio and repeat sales. Additionally, they provide additional facilities to customers such as consumer credit facility with CIM finance and Rogers Capital, own financing facilities, home delivery and online sales available 24/7. 361 is the third largest retailer of home equipment and electronic appliances in Mauritius.

The past and projected financials of Le Warehouse Limited is as follow:

Le Warehouse Ltd	Mur Million		
	FY19	FY20	FY21
No. of outlets	19	23	24
	Audited		
Turnover	1,047	1,599	1,848
Other income and gains	0	0	0
Total income	1,047	1,599	1,848
EBIDTA	-57	-13	65
Depreciation & Amortization	47	73	95
Interest	36	36	40
PBT	-117	-86	41
Tax	1	-	-19
PAT	-118	-86	61
GCA	-68	-20	118
Dividend Paid	-	-	-

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

Le Warehouse Ltd	FY19	FY20	FY21
No. of outlets	19	23	24
Audited			
Total Debt (External)	19	505	680
Tangible Networth	44	67	146
Cash and cash equivalent	22	35	21
EBITDA margin	-5%	-1%	3%
PAT margin	-11%	-5%	3%
Gearing	0.4	7.5	4.7
Total Debt/GCA	-0.3	-25.8	5.8
Interest Coverage	-1.6	-0.4	1.6
Current ratio	1.0	1.5	1.1

Prior to the acquisition of stake by HV Home Equipment Ltd, Le Warehouse was a loss-making company. In FY19 and FY20, Le Warehouse posted losses of MUR 118 million and MUR 86 million respectively. The losses are noted due to significant prior year accounting adjustments post the acquisition and the COVID impact on the retail & distribution industry which led to losses reported until the year 2020. In 2020, HVHE started the restructuring exercise for a better functioning of Le Warehouse Limited.

Post restructuring, the financial performance of Le Warehouse Limited has turned around in FY21. Le Warehouse's revenue was boosted by 16% in FY21 to MUR 1,848 million (MUR 1,599 million in FY20). The company posted EBITDA of MUR 65 million and profit of MUR 61 million during the year (loss of MUR 86 million in FY20). GCA was MUR 156 million and interest coverage ratio stood at 2 times. The overall gearing was at 4.7 times in FY21 and is expected to decrease over the projected years. The company has also had cash surplus throughout the operating years. No dividend has been paid during the past years.

Outlook: Given the company's low debt profile vis-a-vis cash, accruals, adequate and modern software to monitor sale and performance, exclusivity rights for Groupe CEB & Huawei and sound financial and operational performance, Le Warehouse Limited can comfortably distribute projected dividend during the projected years. The projected performance of the company is expected to improve with the new strategy set in place by the management, the opening of new shops and its partnership with Loyalty One World.

HV Lifestyle Ltd (HV Lifestyle): Reputed brands in the retail market with dominant market share & sound profitability

HV Lifestyle Ltd is 100% owned by HV Holdings Ltd. This cluster is classified into five different segments such as Kids, Apparel & Accessories (represented by brands such as Orchestra, King Jouet and Tape a L'oeil), Apparels (represented by brands such as Giordano, DIM, OVS and DeFacto), Footwear & Accessories (represented by brands such as Charles & Keith and Flo), Homewares, DIY & Creative Leisure (La Foir Fouille) and Sports (Sport 2000). These brands are well-known with their presence in major malls in Mauritius. HV Lifestyle currently operates 17 stores throughout the island supported by two warehouses and five delivery vehicles.

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)
Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius
Phone: +230 59553060/58626551 • www.careratingsafrica.com
BRN: C14127054 • FSC License No.: CR14000001

Audited Financials of HV Lifestyle Ltd (consolidated) is as below:

HV Lifestyle Ltd	FY19	FY20	FY21
No. of stores	7	12	17
MUR million	Cons. audited		
Total income	355	392	461
EBIDTA	47	43	94
Depreciation & Amortization	38	42	58
Foreign exchange gains / (losses)	1.7	-7.6	-4.3
Total interest payment	9	12	12
PBT	1	-19	20
Tax	0	0	5
PAT	1	-19	15
GCA	37	31	78
Dividend Paid	0	0	0
Total Debt (External)	34	58	61
Loan from holding company	41	73	227
Tangible Network	98	112	156
Cash and cash equivalent	22	26	37
EBITDA margin	13%	11%	20%
PAT margin	0%	-5%	3%
Overall gearing	0.8	1.2	1.8
Adjusted Gearing (Exc. Shareholders loan)	0.3	0.5	0.4
Total Debt/GCA	0.9	1.9	0.8
Interest Coverage	5.1	3.7	8.0
Current ratio	1.6	1.3	1.7

