**La Prudence Leasing Finance Co. Ltd.**
**19 May 2025**

**Ratings**

| Facilities/Instruments | Amount (MUR Million) | Rating[1] | Rating Action |
|---|---|---|---|
| **Proposed Bond Issue** | **500** | **CARE MAU A-; Stable** | Assigned |
| **Bond Issue** | **300** | **CARE MAU A-; Stable** | Reaffirmed |
| **Bank Facilities** | **1,044 (enhanced from MUR 644 million)** | **CARE MAU A-; Stable** | Reaffirmed |

**Rating Rationale**

The ratings assigned to the bond issues and bank facilities of La Prudence Leasing Finance Co. Ltd ("La Prudence Leasing") continue to derive strength from its established track record of more than 20-years in the financial services industry as a NBDTI in Mauritius, resourceful promoters who can support the capital requirements as and when needed, diversified lease book with limited exposure to sectors which are vulnerable to the economic shocks, and stringent provisioning measures which allowed for a sound management of credit risk. The rating also factors in the stable liquidity profile to meet short-term obligations, significant growth in asset under management in FY24, satisfactory asset quality, comfortable Capital Adequacy Ratio (CAR) level over the past five years and robust systems, controls, and internal procedures.

The rating is however constrained by the lower market share with moderate book size, high competition from other industry players, leveraged capital structure and the risk that geopolitical tension and the trade war may dampen the demand for leasing facilities.

**<u>Rating Sensitivities:</u>**

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

- Healthy growth in lease book and maintaining the asset quality at comfortable level
- Growth in deposit book with cost of funds remaining low

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

- Significant dip in Capital Adequacy Ratio from current levels
- Deterioration in the asset quality with increase in Gross Non-Performing Asset
- Sharp decline in deposit book affecting company ability to raise low-cost capital

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

**BACKGROUND**

La Prudence Leasing Finance Co. Ltd ("La Prudence Leasing") is a private company that was incorporated in 2001 and is wholly owned by Prudence Holding Ltd. The company's core business is to provide leasing facilities for the acquisition of vehicles and equipment for individuals and businesses. La Prudence Leasing is licensed by the Financial Services Commission ("FSC") for conducting leasing activities and holds a deposit-taking license from the Bank of Mauritius ("BOM") through which the company finance its leasing operations.

Over the years, the company has been able to grow and diversify its customer base, reaching a total lease portfolio of MUR 2,669 million and a deposit base of MUR 1,599 million as of December 31, 2024.

**CREDIT RISK ASSESSMENT**

**Strong and resourceful promoters**

Prudence Holding Ltd is the investment holding company of La Prudence Leasing, which was incorporated in 2009. In turn, the majority stakeholder of Prudence Holding Ltd is KASA Holding Ltd (rated CARE MAU A+ Stable, please visit CRAF's website for detailed rationale: Rating Rationale for Kasa Holdings Ltd ), which is part of KASA Group Ltd. The Group was established in the early 1980s and has since grown and diversified its activities mainly through several acquisitions across diverse sectors of the economy. With over 30 companies under its umbrella and 1,500 employees, KASA Group is an established organisation owned and controlled by Mr. Dominique Galea and his family. Mr. Galea is known for being one of the most prominent business leaders in Mauritius. Over the last four decades, Mr. Galea has demonstrated strong business leadership by successfully navigating through various ebbs and flows and supporting the investment companies wherever required.

**Professional and highly qualified management team**

La Prudence Leasing is managed by a board of directors consisting of 10 members who come from different backgrounds with varied skills and expertise. Mr. Clement Yue-Chi-Ming is the Managing Director and Executive Director and is responsible for the day-to-day effective running of the company. He spent 30 years with Barclays Bank Mauritius (now Absa), holding various roles in Credit Risk, Recovery and Corporate & Institutional banking division. He was appointed as the Executive Director of La Prudence Leasing in June 2017.

**Financial Performance of La Prudence Leasing**

La Prudence Leasing Finance Co. Ltd has witnessed a significant improvement in both its top and bottom line, with its total income and PAT for FY24 rising to MUR 312 million (MUR 245 million in FY23) and MUR 56 million (MUR 46 million in FY23), respectively. This represents a 27% increase in its total income when compared to the previous year while PAT expanded by 22.3 % over the same period. The main driver of this growth came from the interest income from Finance Lease which grew by 43.1% during FY24 relative to the preceding year. For the FY24, the interest income for the company was MUR 251 million compared to MUR 177 million for the FY23.

Despite an increase in the interest expense from MUR 81 million for FY23 to MUR 120 million for FY24, the profit margin remains strong at 18.06%. The RONW improved further and stood at 16% for FY24, whilst the ROCE remains at a healthy level at 3.32%. Operating gearing improved marginally from 6.89X for FY23 to 6.66X for FY24.



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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. 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.



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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.
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.