CareEdge RATINGS AFRICA

Evaco Ltd

21 March 2023

Ratings

Facilities/Instruments	Amount (Mur Million)	Rating[1]	Rating Action
Bond Issue	473	**CARE MAU A- (SO)*; Stable [Single A Minus Structured Obligation; Outlook: Stable]**	**Reaffirmed**
Total	**473**		

**Structured Obligation is for the ring fencing of cash flow by way of escrow mechanism completely under the purview of bank at each GFA level. Any surplus cash can only be paid to* the *sponsor only with the prior approval of the bank in charge of the escrow account.*

Rating Rationale

The rating is supported by the integrity of the legal structure and the structured payment mechanism designed to ensure timely payment of principal & interest of the rated Bond, as per the terms of the transaction and is not a standalone rating of Evaco Ltd. ("Evaco").

The structure involves debt servicing of the Bond issue (MUR 473 million) and existing Bond issue (MUR 644 million) from the cashflows of the Cap Marina project (only project being developed by Evaco group as on January 2022) to be maintained in a designated account with SBM Bank Ltd through a ring-fenced waterfall mechanism and excess cashflow, in designated account, cannot be utilised for any other future real estate development without prior approval of Noteholder's Representative (SBM Fund Services Ltd).

The rating, assigned to the Bond Issue of MUR 473 million of Evaco, derives strength from the experienced promoter with 20 years track record in development of high-end residential real estate in Mauritius- mostly for overseas buyers (European & South African), prime location of the developed properties and newly constructed property, sale and build concept followed for all projects, satisfactory reputation of Evaco among its clients & bankers for quality of construction & completion of most of the projects well within envisaged timelines and strong demand for luxury residentials in Mauritius. The rating also takes into cognisance sale of 202 units (out of 318 units to be sold) of Cap Marina project, under-construction phases being backed by GFA from reputed Banks, satisfactory progress of the project and presence of structured mechanism & Designated Account – ensuring priority of usage of excess cashflow from Cap Marina project for debt servicing of the Bonds.

The Rating, is however, constrained by the project implementation risk associated with development and construction of the various phases of the project, market risk associated with sale of luxury residentials and property development, delay in sale of the remaining units leading to lower-than-projected cashflow, volatility in interest rate and the regulatory risk in case there are changes pertaining to laws associated with property development and sale.

Rating sensitivities

Positive factors that could lead to positive rating action / upgrade:

- Timely completion of projects within cost parameters
- Ability to achieve targeted sale within envisaged rate and time frame.

Negative factors that could lead to negative rating / downgrade:

- Additional debt by Evaco over MUR 2,035 million.
- Delay in construction of the villas at Cap Marina thus delay in receipt of sale proceeds.

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

BACKGROUND

Incorporated on April 3, 2002, Evaco Ltd ('"Evaco") emerged from a real estate development company to a holding and investment entity. It is a 100% subsidiary of Société A. Mayer which is fully owned by Mr. Arnaud Mayer, the founder, and Chairman of Evaco Group. Evaco acts as a group corporate executive office with its global head offices located in Mauritius. It is a public limited liability company, and its principal activities consist of property and real estate development, construction, manufacturing, and hospitality & leisure. As of December 31, 2022, Evaco Group has developed real estate projects on a total area of 431,000 sqm.

With over 20 years of experience, Evaco group is recognized as one of the key players in important sectors of the economy.

It's three main fundamental competency clusters include:

1. **Evaco Property –** is divided into two divisions namely **Property Development and Property Management –** This cluster is responsible for development of real estate projects from inception to realisation.
2. **Evaco Services – Manufacturing, Logistic & procurement services, Food & beverages, Corporate & Legal services –** The main aim of this cluster is to develop competitive solutions to move towards a sustainable future for the welfare of subsidiaries, consumers, and society at large.
3. **Evaco Worldwide –** The stepping-stone of this cluster is linked to the project Secret Croatia, leading to global expansion, by creating high-performing resorts through unique hospitality experiences alongside, delivering impeccable customer service at international level.