In FY20, the performance of HV Lifestyle Ltd was impacted by the pandemic. HV Lifestyle had only 50% stake in Orchestra, Foir Fouille and KJ Mega Stores at that time. Revenue achieved in FY20 was MUR 387 million (MUR 350 million in FY19) and EBITDA was MUR 43 million (MUR 47 million in FY19). PAT was negative at MUR 19 million for FY20. In 2021, HV Lifestyle acquired full stake in Orchestra, Foir Fouille, KJ Mega Stores and Flacq Retail Park. There was also opening of 5 additional stores during the year. Revenue was up by 6% to MUR 410 million and the cluster was profitable with PAT of MUR 15 million. GCA was comfortable at MUR 78 million. Total debt for the cluster was MUR 288 million including shareholders' loan of MUR 227 million. The overall gearing was 1.8x and adjusted gearing was 0.4x. Interest coverage was 8x.

HV Property Management Ltd (HV Property Management): Steady rental income from leased properties in Mauritius and sizeable portfolio of land and properties which can be monetized

HV Holdings, through HV Property Management Ltd holds a portfolio of office properties, warehouses, apartments, and land parcels, directly and indirectly through various subsidiaries and associates. HV Property Management Ltd receives rentals and parking income from the office properties, shop outlets and warehouse. Total value of the properties (for Mauritius) was around Mur 1,800 million as on September 30, 2022. Additionally, HV Group holds considerable arpents of land and retail parks in prime locations in Madagascar.

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

HV Property Management Ltd derives rental from properties as per below table:

Property	MaxCity Building		Medine Mews	Pailles office	Flacq Retail Park
Location	Port Louis			Pailles	Flacq
Leasable Area (sqm)	4,163		198 (4 shops)	2,755	10,218
Property details	Office (G+8 Floors)	One floor - Level 2(Office)	4 shops (Office + Commercial)	Office	Shopping Centre - Commercial
Valuation (2022) (MUR Million)	218.8	35.6	40.7	70.0	440.0
Key Lessees' & Area Occupied	Electoral (5 floors - 68%) HV Holdings (13%) HV International (9%) MPI (5%) Koon / Newton (3%)	OCRA (100%)	One O One Shop	Le Warehouse Limited (50%) HV Lifestyle Ltd (HV Group - 50%)	Pick & Buy Ltd (20%) La Foir Fouille (15%) Strike City (11%) Orchestra Premaman (9%) Jetha Tulsidas (6%)
Occupancy (in %) as of September 30, 2022	100%	100%	100%	100%	98%
Annual Lease rental: FY22	13.0	4.5	2.2	7.2	41.0
FY21	13.1	4.4	1.7	6.6	38.7

Past Sale of properties and stake in subsidiaries/associates: In FY18, HV Property Management sold its stake in CyberCity building Ebene for MUR 800 million (initial investment was MUR 50 million). In FY21, HV Property sold 13 apartments in CyberVillage – Ebene for MUR 50 million and realised profit on disposal of MUR 6 million. HV Property also sold two villas in Helvetia and Palmyre for MUR 27.8 million (profit on disposal of MUR 4.8 million).

Audited Financials of HV Property Management Ltd (consolidated) is as below:

HV Property Management Ltd	FY19	FY20	FY21
MUR million	Cons. audited		
Total income	60	69	70
EBIDTA	27	33	37
Profit on disposal / Share of profit	-	16	17
Depreciation & Amortization	4	8	10
Interest	20	26	16
PBT	4	16	143
Tax	1	1	1
PAT	3	15	142
GCA	7	22	38
Dividend Paid	-	4	4
Total Debt (External)	491	434	263
Loan from holding company	166	174	254
Tangible Network	277	327	513
EBITDA margin	45%	48%	53%
PAT margin	5%	21%	202%
Overall Gearing	2.4	1.9	1.0
Adjusted Gearing (Exc. Shareholders loan)	1.8	1.3	0.5
Total Debt/GCA	73.1	19.4	1.7
Interest Coverage	1.4	1.3	2.4

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

HV Property Management Ltd derives revenue from rental of properties, management fee income and dividend/share of profits from its subsidiaries and associates. It has also generated past cashflow from sale of properties and its investment in subsidiaries & associates for the past years. Revenue, EBITDA, and PAT were stable from FY19 to FY21.

