Attitude Hospitality Ltd ("AHL")
12 January 2023

Ratings

Facilities/Instruments	Amount (Mur Million)	Rating[1]	Rating Action
Bond Issue	1,000 (One Thousand Only)	CARE MAU BBB+; Stable [Triple B Plus; Outlook: Stable]	Reaffirmed with a change in outlook from negative to stable
Total	**1,000.00**		

Rating Rationale

The rating assigned to the Bond Issue of Attitude Hospitality Ltd (AHL) continues to derive strength from the satisfactory track record of Attitude Hospitality Ltd (AHL), 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, improved operational performance and comfortable cashflow of the major dividend paying companies and popularity of 3/4-star hotels 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 in respect of air access.

Rating Sensitivities

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

- Improvement in operational & financial performance of the dividend paying companies
- Ability to reach pre-Covid levels of occupancy rate and ARR
- Reduction in debt on sustainable basis

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

- No dividend payout by AHL to its promoters for next 2 years
- Any new debt to fund expansion or acquisition
- Higher than projected dividend or any support extended to the subsidiary companies
- Decline in ARR/occupancy level

BACKGROUND

Attitude Hospitality Ltd. ("AHL") was incorporated, as Jason Hotels Company Ltd in May 2008, by Mr. Michel Pitot and his son Mr. Jean Michel Pitot. In July 2014, the company was rechristened as AHL. Since inception, AHL's focus has been to position itself as a mid-market (3/4-star category) hotel player in the tourism sector of Mauritius. AHL through its subsidiaries manages 8 hotels along the north and east coast of Mauritius with 1,085 rooms. It has also established itself as a leading brand in the mid-market segment (3/4-star category) hotels in Mauritius within a price range of Mur 3,000- 8,000 per night. All the 8 hotels are partly owned, some fully owned whilst remaining are leased to subsidiaries and associates. AHL was initially promoted by Pitot family. In October 2010, United Investments Ltd acquired 39.4% stake in AHL. At present, Pitot family through various companies owns majority share (59%) of AHL. The balance 39.4% is held by United Investments Ltd and 1.6% by its management team.

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

Management: AHL is a professionally managed company. It is governed by a 10-member Board of Directors comprising of 2 members from the Pitot family, 3 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.

Performance in FY22: In FY22 (July 1 – June 30), AHL on a standalone level posted a Loss after Tax of MUR 2 million on Total income of MUR 63 million. Interest coverage was 0.97x times during FY22. Overall gearing improved from 0.87x in FY21, to 0.72x times in FY22. At a consolidated level, AHL posted negative PAT of MUR 99 million on an average occupancy level of 63%.

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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.

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.

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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.