The financial performance of Evaco Limited and the major subsidiaries within the group are as under:

Companies [FY22]	Stake (%)	Revenue	EBIDTA	PAT	GCA	Total bank debt	TNW	Overall Gearing
As on June 30, 2022		**MUR Million**						
Evaco Limited	100%	54	-9	38	46	1,394	3,060	0.46
Subsidiaries								
FairStone Ltd. (Engaged in construction of different phases of Cap Marina project)	100%	380	-38	-48	-55	114	73	1.56
IDEA Consultants (Engaged in providing consultancy to different phases of Cap Marina project)	100%	38	10	0.71	8	7	-53	n/a
Fine Line Contracting (Engaged in providing materials to different phases of Cap Marina project)	100%	57	-8	-18	-10	36	-13	n/a
Creative Properties (Engaged in construction of different phases of Cap Marina project)	100%	416	60	55	55	719	173	4.2
Evaco Group (consolidated)		**757**	**93**	**25**	**52**	**1782**	**503**	**3.55**

All the subsidiary companies are engaged in providing construction materials, consultancy service and executing construction work for the Cap marina project. Excluding the two Bonds, Evaco and its subsidiaries primarily has availed overdraft facility to execute the daily operations. The overdraft facility is linked to the different phases of Cap Marina project and has been provided by the same Bank which has extended the GFA for that phase. The same will be repaid on receipt of stage payment from clients.

Management: Evaco Group is a professionally managed company and is governed by 7-member Board of Director with 4 Executive and 3 Independent Directors. The strategic affairs of the company are looked after by the founder and chairman, Mr. Arnaud Mayer. He has a Degree in Business Management from France and was ranked among the top entrepreneurs of Mauritius in 2008. In 2017, he received the title of Honorary Citizenship in light of his contribution to the economic and social development of the northern regions of Mauritius. Mr. Alexandre Gourel de St Pern is the Chief Executive Officer. He has over 25 years of experience as leading positions in top listed companies. He has a degree in Business Management and a post-graduate degree in Marketing & Management. They are assisted by a team of qualified and experienced professionals for managing the day-to-day operations of the company.

CREDIT RISK ASSESSMENT

Long track record of Evaco group & experienced promoters

Evaco was formed in April 2002 by Mr. Arnaud Mayer. He is a first-generation entrepreneur with a focus on the real estate sector. Over the last 20 years, Mr. Mayer has developed several residential & commercial real estate projects (Sale & build model) on a total area of 431,000 sqm in North of Mauritius

Evaco buys land from local owners and develops high end residential projects under GoM approved schemes - Integrated Resort Scheme (IRS), the Real Estate Scheme (RES), the Property Development Scheme (PDS) mainly for foreigners and expats. The company's residential projects have gained popularity among the South African and European (mainly French) property buyers.

Over the period to achieve cost efficiency, Mr Mayer has integrated the operations of Evaco Ltd by creating construction materials manufacturing company (engaged in manufacturing of blocks, concrete, fittings & furniture's, etc with experienced engineers from Europe and Mauritius) and consultancy company (sales team including executives from Europe and legal and finance team). Evaco also manages a beach club restaurant in the North, which is also very popular among the owners of residential properties, tourists, and expats.

In July 2020, Mr Mayer has infused interest free loan of MUR 43 million to support the operational expenses and loses. The management maintained same will refunded once the company starts receiving cashflow from its ongoing projects. Deferred

Successful track record of sales & timely delivery of past developments

Over the past 20 years, Evaco Group has acquired several parcels of land in the North of Mauritius and has built several residential projects including Oasis, Les Villas Athena, Domaine des Alizees, Clos du Littoral and Grand Baie Business Park. These projects are developed on the 'Sell and Build' concept whereby the projects are marketed to the public and once the prospective buyer shows interest to purchase and upon receipt of an initial payment, the developer starts construction in phases.

Evaco receives 15% of the payment on reservation, 15% on signature of contract, 5% of the payment on completion of foundation, 35% on completion of building structure, 10% on completion of plastering, 10% on completion of internal painting and tiling, 5% on completion of works and 5% on submission of key.