In FY21 and FY22, the company realized profit on disposal of MUR 31 million on sale of apartments in Ebene and other locations. In FY27 and FY28, HV Property Management has projected higher total income following dividend income from Grand Baie La Salette Ltd post sale of land (land sale for construction of smart city – villas and apartments). In FY28, FY29 and FY30, PAT will be higher due to profit on disposal of investment in associates. Higher profitability also reflects share of profit from associate (SIYAN – investment in property in Madagascar). HV Holdings will receive dividend from HV Property Management in FY30 and FY31 onwards.

Performance for 9MFY22: The different verticals posted satisfactory performance during 9MFY22. HV Lifestyle Ltd also shows a year-on-year improvement in performance.

Brands	ORCK	FF	Giordano	DIM	TAO	Total
Opening date	Prior 2021	Prior 2021	Prior 2021	1-Oct-21	1-Jul-21	
2021 (Jan to Sept)	147,706,467	77,275,538	21,080,812	-	2,605,262	248,668,080
2022 (Jan to Sept)	162,309,667	72,013,669	31,231,707	5,179,700	6,878,305	277,613,048
Difference YOY	14,603,200	(5,261,870)	10,150,895	5,179,700	4,273,042	28,944,968
% changed YOY	9.9%	-6.8%	48.2%	-	164.0%	11.6%

All the brands achieved better results for 9MFY22 with exception to Foir' Fouille. However, with the arrival of a new Senior Operations Manager from France with a solid track record in the retail fashion industry, who is doing an in-depth review of Foir' Fouille strategic model and more specifically with regards to procurement, pricing, product mix and marketing, the performance of Foir' Fouille is expected to turnaround in the next few months.

HV Home Equipment (Le Warehouse Ltd) has also posted a very good performance for 9MFY22. Sales has increased by MUR 408 million and PAT increased by MUR 32 million for the same period last year.

Le Warehouse Ltd		
MUR million	9MFY21	9MFY22
Turnover	1,134	1,542
Gross Profit	276	338
Store Profit	183	237
EBITDA	66	103
Profit before Tax	29	61

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

Liquidity in the form of quoted and unquoted shares

The table below depicts the portfolio of HV Holdings' investment in quoted as at 30th September 2022.

Description	Cost Value MUR Million	Market Value MUR Million	% of Portfolio
Domestic Equities (SEM):	414	504	
MCB GROUP LIMITED (ORDINARY SHARES)			87%
SBM HOLDINGS LTD (ORDINARY SHARES)			2%
NEW MAURITIUS HOTELS ORDINARY SHARES			5%
Overseas Equities (Mature Markets)	48	27	5%
Cash Accounts	3	3	1%
TOTAL PORTFOLIO VALUE	465	534	100%

HV Holdings has traded amounts in different types of assets with a total cost value of MUR 465 million vis-à-vis a market value of MUR 534 million. Around 87% of the portfolio value (at cost) is allotted to MCB.

Industry Risk

International Trade

One of the key drivers of economic growth for Mauritius is International Trade. Mauritius has an open economy and liberalized trade regime with a trade-to-GDP ratio of 95%. The island is a member of the World Trade Organization (WTO), the only global international organization who regulates trade between nations with a well-established legal framework. WTO ensures that trade happens in a smooth and predictable manner. Mauritius' main trading partners are South Africa (11.8% of the total), France (11.4%), the United Kingdom (10%), the United States (9.7%), and Madagascar (6.8%); with imports originating in China (16.6%), the UAE (12.3%), India (9.5%), South Africa (7.7%), and France (7.3%).

