## Attitude Hospitality Ltd ("AHL")
**3 August 2021**

**Ratings**

| Facilities/Instruments | Amount (Mur Million) | Rating[1] | Rating Action |
|---|---|---|---|
| **Bond Issue** | 1,000.00 | CARE MAU BBB+; Under Credit Watch with Negative Implications [Triple B Plus; Under Credit Watch with Negative Implications] | Downloaded from CARE MAU A-; and Continues Under Credit Watch with Negative Implications |
| **Total** | **1,000.00** | | |

**Rating Rationale**

The rating assigned to the Bond Issue of MUR 1,000 million of Attitude Hospitality Ltd (AHL) was downgraded from CARE MAU A- to CARE MAU BBB+ and continues to be under credit watch with negative implications in relation to the outbreak of Covid-19 pandemic and closure of international borders in Mauritius since March 2020. The rating was downgraded primarily due to the uncertainty with respect to arrival of tourists in Mauritius as from October 2021 i.e., post lifting of full air travel restrictions in Mauritius, leading to lower than expected occupancy and possibility of AHL incurring loss in FY22 and losses incurred by AHL during nine months ended March 31, 2021. However, CRAF based on discussion with AHL management, has their confirmation that AHL has paid all interest due on the Bond till date and has adequate liquidity to meet its scheduled debt servicing obligations (interest payment on Bonds) over next 1 year.

The rating continues to derive strength from the satisfactory track record of Attitude Hospitality Ltd (AHL), vast experience of the promoters in the hotel sector, professional and qualified management team, established track record of the promoters in acquiring loss-making hotels and successfully turning them profitable, stable performance of major dividend paying group companies, low gearing in subsidiary companies & at consolidated level and popularity of 3/4-star hotels (EUR 100-120 per night) among budget conscious tourists.

The rating is, however, constrained by project risk associated with capacity addition programme in some hotels, direct competition from local budget accommodation, foreign exchange risks and sensitivity of the Mauritian hotel industry to air access, more so in post COVID-19 era.

Given the current uncertainty surrounding the tourist arrival in Mauritius as from October 2021 i.e., post lifting of full air travel restrictions in Mauritius, CRAF is not in a position to assess AHL's ability to achieve the required occupancy in hotels which will enable the company to become profitable. Hence, CRAF will keep monitoring the situation and will review the ratings by December 2021.

**BACKGROUND**

Attitude Hospitality Ltd ("AHL") was incorporated, as Jason Hotels Company Ltd in May 2008, by Mr. Marie Adrien Robert and his son Mr. Jean Michel Pitot. In July 2010, the company was renamed as Attitude Resorts Ltd. and

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

subsequently rechristened as Attitude Hospitality Ltd in July 2014. Since inception, AHL's focus has been to position itself as a mid-market (3/4-star category) hotel player in the Mauritian tourism sector.

AHL currently owns 8 operational hotels along the north and east coast of Mauritius with 974 rooms. It has also established itself as a leading brand in the mid-market segment (3/4-star category) hotels in Mauritius. All the 8 hotels are partly owned, some fully owned whilst remaining are leased to subsidiaries and associates.

Pitot family through various companies owns majority share (59%) of AHL. The balance 39.4% is held by United Investment Limited and 1.6% by directors.

AHL is a professionally managed company. It is governed by a 9-member Board of Directors comprising of 2 members from the Pitot family, 2 Executive Directors and a number of eminent industrialists and professionals. The strategic affairs of the company are looked after by the Chief Executive officer - Mr. Jean-Michel Pitot (57 years).

In FY19 (July 1 – June 30), AHL on a standalone level posted a PAT of MUR 139 million on a revenue of MUR 160 million. Interest coverage was 5.58x during FY19. Overall gearing was 0.70x as on June 30, 2019. At a consolidated level, AHL posted a PAT of MUR 232 million on a turnover of MUR 1,743 million in FY19. Interest coverage was 4.22x during FY19. Overall gearing was 0.84x as on June 30, 2019.

**Prospects**

The prospects of AHL depends on operational & financial performance of dividend paying hotels/companies, ability to reopen the hotels by October 2021 if air travel restrictions are lifted and steady increase in occupancy level over next 18 months in line with projections. The rating is also sensitive to any new debt funded acquisition & renovations and dividend pay-out over next 5 years.



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

**Annexure I**

***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. A suffix of '(SO)' may be added to the rating indicating that the instrument / facility is a "Structured Obligation". A prefix of 'Provisional' may be added to a 'SO' rating indicating that the rating is subject to completion of certain conditions.***

**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.

## Contact us

**Contact**
Name : Mr. Saurav Chatterjee
Title : Chief Executive Officer
Phone : + 230 5862 6551
E-mail : saurav.chatterjee@careratingsafrica.com

**Analytical contact**
Name : Mr. Vidhyasagar Lingesan
Title : Chief Rating Officer
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.