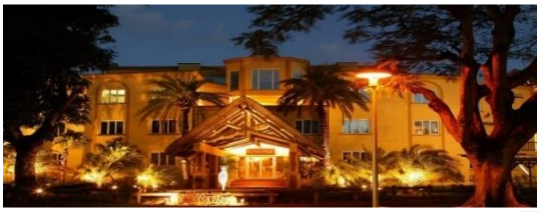
Details of some of the major completed projects and profit as on date:

Project	Completion Date	No. of units	Units sold	Area (sqm)
Oasis	2004	51	51	n/a
Les Villas Athena	2011	37	37	12,000
Le Domaine des Alizees	2013	90 apart	85*	7,175
Le Clos du Littoral (Phase I)	2016	63 villas and spa	63	50,652
Le Clos du Littoral (Phase II)	2021	93 villas	93	76,163

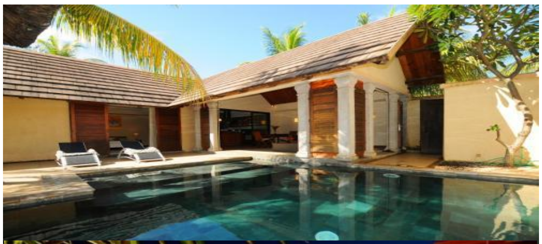
**Five apartments were unsold since there was a litigation with the contractor. Legal case was concluded in September 2021 and four apartments (worth MUR 40 million) has been handed over to the contractor as final settlement of the dispute.*

<u>Completed Projects:</u> -

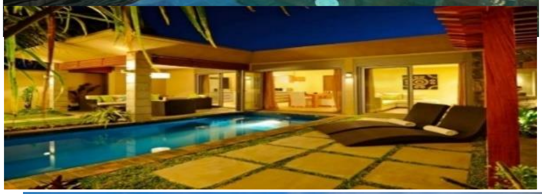
Grand Baie Business Park: The business centre was launched in 2003 and it consists of 73 offices, a restaurant, a meeting room and a spa. First business center to open in Grand Baie.



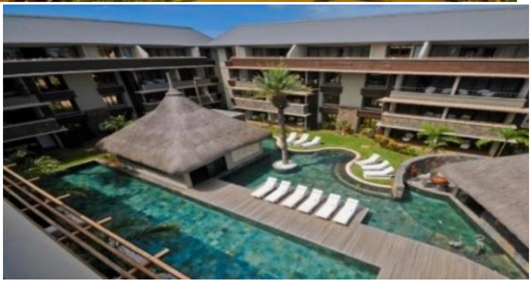
Oasis (I & II): Located in the heart of Grand Baie, Oasis consists of prestigious private residences i.e., 51 high-end villas within a private tropical garden. Each villa has a private swimming pool, lounge and an open garden. Phase I was completed in 2004 and Phase II was launched in 2008. All 51 units have been sold as at December 31, 2021.



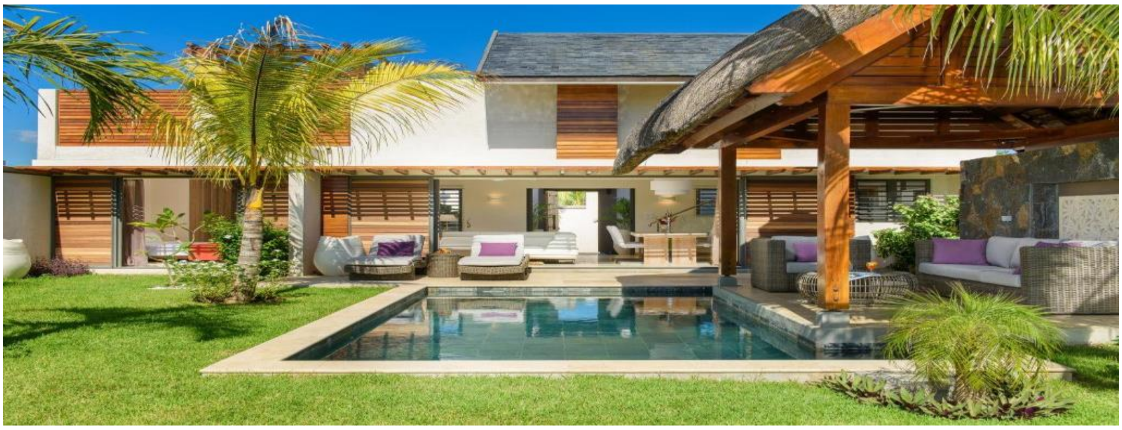
Les Villas Athena: Athena was the first RES of Mauritius which comprises of 37 stylish contemporary villas built in 2010. All 37 units have been sold as at December 31, 2021.