Mauritius imports more than it exports, resulting in structural trade deficit. In 2021, Mauritius exported goods amounting to MUR 69.9 billion, MUR 60.4 billion in 2020 and MUR 66.6 billion in 2019 compared to an imported value of MUR 215 million in 2021, MUR 192 billion in 2020 and MUR 165 billion in 2019 (a constant increasing trade deficit over the years). The European Union (EU), accounts for 40% of the Mauritian's total global exports. Main export markets in the EU includes UK (23%), France (21%) and Spain (12%). Africa's imports from Mauritius increased by 28%, MUR 22.9 billion in 2021 vis-à-vis MUR 17.9 billion in 2020. Main export markets in the Africa includes South Africa (42%), Madagascar (23%) and Kenya (13%).

The top 5 exports for the period of 2019-2021 are processed fish with an export value of MUR 9.45 billion followed by Sugar cane, MUR 7.02 billion and Men's trousers, MUR 4.22 billion. The top imported goods for the period of 2019-2021 are petroleum oils, with an imported value of MUR 30.29 billion followed by medicaments MUR 9.22 billion, motor vehicles MUR 8.42 billion, frozen fish MUR 7.76 billion and cellular phones MUR 4.56 billion.

To further promote regional trade, Mauritius established the Mauritius Freeport Zone in 1992 whereby goods can be re-exported without customs interference. The freeport sector was created with the aim to position Mauritius as the hub port in the Indian Ocean with warehousing, distribution, marketing, and logistics facilities. The Freeport sector is regulated and controlled by the Mauritius Freeport Authority (MFA). Companies located in the Mauritius Freeport benefit from the following incentives:

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

- Zero percent on Corporate Profits
- Dividends are not taxed
- Repatriation of profits are free of charge
- All goods imported in the freeport zone are exempted from customs duties
- Goods destined for re-export benefit from reduced Port handling charges
- Possibility of selling a percentage of total turnover to the local market

Mauritius has witnessed an increase in its Cargo traffic (tonnes) in the last 2 decades. The exported cargos increased by 28% from 1.101 million tonnes in 2000 to 1.41 million tonnes in 2021. Both imports and exports peaked in 2019 and decreased in 2020 due to the pandemic. Mauritius was ranked 18th (overall position out of 20), in 2018 in the volume of containers transported with a share of 0.5 million TEUs (20-ft equivalent unit). Ports are becoming more and more efficient leading to a drop in the cargo transit period. The average waiting time for vessels at designated ports across 22 African nations including Mauritius is less than two days.

Madagascar: It is the fifth largest trading partner of Mauritius with a net import of USD 129.21 million and a net export of USD 27.80 million in year 2021. Madagascar mainly imports Intermediate goods, Textiles and Clothing and Consumer goods. It is an export-oriented economy due to lack of local demand. Mauritius mainly imports coffee, tea, mate, spices wood, charcoal, cotton from the Malagasy territory.

Madagascar is the second largest island country with a population of 28 million people. Despite being a country with multiple economic shortcomings, Madagascar has achieved a record high GDP of USD 14.64 billion and GDP per capita of USD 515 in 2021. The Consumer Price Index (CPI) was at 149.5 points in July 2022, an increase of 1.74% vis-à-vis June's 2022 CPI.

Retail Sector in Mauritius

Mauritius has a dynamic retail and distribution sector backed by the attractive tax regime, reliable banking and financial services, efficient internet connection, freedom of entry and exit to the market and high degree of competition. Products such as food, motor vehicles, apparel, and electronics are distributed through the various channels of importers, wholesalers, retailers and supermarkets. In store retail is predominant in these markets, however, the e-commerce is also witnessing a growing audience every year. Mauritius has a wide range of retail outlets, ranging from high-end shopping centers to family-run corner stores.

In the large-scale distribution sector, Pick and Buy Limited (Winners), is ranked first with a turnover of MUR 8.4 billion as at 2020 followed by Udis Ltee (Super U) with revenue of MUR 5.4 billion and Seven Seven Co Ltd (Dream Price) with turnover of MUR 5.2 billion.

The commerce sector, more specifically, the retail of consumer electronics, mobile phones and home equipment, is led by The Brandhouse Ltd (Galaxy) with a turnover of MUR 2.4 billion. In consequence, Mammouth (Mauritius) Group (Courts Mammouth) holds the second place with MUR 2 billion turnover followed by Le Warehouse Limited (361) which is ranked third with a turnover of Rs 1.6 billion and J. Kalachand & Co. Ltd ranked fourth with revenue of MUR 1.1 billion.

