Rogers Capital Finance Ltd

02 September 2025

Rating

Facilities/Instruments	Amount (MUR Million)	Rating[1]	Rating Action
Bank Facility- Revolving Credit Facility	**650**	**CARE MAU A; Stable**	Assigned
Bank Facility - Term Loan	**500**	**CARE MAU A; Stable**	Assigned
Total	**1,150**		

Rating Rationale

The ratings assigned to the above bank facilities of Rogers Capital Finance Ltd ('RCFL') derive strength from the robust ultimate parentage of RCFL with strong and resourceful promoter groups (Swan and ER groups) with established track record of supporting their entities and investments both financially and strategically, strong growth in the loan book over last three financial years, healthy asset quality, strategic partnerships with the group entities having leadership position in car dealerships for various brands, comfortable liquidity position with satisfactory asset liability management.

The ratings are, however, constrained by leveraged capital structure limiting growth prospects, sub optimal cost of borrowing given that RCFL does not have a deposit taking license leading to lower profitability margin compared to similar sized NBFIs, risk associated with the interest rate volatility, regulatory risk and highly competitive nature of the leasing segment in Mauritius. Further, the ratings also factor in the impact of the national budgetary measures on the automobile sector which is expected to affect the new and recon automobile markets growth adversely.

Rating Sensitivities

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

- Ability to expand the lease book while improving net non-performing asset (NNPA).
- Ability to improve net interest margin by securing cheaper funding.
- Improving operational and financial performances, while containing overall gearing at sustainable level.

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

- Significant deterioration of asset quality with an increase in NNPA above 4%.
- Significant increase in overall gearing level (total debt/ tangible net worth) beyond 10 times.
- Deterioration in financial and operational performance.

BACKGROUND

Incorporated in March 2017, Rogers Capital Finance Ltd ('**RCFL**') is a private limited liability company holding leasing and factoring licenses from the Financial services Commission. It is a subsidiary of Swan Wealth Investment Holdings Ltd, owning 51%, with the remaining stake of 49% held by Rogers Capital Ltd.

The ultimate holding entity is Swan General Ltd ('SGL'), the leading general insurance company in Mauritius. RCFL is an associate of Rogers Capital Ltd which in turn is ultimately owned by ER Group (erstwhile Rogers and Company Limited).

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

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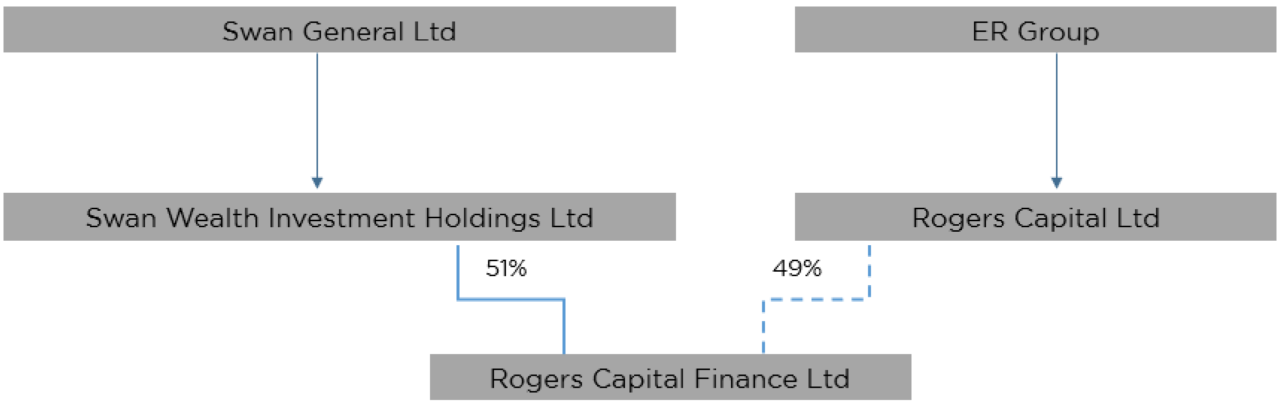
The shareholding structure is as follows:



The core business of RCFL consists of providing leasing facilities to individuals and corporates which is financed through borrowings. The leasing portfolio of RCFL regroups the following:

Finance lease: Under finance leases, the lessee assumes all risks and rewards of asset ownership, making fixed repayments to RCFL over a set term, typically 60 to 84 months. The leased asset remains registered under RCFL until full payment is made, after which ownership transfers to the lessee. RCFL retains the asset as collateral and reserves the right to repossess it in case of default.

Operating lease: Under operating leases, RCFL retains ownership of the assets and bears the risks and rewards associated with it. The lessee makes periodic lease payments for the right to use the asset over a shorter term, typically less than the asset's economic life. The asset remains on RCFL's balance sheet, and at lease end, it is returned to RCFL without transfer of ownership.

Ijarah: It refers to a Sharia-compliant leasing arrangement in Islamic finance, where RCFL leases an asset to the lessee for a fixed period and agreed rental payments. Unlike conventional leases, Ijarah does not involve interest. RCFL retains ownership of the asset throughout the lease term, and the lessee benefits from its use. At the end of the lease, the asset may be returned to RCFL or transferred to the lessee, depending on the terms of the agreement. RCFL is the only leasing company in Mauritius providing an Ijarah offering.

RCFL also provides factoring solutions, especially non-recourse, whereby the company purchases invoices from clients and avails credit insurance for such Invoices from an established insurance company. Non-recourse factoring implies that RCFL bears the entire risk of non-payment by the customers.

Improving RCFL's financial performance albeit increasing gearing level

FY22: Despite prevailing low interest rates, RCFL recorded an interest income of MUR 213 million (MUR 127 million from finance leases and MUR 86 million from consumer finance and other loans). Interest expenses totaled MUR 84 million, resulting in net interest income of MUR 129 million. Total income reached MUR 301 million against expenses of MUR 169 million, yielding a PAT of MUR 2 million. As of June 30, 2022, finance lease and consumer loan exposures stood at MUR 1,583 million and MUR 636 million respectively, with total debt at MUR 1,838 million. Tangible net worth was MUR 373 million and overall gearing 4.93 times as on June 30, 2022. Net non-performing assets (NNPA) stood at 2.90%.

FY23: Amid rising interest rates, RCFL grew its finance lease portfolio by 30% to MUR 2,065 million. Total debt increased to MUR 1,975 million to support this growth, raising overall gearing to 6.74 times. Interest income from finance leases rose by 24% to MUR 157 million, while interest costs increased to MUR 102 million, resulting in net interest income of MUR 55 million and a net interest margin (NIM) of 2.59%. NNPA improved to 2.20%. PAT from continuing operations (excluding consumer finance business which was transferred to another group entity) was MUR 8 million, with ROCE at 4.82%, cost of capital at 4.39%, and a net spread of 0.43%.

FY24: With the key rate peaking at 4.50%, RCFL managed a 39% growth in finance lease investments to MUR 2,865 million. Total debt rose to MUR 2,588 million against tangible net worth of MUR 325 million, increasing overall gearing to 7.96 times. Net spread widened to 1.28%, supported by a ROCE of 6.83% and cost of capital at 5.55%. Interest income from finance leases surged by 57% to MUR 246 million, while interest costs rose to MUR 147 million, resulting in net interest income of MUR 99 million and an improved NIM of 3.95%. NNPA further improved to 1.10%, reflecting strong credit control. PAT increased to MUR 32 million.

Over the last 3 years, overall gearing has increased from 4.93 times as on June 30, 2022, to 7.96 times as on June 30, 2024. Going forward, to maintain the gearing at sustainable level, support in the form of equity injection and growth in tangible networth will be important for RCFL's capital structure.

Disclaimer

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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.

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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.