Domaine des Alizees (Club & Spa): is a hotel type luxury apartment situated around 10-mins' drive from Grand Baie. There is a restaurant, swimming pool, bar, gym, and spa onsite. The project was completed in 2013 and generated a profit of MUR 296 million to Evaco Group. Out of 90 apartments, 85 have been fully sold out as at December 31, 2021.



Clos du Littoral (Phase I and II): Situated in the touristy area of Grand Baie in North of Mauritius, Le Clos du Littoral consists of a variety of luxury villas with the typical Mauritian flair, swimming pools and private gardens. The villas are built on plot of land ranging from 300 sqm to 3,200 sqm. The villa owners can enjoy the kid's club, parking, spa, lounge equipped with gym, bowling area and other facilities.



Phase I of the project was launched in 2014 with 63 villas and a spa on an area of around 50,600 sqm. It generated a profit of MUR 491 million to Evaco Group. All the 63 villas have been sold out.

Phase II was launched in 2016 and completed in July 2021. All the 93 units have been sold out.

Prime location of existing & newly constructed properties

All the projects have been developed around **Grand Baie** (situated in North of Mauritius) - popular residential area for South Africans and Europeans. The luxury apartments and villas are mostly sought after by European tourists or expats who prefer the coastal regions. Grand-Baie is a tourist hotspot with a number of beach restaurants, clubs, hotels, and two shopping malls (Grand Baie La Croisette and Super U Grand Baie). Healthcare and educational institutions are within easy reach as well as a wide range of sports activities with numerous fitness clubs. Public transportation is also a reliable means to commute within the village of Grand Baie. Cap Marina is located in **Cap Malheureux** which is well-known for the iconic church with red roof and stunning views of the Coin de Mire islet. It is one of the most beautiful villages of the North of Mauritius which stands around ten minutes from Grand Bay.

Risk of implementation of Cap Marina Project (Ongoing development)
Cap Marina is the only real estate project currently being developed by Evaco in the village of Cap Malheureux. In 2015-16, Evaco group purchased 22 hectares in Cap Malheureux (opposite to the iconic church with red roof) with stunning views of Coin de Mire islet and the sea, at MUR 286 million. The project comprises of construction of 318 high-end residential villas, duplexes, and apartments under the Property-Development-Scheme (PDS) of Govt. of Mauritius (GoM) for selling to foreigners & expats (primarily South Africans and Europeans) and development of 21 Villas for the locals (MUR 15-17 million per unit) outside the PDS Scheme. Development of residential units under PDS scheme is as under:

I. 239 high-end residential villas (Euro 350,000 – Euro 480,000 per unit)
II. 79 apartments (MUR 6-10 million per unit)

The entire Cap Marina project is on "Sale and Build" model. As on February 2023, out of 318 villas to be sold, Evaco has signed Agreement for 202 villas and has received part payments (5%-15%). The luxury residential units are proposed to be surrounded with green parks with over 180,000 various plants and freshwater canal which will runs for 2 kilometres through the Cap Marina residential village. The residents can move from one place to another in kayaks using the canal. Additionally, Cap Marina will have onsite, a beach lounge, restaurants, swimming pool, roof top bar, gymnasium, kids' club, spa, grocery store, pharmacy, bakery, a shell museum, and shops. The residents can also benefit from the direct access to the main beach of Cap Malheureux. As per GoM Regulation, all residential developments under PDS Schemes (targeted for international clients) should be under VEFA Regulation (Vente en État Futur d'Achèvement) – governed by Civil Law of Mauritius and requires a Financial Completion Guarantee (GFA) from a reputed Bank. Banks provide GFA – whereby it undertakes to complete the project and deliver the product to the buyer in case the developer has failed to do so. Hence, Banks provide GFA only when the developer has achieved breakeven of the project cost and after analysing past track record of the promoter and group's popularity among the international clients.