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)
Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius
Phone: +230 59553060/58626551 • www.careratingsafrica.com
BRN: C14127054 • FSC License No.: CR14000001

In the same line, the top companies in the retail of apparel and accessories are Break Free Ltd, Woolworths (Mauritius) Limited, Island Haze, Body & Soul, Jetha Tulsidas & Sons (Mauritius) Ltd and Premaman (Mauritius) Ltd.

Retail sector has regained strength post covid. It is worth noting that despite an increase in the average cost of living resulting in lower purchasing power, a depreciating currency and with import costs set to record high, the consumer spending pattern rose to USD 8.07 billion in 2021 (an increase of 0.79% from 2020). The GDP per capita for the island in 2021 was at USD 8,812. The wholesale and retail trade contributed 11.5% to 2020's GDP (GDP in 2020 was at USD 10.9 billion). Private Consumption as of June 2022 amounted to USD 3.9 million and CPI stood at 9.6%. The Inflation rate was at 9.6% in June 2022 before reaching new height of 11.9% in September 2022. The Gross Saving rate was ascertained at 17.6 % in June 2022. Rise in inflation will definitely have an impact on the market however we can note that the tourism industry has picked up with arrivals of tourists in the country, higher sugar remunerations were paid and there has been salary revision to match inflation for few sectors. This will minimize the impact on consumer spending.

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. Apart from that, travel restrictions 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 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 was 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 shown resilience to the pandemic and has been able to maintain occupancy level. Overall, the majority of companies have

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)
Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius
Phone: +230 59553060/58626551 • www.careratingsafrica.com
BRN: C14127054 • FSC License No.: CR14000001

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.

Prospects

HV Holdings' prospects depend on its ability to improve the operational and financial performance of group companies, increase in market share in the retail sector, effective working capital management, consistent dividend pay-out from investment in quoted and unquoted shares & other business verticals and successful sale of stake and investment properties as envisaged. The rating is sensitive to the company's ability to maintain steady profitability in all the dividend paying companies, additional debt at company & group level and additional investment in group companies than what is envisaged.

Financials

HV Holdings Ltd (Standalone) financial summary

MUR Million

For the year ended as on	Dec-19	Dec-20	Dec-21
12M	Audited		
Total Income	66	104	130
EBIDTA	42	20	83
Depreciation	0	0	0
Interest	5	14	21
Foreign exchange gain / (Loss)	7	112	114
Net fair value gains / (loss) on financial asset	0	-34	114
PBT	44	83	290
PAT	44	82	288
Gross Cash Accruals (GCA)	44	82	175
Dividend paid/proposed	0	0	0
Equity share capital	0	0	0
Tangible network	1,481	1,584	1,873
Total debt	307	431	703
Cash & Bank balances	62	5	27
Key Ratios			
EBIDTA / Total operating income	63.65	18.93	63.77
PAT / Total income	66.79	78.89	221.41
ROCE- operating (%)	0.00	0.75	2.75
RONW (%)	0.00	5.35	16.68
Long-Term Debt equity ratio	0.20	0.27	0.38
Overall gearing ratio	0.21	0.27	0.38
Interest coverage (times)	8.34	1.38	4.02
Total Debt/ EBIDTA	7.35	21.93	8.47
Total debt/ GCA	6.99	5.25	4.02
Current ratio	15.78	0.75	3.31
Quick ratio	0.11	0.45	2.19
Avg. Collection Period (days)	0.00	12.60	82.63

Performance in FY21: HV Holdings derives its revenue mainly from dividend income, management fee and loan interest receivable from the group companies and from its investment in quoted and unquoted shares. HV Holdings provides financial, legal, secretarial, administrative, and strategic support to all its group companies for which it

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

receives Management fee. This is recurring income. In FY21, HV Holdings received total income of MUR 130 million (MUR 104 million in FY20). It posted a higher EBITDA and PAT as compared to FY20. PAT was significantly higher at MUR 288 million (MUR 82 million in FY20) due to foreign exchange gain (MUR 114 million) and fair value gain on financial asset of MUR 114 million received during the year. HV Holdings had a cash balance of MUR 650 million as of December 31, 2021. As per the management, they will be maintaining the cash of around MUR 500 million or in liquid investment to meet any working capital or repayment requirement of the group. The overall gearing was 0.38x in FY21 and same will increase to 0.78x in December 2022 following the bond issue. It paid nil dividend for the past three years. Average working capital utilization during the last 12 months was 94%. All corporate guarantee provided to any of its group companies will be subordinated to the bond.

