CareEdge RATINGS AFRICA
A subsidiary of CARE Ratings Limited, India

Chartreuse Group Ltd

30 October 2024

Rating

Facilities/Instruments	Amount (MUR Million)	Rating[1]	Rating Action
Proposed Bond Issue	**50**	**CARE MAU BBB; Stable**	Reaffirmed
Bond Issue	**350**	**CARE MAU BBB; Stable**	Reaffirmed
Total	**400**		

Rating Rationale

The ratings assigned to the bond issue and proposed bond issue of The Chartreuse Group Ltd ("TCGL") continue to derive strength from the experienced promoters, professional and highly qualified management team, established tea business with 20 years of track record, diverse stream of revenue from FMCG distribution, retail supermarket chain, tea manufacturing, real estate and medical equipment retail, stable operational & financial performance of its core business verticals with consistent level of profitability over the last years and comfortable collection period.

The rating is, however, constrained by exposure to volatility in import of FMCG goods due to inflation and freight availability, leveraged capital structure with high gearing ratio, dependence on working capital borrowings, interest rate risk and strong competition in the retail business in Mauritius.

Rating Sensitivities

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

- Ability to improve revenue and profitability of the group companies
- Effective management of working capital
- Significant improvement in capital structure with a comfortable gearing ratio

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

- Additional debt at both the company and group level affecting the ability to service debt obligations
- Debt funded CAPEX investment in group companies than envisaged
- Decline in revenue and profitability

Background

The Chartreuse Group Ltd ("TCGL") is a private company incorporated in 2021 and is the investment holding company of the Bokhoree Family. TCGL was created with the aim of consolidating the operations of its subsidiaries La Chartreuse Tea Manufacturing Company Ltd ("La Chartreuse Tea" or "LC"), Savemart Trading Ltd ("Savemart"), Chartreuse Property Investment Ltd ("Chartreuse Property" or "CPIL") and Chartrade Ltd ("Chartrade"), all owned by common shareholders, the Bokhoree family.

TCGL operates across four main clusters comprising agriculture, tea manufacturing, retail and distribution and real estate investments. The ultimate beneficial owners are Mr. Asvin Kumar Bokhoree and Mr. Arvin Bokhoree who for the last decades have spearheaded the company's growth. TCGL has been ranked 66th in the top 100 companies in Mauritius by revenue in 2023, by Business Magazine

TCGL derives its revenue from the operations of its subsidiaries with the major companies being La Chartreuse Tea, Savemart, Chartrade and Chartreuse Property. The majority of the revenue is generated from Savemart and La Chartreuse Tea which represents 77% and 12% respectively. La Chartreuse consolidated revenue for year ended 2024 was MUR 2,372 million (MUR 1,764 million FY23).

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

Group background: Mr. Kressoon Bokhoree started tea plantation in the year 1984 and was one of the largest private tea planters in Mauritius. TCGL was then founded by Mr. Asvin Kumar Bokhoree and Arvin Bokhoree (both successors of Mr.Kressoon Bokhoree) and hold 70% and 30% stake in the business, respectively. With the aim of scaling up the business and transforming the tea plantation into a fully integrated tea manufacturer and distributor, the founders started La Chartreuse Tea as a greenfield operation in the year 1999 and steered the business to attain a leading position in the tea industry within 12 years of its operation. Its flagship brand La Chartreuse tea is known as one of the best-selling tea brands on the island according to the National Agricultural Products Regulatory Office ("NAPRO"). The tea segment of TCGL reported a revenue of MUR 288 million and PAT of MUR

2 million in FY24 (MUR 278 million and MUR 12 million respectively in FY23). Following the success of the first venture, the founders have expanded their activities into different business channels comprising retail, logistics and distribution, and property management. The details of the business lines are as follows:

Savemart Trading Ltd: Savemart was launched in the year 2014 as a chain of convenience stores in rural regions of Mauritius. The company currently employs over 450 staff and retails over 30,000 products range. It operates 29 retail outlets spread across the country.

Chartrade Ltd: Chartrade started operating in the year 2020 amid the COVID-19 pandemic due to supply chain disruptions faced by Savemart Supermarkets. The company has till now developed 228 house brands with around 60% of its turnover generated from non-group entities. It offers different services including import, packaging, warehousing, merchandising and logistics.

Chartreuse Property Investment Ltd: Incorporated in 2012, the company is the investment property holding company of TCGL. It manages warehouses, retail outlets, commercial buildings, and factories with a lettable area of 20,000 sqm.

Purpleblue Medical Ltd: Purpleblue Medical Ltd was founded in 2015 and has been supplying the medical sector with innovative and comprehensive healthcare solutions. Among its customer base, the Company supplies the Ministry of Health with dry medical x-ray films and other medical equipment. The Group acquired a 70% stake in Purpleblue Medical Ltd on 26th August 2023.

Financial Performance of the group (Consolidated): Following a marginal decrease in FY23, La Chartreuse Group renewed with a positive performance in FY24, with a growth in revenue of 34% from MUR 1,764 million in FY23 to MUR 2,372 million in FY24. This has been driven mainly by the double-digit growth at Savemart, due to its ongoing expansion with sales volumes and prices constantly on the rise with ongoing economic conditions prevailing, especially in the food retail sector. The performance across the other business verticals has remained stable as compared to FY23, with revenue growths of 5% recorded in FY24. At EBITDA level, the group has maintained its upward growth, with an increase of 10% and 12% in FY23 and FY24 respectively. However, despite the high growth in revenue and subsequent increase in EBITDA in FY24, EBITDA margins have slightly dropped to 5.56%, as compared to 6.68% in FY23. This drop transpires from the hike in cost of sales and administrative expenses principally at Savemart and La Chartreuse tea. PAT has improved from MUR 19 million in FY23 to MUR 24 million this year due to higher revenue and EBITDA during the year. Cash operating cycle of 29 days demonstrating the Group's ability to collect funds rapidly. Interest coverage remained slightly below the 3.0x threshold, reaching 2.51x as compared to 2.92x in FY23. Total Debt/EBITDA and overall gearing both increased to 2.39x and 2.34x, as compared to 1.97x and 1.99x respectively as on June 30, 2023.

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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.

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

Group Head
Name : Ms. Pooja Appadoo
Phone : +230 5955 3060
E-mail : pooja.appadoo@careratingsafrica.com

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