Evaco is developing Cap Marina project in various phases and there will be a variety of villas, duplexes and apartments targeting young people to senior citizens, both locals and foreigners. The residential units are priced between MUR 10 million to MUR 240 million. Some of this phase has already achieved more than breakeven sales and has received GFA from different banks. Status of these projects:

		Considered during Jan 2022		As at February 2023		
Details	**GFA from Bank**	**No of units**	**Units sold**	**No of units**	**Units sold**	**Status**
Phase I (Under construction)						
PDS1	SBM	24	18	24	22	22 units in construction Sale of 2 units by June 2023
PDS2	ABSA	5	3	5	2	One client has switched to another unit within Cap Marina. 2 units to be sold by June 2023 1 unit to be sold by December 2023
Secret – Phase A	SBM	20	19	20	19	Construction in progress for 17 units Sale of 3 unit by December 2023
Harmony	SBM	25	21	25	21	Construction of 25 units completed. 3 units to be sold by June 2023 1 unit to be sold by December 2023
Bayview	SBM	50	47	50	49	Remaining 1 unit to be sold by June 2023
Local	NO GFA required	21	21	21	20	-
Marina	SBM	-	-	9	9	All 9 units of Phase A are sold out

		Considered during Jan 2022		As at February 2023		
Details	**GFA from Bank**	**No of units**	**Units sold**	**No of units**	**Units sold**	**Status**
Under Construction		**162**	**133**	**154**	**140**	**-**
La Terrasse – Phase A		79	38	54	41	-
La Terrasse – Phase B				25	13	-
Villas du Parc		23	6	23	8	-
Marina		73	11	45	0	-
Secret – Phase B		-	-	17	0	Sale of all 17 units by December 2023 expected to a South African firm
Yet to be launched		**175**	**55**	**164**	**62**	
Total units to be sold		**337**	**188**	**318**	**202**	
Value in turnover (MUR million)		**10,700**	**4,075**	**11,699**	**4,361**	

Debt Servicing of the Bond issue of MUR 473 million

Bond issue of MUR 473 million will be serviced from the cashflow of the Cap Marina project (currently only project being developed by Evaco group). During the tenure of the Bond repayment, Evaco will develop real estate in Croatia and can undertake few more real estate projects. However, the cashflow from Cap Marina project cannot be utilised for Croatia project or any other future projects, since the same has been ring-fenced through GFA and waterfall mechanism. However, the same will be utilised for repayment of the Bond issue of MUR 644 million (proposed repayment in FY24 and FY25).

GFA - Till Evaco completes and delivers the project, the proceeds from sale of villas will be under the control of the GFA providing Bank (SBM/ABSA). Once the phases are completed and delivered, the proceeds will be released by SBM/ABSA to a Designated Account of Evaco with SBM/ABSA.

Waterfall Mechanism with cashflow in the Designated Account cannot be used by Evaco without prior approval of the Noteholder Representative - As per the structure for the Bond issue and as confirmed by the Board of Directors (Extracts of the Board Resolution attached as Annexure I); the Designated Account with SBM/ABSA will be monitored by Noteholder's Representative (SBM Fund Services) and the release of payment from the same will be as under –

1. Net profit after tax of each phase of the Cap Marina project, available for distribution to Evaco Ltd ('Dividends'), will be paid into a segregated account with SBM (Mauritius) Ltd or its nominated affiliated company ('Segregated Account'); and
2. From dividends available in the Segregated Account, an amount of MUR 15 million per month (on a cumulative basis) shall be transferred to Evaco Ltd on its nominated account and on request, for the purpose of covering the operating expenses and senior creditor finance costs of Evaco Ltd.
3. Remaining balance in the Segregated Account shall be used in priority to service the repayment of the Company's two notes' programs, namely the notes issued pursuant to its private placement memorandum dated 26 September 2019 for an amount of MUR 644 million and the new issue of Notes for an amount of Rs 473 million (and/or Euro equivalent), including capital and interest, as and when they fall due; and
4. Funds remaining in the Segregated Account shall be transferred to Evaco on its nominated account and on request, subject to the prior written approval of the noteholders' representative – SBM Fund Services.

Accordingly, the cashflow from the Cap Marina project is ring-fenced with waterfall mechanism and cannot be used for any other development, without prior approval of Noteholder's Representative.

The Rating is completely dependent on the successful execution of the Cap Marina project under construction and timely sale of the balance phases. Hence, the rating is dependent on operational and financial performance of Cap Marina project, since annual cashflow of Evaco will depend on the cashflow of Cap Marina project. CRAF has analysed the risk associated with execution and delivery of Cap Marina project.