HV Holdings Ltd (Consolidated) financial summary

MUR Million

For the year ended as on	Dec-19	Dec-20	Dec-21
HV Group	12M	12M	12M
Revenue	3,688	4,019	5,671
Total Income	3,772	4,103	5,939
EBIDTA	236	261	757
Depreciation	47	177	226
Interest	107	140	142
Operating PBT	104	112	831
Net fair value gain/(loss) on investment properties	-	-34	114
Gain / (loss) on foreign exchange	12	116	151
PBT	95	5	680
PAT	92	-4	679
Gross Cash Accruals (GCA) (exc. Fair value gain / (loss))	138	173	792
Dividend paid/proposed	-	-	-
Equity share capital	77	99	113
Tangible network	1,926	2,158	2,691
Total debt	2,019	2,324	2,990
Cash & Bank balances	105	99	47
Key Ratios			
EBIDTA / Total operating income	6.41	6.48	13.35
PAT / Total income	2.43	-0.09	11.44
ROCE- operating (%)		1.62	8.55
RONW (%)		-0.15	22.42
Long-Term Debt equity ratio	0.30	0.45	0.41
Overall gearing ratio	1.05	1.08	1.11
Interest coverage (times)	2.22	1.86	5.31
Total Debt/ EBIDTA	8.54	8.92	3.95
Total debt/ GCA	14.58	13.44	3.78
Current ratio	1.61	1.59	1.54
Quick ratio	1.44	1.23	1.18
Avg. Collection Period (days)		268	202
Avg. Inventory (days)	41	84	79
Avg. Creditors (days)	110	121	103
Op. cycle (days)		231	178

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

Performance in FY21 (Consolidated): HV Holdings consolidated witnessed growth in revenue for the past three years. In FY21, revenue increased to MUR 5,939 million as compared to MUR 4,103 million for FY20. The 44% increase in revenue is attributed to improved performance of the group companies. In FY20, performance of HV International was impacted by the pandemic as there was restrictions on air travel which have delayed fulfilment of orders and collection of revenue. As a result, the performance in FY21 was better as there was higher sales, and all orders were fulfilled.

The pandemic also led to temporary closure of all 361 outlets (HV Home Equipment Ltd) and HV Lifestyle Ltd.'s operations for two and a half months in FY20 and FY21 due to the lockdown imposed by the Government. None of the group companies had to approach HV Holdings Ltd for financial assistance aside from the capital injected in Le Warehouse Ltd, post the acquisition.

Subsequently, EBITDA and PAT were also higher in FY21 at MUR 757 million and MUR 679 million respectively. HV Holdings witnessed an upsurge in its PAT due to MUR 114 million gain on revaluation of financial asset, MUR 114 million from gain in foreign exchange and share of profits from associates amounting to MUR 26 million.

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 Networth.
4. Total operating Income includes revenue from others (Management fees/Interest Income, rental income, etc.)

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

Details of Instruments

Proposed Bond

Name of Bank	Amount	Interest Rate (Indicative)		Debt Repayment Terms
MCB	1,500	5.3% to 5.6%	Fixed Rate	300 (January 2026)
		6.0% to 6.3%	Fixed Rate	200 (January 2028)
		4.75% (Repo + 1.6% - 1.8%)	Floating Rate	400 (January 2028)
		5.20% (Repo + 1.9% - 2.1%)	Floating Rate	600 (January 2030)

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.

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001

Contact us**Chief Executive Officer**

Name : Mr. Saurav Chatterjee
Phone : + 230 5862 6551
E-mail : saurav.chatterjee@careratingsafrica.com

Analytical Contact:**Chief Rating Officer**

Name : Mr. Vidhyasagar Lingesan
Phone : +230 5273 1406
E-mail : Vidhya.sagar@careratingsafrica.com

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.

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)

Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

Phone: +230 59553060/58626551 • www.careratingsafrica.com

BRN: C14127054 • FSC License No.: CR14000001