Teybridge Capital Trade Finance

28 April 2025

Rating

Facilities/Instruments	Amount (MUR Million)	Rating[1]	Rating Action
Bond Issue	**230 (USD 5 million)**	**CARE MAU A; Stable**	Assigned

Rating Rationale

The rating assigned to the bond issue of Teybridge Capital Trade Finance ('TCTF') derives strength from the robust structural features embedded within the underlying transactions. These are executed under a Master Wakaalah (agency) agreement and are financed on fixed price pre-sale basis. The transactions are further strengthened from a bankruptcy remote structure providing strong mitigation against counterparty credit risk and saleability risk of the underlying commodities. Further, the rating derives strength from the high collateral coverage ratio, short term and self-liquidation nature of the transactions, and diversified commodity portfolio. TCTF's liquidity profile is further enhanced through liquidity agreements with funding partners to meet any short-term liquidity mismatch.

CRAF also notes that in certain cases, financing is also extended under loan agreements where TCTF maintains constructive possession over the commodities through its appointed collateral manager. This arrangement ensures that the company retains effective control and enforceability over the financed goods throughout the transaction lifecycle.

The rating is also underpinned by the vast industry expertise of the management team and promoters with more than four decades of experience in structured trade & commodity finance (STCF). The support of Skybound Capital, a resourceful promoter and an established asset manager specializing in alternative investments with a focus on global private markets, with over USD 2 billion in Assets under Management further reinforces the profile of TCTF. TCTF also benefits from strong underwriting standards aligned with industry best practices supported by robust underwriting policies in STCF.

The rating is however constrained by the moderate financial profile of commodity traders involved in the transactions who typically operate with highly leveraged capital structures, concentration of clients, exposure to commodity price volatility and foreign exchange control risk in certain jurisdictions

Rating Sensitivities:

Positive Factors - Factors that could lead to positive rating action/upgrade:

- Significant improvement in the credit profile of the commodity trading counterparties and diversification
- Demonstrated track record of handling commodity risk and forex convertibility risk over a sustained period
- Scaling of operations with strong asset performance
- Strengthened institutional and strategic partnerships

Negative Factors - Factors that could lead to negative rating action/downgrade:

- Increased volatility of the commodities affecting the ability to liquidate
- Deterioration in asset quality
- Deterioration in the credit profile of the commodity trading counterparties
- Breach of credit policies/guidelines being followed resulting in loan assets turning non-performing

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

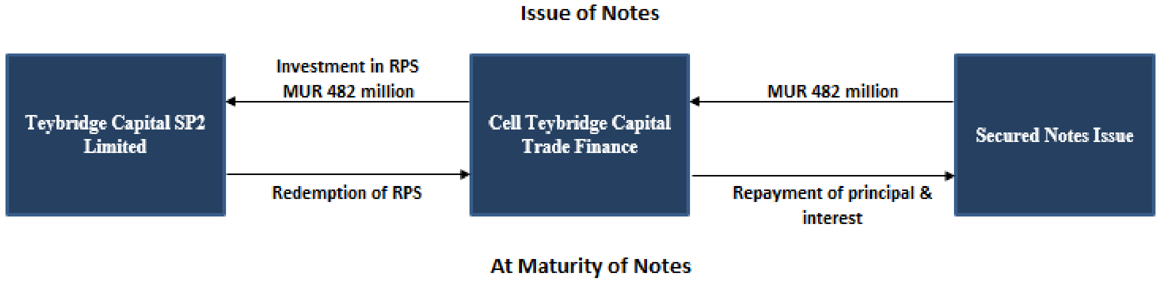
BACKGROUND

In February 2021, Teybridge Capital Limited was incorporated as a private limited company in Mauritius and was licensed as a Global Business Company by the Financial Services Commission (FSC), to be involved in the purchase and sale of commodities predominantly in Africa and across the rest of the world. In August 2024, Teybridge Capital Limited was converted from a private limited Company to a Protected Cell Company, and it was renamed as Teybridge Capital PCC ('TCPCC').

In addition, four other cells were created under TCPCC among which Teybridge Capital Trade Finance ("TCTF") which engages in short-term conventional trade finance transactions, and it invests directly or indirectly through SPVs, in commodity-based and general trade finance transactions. The commodities which the cell finances include Platinum group metals (PGM), Magnetite & Vanadium ore, Chrome ore, steel pipes, steel coils, and agricultural commodities.

During FY24, TCTF raised MUR 482 million (USD 10.50 million) in notes issue and utilised the proceeds from the issue to subscribe to redeemable participating shares (RPS) in an SPV, Teybridge Capital SP2 Limited ("TCSP2"), which is incorporated in the BVI. Subsequently, TCSP2 invests in trades conducted by two African commodity traders for the purchase and sale of commodities on behalf of TCTF.

At maturity of the notes, TCTF will redeem its RPS in TCSP2 and utilise the redemption proceeds to service its obligations to the noteholders, as illustrated below:



Summary of financial performance for Teybridge Capital Trade Finance

TCTF - In November 2024 and December 2024, TCTF raised an aggregate of MUR 482 million in notes issue and invested the proceeds as participating shares in the SPV TCSP2. As on end of December 2024, the participating shares of TCTF in TCSP2 have been revalued to MUR 488 million which resulted in a fair value gain of MUR 5.24 million for TCTF for the year. Besides fair value gains, the Cell does not generate any other income. After accounting for interest of MUR 5.17 million, TCTF generated a PAT of MUR 0.078 million (provisional) for FY24.

TCSP2 – In addition to proceeds of MUR 482 million from participating shares subscribed by TCTF, TCSP2 has raised short-term loans of MUR 199 million and the total aggregate amount raised of MUR 681 million have been invested into trade finance transactions. For the year ended 31 December 2024, TCSP2 generated total income of MUR 5.43 million in the form of participation fees and posted a PAT of MUR 5.28 million

Annexure I

Details of rated instrument

Instrument	Amount	Tenor
Secured Loan Notes Issue	MUR 230 million (USD 5 million)	3 – 12 months, with option to extend

Details of rated instrument

	Details
Type of instrument	Secured Loan Notes Issue
Amount	MUR 230 million (USD 5 million)
Tenor	3- 12 months, with option to extend
Use of Proceeds	To provide commodity-based and general structured trade financing facilities to commodity traders on the African continent.
Underlying Investments	The Loan Note offers investors the opportunity to benefit from a coupon yield generated from secured private capital investments. These investments are non-correlated to traditional asset classes and are a combination of both shorter - and longer duration secured debt opportunities. The exposure will be diversified across commodity-based and general structured trade finance transactions, including shorter-term receivables and invoice financing as well as longer term growth funding opportunities providing working capital and bridge financing to businesses demonstrating strong levels of security and liquidity that is deemed appropriate.

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Annexure II

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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CRAF has had a pivotal role to play in developing bank debt and capital market instruments including MMIs, corporate bonds and structured credit.