Proposed Development over next 5 years

Croatia project: Due to the popularity of Evaco's luxury properties among the Europeans buyers and interest in these buyers' network to invest in a similar property developed by Evaco in the European coast, the company decided to execute a project in Mediterranean coast in 2017. In FY17-18, key management personnel have visited several European countries such as Spain, Malta, Portugal etc. before choosing the ultimate destination for the project. Croatia was pinpointed as it has great proximity to the rest of Europe and has a pleasant Mediterranean climate. It is visited by over 10 million tourists yearly for its well-preserved natural beauty and pristine beaches. An increase in visitors is expected in 2024, once Croatia becomes a member of Schengen. In 2018-19, the company acquired land in Solta, an island which is only 20 mins by boat from Croatia with access to the bay. The company has spent Euro 5 million (MUR 250 million) for purchasing the land. Evaco had to set up proper road and infrastructure to receive all the permits and access to develop the land. The company has incurred MUR 100 million on the same. As on date, the company has already received most of the permits required to start the project. Construction of the projected will start in 2023 and is expected to be completed in 2026. The Croatia project consists of 94 units over an area of 163,000 sqm with other onsite facilities and restaurants. It will consist of 5 unique Signature villas, 70 Secret villas, 6 Luxury villas, 8 duplexes and 4 penthouses. This project is expected to generate more than MUR 2 billion of profit over next 5-6 yearsThe Croatia project consists of 94 units over an area of 163,491 sqm with other onsite facilities and restaurants. The land of 163,491 sqm is valued at EURO 11.3 million as at October 2022. It will consist of 5 unique Signature villas, 70 Secret villas, 6 Luxury villas, 8 duplexes and 4 penthouses. This project is expected to generate around MUR 2 billion of profit over next 5-6 years.

Nautica project: Evaco will develop another luxury real estate project in Grand Bay which consists of 65 units, a lounge club, a gym, gourmet grocery store and a spa.

Industry Risk

Real Estate sector in Mauritius

Mauritius is recognized as one of the best countries in Africa to invest in Real Estate. Over the last few decades Mauritius has witnessed a booming real estate sector, to such an extent that today, the real estate sector attracts major Foreign Direct Investment for the country. This can be explained by an increasingly growing number of construction projects across the island in addition to government introducing schemes such as the Integrated Resort Scheme (IRS), the Real Estate Scheme (RES), the Property Development Scheme (PDS) and the Smart City scheme, lifestyle, good infrastructure, and economic stability. Such schemes have transformed the dynamics of the real estate market locally over the years. IRS, RES and PDS are programmes designed to facilitate the acquisition of property mainly luxury residential units by non-citizens in Mauritius.

IRS properties are based within large resorts for e.g., golf estates or marina located mostly on coastal regions. It consists of luxury and high-end freehold property types which are priced at or more than $ 500,000 by GoM. The buyer receives a residence permit as long as they are owner of such a property however the buyer cannot purchase other properties in Mauritius except for another approved resort or scheme.

RES properties are more affordable as they are smaller residential developments built on an area ranging between 4,220 sqm to 100,000 sqm which can be sold at no minimum price. The buyer receives a residence permit only if the property is worth at least $375,000.

PDS allows for development of a minimum of 6 luxurious residential units on freehold land on an area of at least 1 arpent to 50 arpents. It provides high quality public spaces that help to promote socialization and a sense of community.

Today, apart from houses, other options such as apartments, studios, apartment hotel residences, IRS and RES villas are available.

Besides above scheme to boost the Real Estate sector, The Government of Mauritius has provided further incentives such as:

1. MUR 2 billion has been earmarked to support the purchase of residential land and properties by individuals.
2. 5% refund on cost of acquisition of a house, apartment, or land to build a residence up to MUR 500,000.
3. A 5% refund on home loan to be refunded up to MUR 500,000
4. Exemption on registration duty on the first MUR 5 million of the cost of a residential property
5. Loan schemes for self-employed individuals and contractual employees on home loans

COVID-19 impact on the Mauritius Real Estate Sector:

Real estate: There has been an overall slowdown in economic activities in Mauritius since the first lockdown in 2020. Indeed, way of living and spending patterns have been impacted. There has been no major exit of foreign investors out of Mauritius post the lockdown.

The pandemic has restricted international travel of the local inhabitants – which in turn is driving up land sale as local high Networth Mauritians prefer to invest their money in the form of land which has given higher appreciation as compared to other investments. For e.g., land around Bagatelle that used to cost around MUR 8.5 million, 10 years ago, is now worth MUR 40 million.

The new laws are also favorable whereby Mauritian citizens are now fully exempted from registration duties when they acquire a newly built property below MUR 5 million. The exemption is also applicable if the property is bought off-plan or during construction under VEFA (vente en l'état futur d'achèvement). This measure does not apply to PDS, IRS, RES or to properties on leasehold. Additionally, the exemption of land transfer tax will be granted on the sale of a residential unit, including under VEFA, provided it is old to a Mauritian before 30th June 2022.

There is also higher demand for purchase of land in warmer and less crowded regions such as Moka, Grand Bay, and Tamarin. The trend for the past few years has shown that many people are shifting from crowded regions such as Quatre Bornes, Curepipe and Port Louis to less populated locations.

Land or residential sale is ongoing despite the economic crisis. It is mostly sought by middle to higher income earners who prefer to invest their money in real estate. More and more people are aware of the numerous advantages that the real estate sector provides and are making the most of it. Investors seek security and real estate is deemed as the safest investment option currently.

Upon discussion with various property developers, they have stated that with the re-opening of borders in October 2021, many prospective buyers can now finally travel to Mauritius to conclude the sale of the luxury residential units. The depreciation of the Mauritian Rupee has also led to an increase in demand for luxury residential units in the island. Developers are receiving many requests from foreigners for acquisition of properties.

Performance of Evaco Group

All the projects of Evaco Group are executed on sale and build model. Hence, the possibility of the group incurring loss is low. In the real estate sector where companies operate on Sale and Build model, annual profitability is not material due to timing mismatch in receipt of cashflow or booking of sales (in line with achievement on construction milestones) and expenses incurred on construction of the project. The profitability needs to be analysed over the tenure of project execution.

Similarly, Evaco Ltd. (Consolidated) also witnessed volatile profitability during past few years, in line with phases of project execution and receipt of cash from clients/booking sales in line with milestone achievement. In FY16 and FY17, Evaco Ltd. (Consolidated) reported profits as they generated cash sales from the Clos du Littoral project – Phase I. In FY18, sales of Clos du Littoral project – Phase I was completed and they started construction of Phase II which resulted in incurring of construction cost and receipt of sales proceeds in FY19. Accordingly, the company booked profit in FY19. In between FY16-19, the company achieved cash profit of MUR 400 million from Clos du Littoral project.

In FY20, the company had plans to commence development of Cap marina project. However, with closure of international borders due to COVID-19 pandemic, the company witnessed slowdown in sales, which resulted in a cash loss of MUR 28 million. The promoters infused fund to support the operational losses.

In FY21, with pick up in sales, Evaco Group commenced phase wise construction of the Cap Marina project, and the company incurred development costs. This led to losses in FY21 which was primarily funded by overdraft. Majority of the overdraft facilities are finance received for development of the projects.

The company has already sold a good part of the project and it has started receiving stage payments from clients in line with completion of different phases in FY22. There has been a turnaround in performance for FY22 with Evaco group achieving a 74% growth in total revenue from MUR 434 million to MUR 757 million effecting positively from re-opening of borders and restrictions lifted. It has enabled buyers to travel to Mauritius to conclude their deal of those luxurious properties. EBITDA improved from negative MUR 211 million to positive EBITDA of MUR 93 million and PAT showed steady improvement from loss of MUR 212 million in FY21 to positive PAT of MUR 25 million. As of June 30, 2022, Evaco Group had total debts of MUR 1,782 million and overall gearing was at 3.55 times.

As projects are executed and in the years of sales, profitability of the company will be higher. In the long-term basis, the company will always remain profitable.

Performance of Evaco Ltd - standalone

Despite a dip in total income in FY22, there has been an improvement in PAT from MUR 2 million in FY21 to MUR 38 million in FY22. GCA was comfortable at MUR 46 million. Interest paid for the year totaled to MUR 16 million. As on June 30, 2022, the company had total debts amounting to MUR 1,393 million and overall gearing was 0.46x.

Short Term Analysis

As of December 2022, Evaco and its subsidiaries has projected related working capital facilities from SBM & ABSA.

Company Name	Nature of Facility	Amount (MUR Million)
Evaco Limited	Overdraft – To meet construction cost of the projects. To be repaid from sales proceeds	100
Fine Line Contracting	Overdraft	25
IDEA Ltd.	Overdraft	10
FairStone Limited	Overdraft – To meet construction cost of different projects.	139
Creative Properties Ltd		240

Financial Performance

Evaco Ltd – Summary table (Consolidated) **Mur Million**

For the year ended as on	Jun-20	Jun-21	Jun-22
	Audited, 12M		
Revenue	798	434	757
Total Income	798	434	757
EBITDA	(27)	(211)	93
Depreciation & amortisation	29	34	27
Interest	45	59	57
PBT	(55)	(212)	40
PAT	(56)	(212)	25
Gross Cash Accruals (GCA)	(27)	(178)	52
Dividend paid/proposed	50	-	-

For the year ended as on	Jun-20	Jun-21	Jun-22
	Audited, 12M		
Financial Position			
Equity share capital	100	100	100
Capital contribution	31	31	31
Tangible networth	621	413	503
Total debt	1,134	1,343	1,782
- Long term debt	778	716	1,246
- Short term debt	355	628	536
Cash & Bank balances	103	28	53
Key Ratios			
EBIDTA / Total income	(3.35)	(48.56)	12.33
PAT / Total income	(6.96)	(48.71)	3.32
ROCE- operating (%)	(3.07)	(13.12)	2.80
RONW (%)	(8.94)	(51.18)	5.00
Long term debt to equity ratio	1.25	1.73	2.48
Overall gearing ratio	1.83	3.25	3.55
Interest coverage (times)	(0.59)	(3.60)	1.64
Long term Debt/EBITDA	(29.14)	(3.39)	13.35
Total debt/EBITDA	(42.44)	(6.37)	19.10
Total Debt/GCA	(42.41)	(7.55)	34.25
Current ratio	3.11	1.83	2.44
Quick ratio	0.66	0.26	0.29

Financials – Summary table (Standalone) **Mur Million**

For the year ended as on	Jun-20	Jun-21	Jun-22
	Audited, 12M		
Revenue	20	45	54
Total Income	61	95	54
EBITDA	(1)	75	(9)
Depreciation	9	15	16
Interest	28	28	16
PBT	(29)	2	42
PAT	(28)	2	38
Gross Cash Accruals (GCA)	(19)	18	46
Dividend paid/proposed	50	-	-
Financial Position			
Equity share capital	100	100	100
Capital contribution	31	31	31
Tangible networth	478	3,542	3,060
Total debt	847	888	1,393
- Long term debt	671	709	1,238
- Short term debt	176	180	155
Cash & Bank balances	10	10	13
Key Ratios			
EBITDA / Total operating income	-1.95	78.61	-16.80
PAT / Total income	-45.63	2.50	70.83
ROCE- operating (%)	-0.76	1.31	-0.55
RONW (%)	-5.86	0.07	1.25
Long-term debt to equity ratio	1.40	0.20	0.40
Overall gearing ratio	1.77	0.25	0.46
Interest coverage (times)	-0.04	2.68	-0.58
Long-term Debt/EBITDA	-707.65	11.84	-153.09
Total debt/EBITDA	-707.65	11.84	-153.09
Current ratio	1.85	2.37	4.51

Adjustments

1. Tangible net worth is calculated by netting off revaluation reserve, and non-purchased intangible assets from total equity.
2. Gross Cash Accruals (GCA) is calculated as PAT+ Depreciation + deferred tax+ other non-cash expenditure.
3. Overall Gearing ratio is calculated as total debt (long term and short-term debt)/Tangible Networth

Annexure I

Details of Rated Instrument

Noteholder's representative	Particulars	Amount (MUR Million)	Repayment (MUR Million)	Interest Rate
SBM Fund Services Ltd	Long term Bond	473	FY27 (Bullet repayment – 5 years)	5.20%

Annexure II

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:

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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.