

ENL Limited
23 February 2024

Ratings

Facilities/Instruments	Amount (Mur Million)	Rating ¹	Rating Action
Bond Issue - I	943	CARE MAU A+; Stable	Reaffirmed
Bond Issue - II	1,414	CARE MAU A+; Stable	
Bond Issue - III	750	CARE MAU A+; Stable	
Bond Issue – IV	2,500	CARE MAU A+; Stable	
Proposed Bank Facility	2,500 (Enhanced from 2,000)	CARE MAU A+; Stable	
Total	8,107	CARE MAU A+; Stable	

Rating Rationale

The ratings assigned to the facilities of ENL Limited ("ENL") continue to derive strength from the continuous strong demand for land in the Moka region, improved price realisation for the past 10 years, steady increase in sale of land, improved financial performance of the major dividend paying group companies and improved cash coverage indicators of ENL Limited. Further rating factors in the strength from the established track record of the ENL group, the significant land bank in the Moka region, prime location of the Moka Smart City due to its position in the Central plateau of the island, reputation of ENL group for developing quality shopping malls, residential projects and office spaces in prime areas of Mauritius, moderate project execution risk as the company will be developing infrastructure on land and building residential units in a phased manner and high occupancy of the leasable assets.

The rating is, however, constrained by the risks associated with the sale of land at envisaged prices, the higher debt at group level vis-à-vis cashflow from operations and refinancing risk of existing debt, the volatility in rentals of newly completed buildings & profitability of the group/associate companies, regulatory risk associated with Smart City project and interest rate risk associated with floating rate debt.

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

- Ability to sell land under Moka Smart City Scheme and ENL Limited at envisaged price
- Significant reduction in debt level at both standalone and consolidated level
- Ability of Officea to develop office space and lease out in a timely manner

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

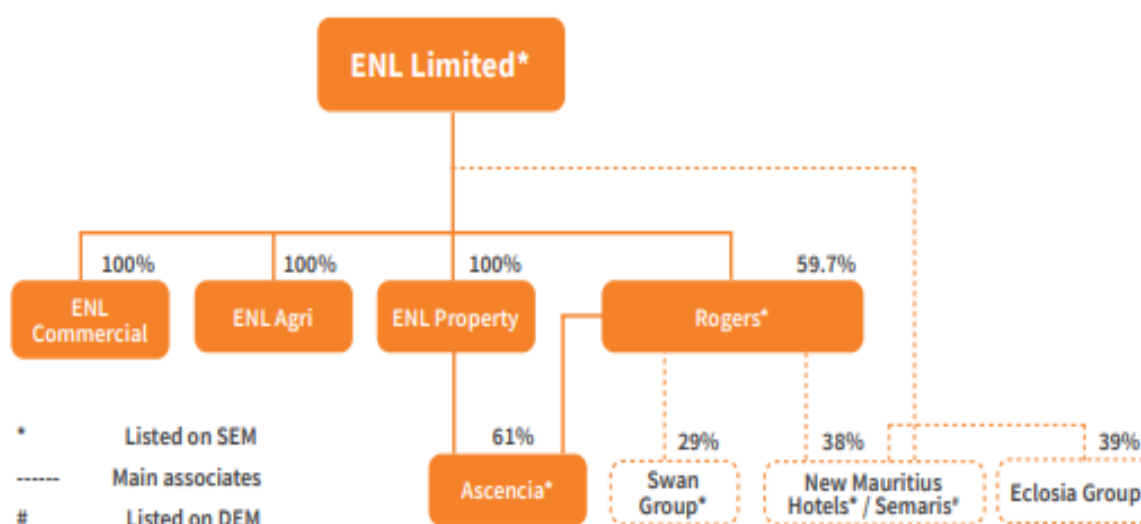
- Additional debt availed in ENL and group companies over and above envisaged debt
- Deterioration in the financials of the group entities

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

BACKGROUND

ENL Limited ("ENL") is the surviving entity post the amalgamation of Ex-ENL Ltd., ENL Finance, ENL Land and ENL Commercial into La Sablonniere Limited. Subsequently La Sablonniere Limited was renamed as ENL Limited w.e.f. January 2019.

ENL group currently owns around 22,000 arpents (acres) of land in Moka (Centre of the island and most populated & one of the posh areas of Mauritius), Savannah (South) and Bel Ombre/Case Noyale (South-West). ENL grows sugar cane and conducts other agricultural activities on 12,000 arpent of land and have earmarked around 1,500 arpent near Moka and Savannah – inclusive of the Smart Cities of Moka and Savannah for real estate development over next 15 years. In 2011, the group inaugurated the Bagatelle Mall (utilizing part of land), which as on date is the most popular mall of Mauritius and has increased the land value in Moka region. Four of the group's companies are listed namely ENL Limited, Rogers and Ascencia [rated CARE MAU AA- Stable] are listed on the Stock Exchange of Mauritius and Velogic on the Development and Enterprise Market. **The current structure of ENL group is as under:**



ENL Limited has revenue mainly in the form of rental of investment properties & agricultural land, dividend receivable from various group companies and management & secretarial fees. However, the Projected Operating Profit during the tenure of the Bond is not expected to be sufficient for repayment of the interest and principal of the proposed Bond. Interest and principal of the Bond is envisaged to be repaid out of sale of land by ENL, the dividend to be paid/capital reduction by ENL Property.

ENL Property will receive cash flows from the following group companies: -

1. Dividends from group companies- Ascencia Ltd. And EnAtt Ltd.
2. Dividend paid by Officea– out of office Rental
3. Cashflow (capital reduction route) from sale of land by Moka City, Courchamps Development and Courchamps Properties and apartment sale by Moka Residential under Smart City Scheme.

Performance of ENL Consolidated: In FY23, ENL's total income increased by 18% to MUR 20,852 million (MUR 17,668 million in FY22). The group realised a PAT of MUR 2,991 million in FY23. As at 30 June 2023, GCA and cash at bank stood at MUR 3,825 million and MUR 5,725 million respectively. Overall gearing and interest coverage improved to 0.63x and 2.04x as on June 30, 2023.

Performance of ENL Standalone: ENL company posted a total income of MUR 453 million (MUR 350 million in FY22) and PAT of MUR 848 million (PAT of MUR 381 million in FY22). Cash balance as of June 30, 2023 was MUR 637 million. Total debt in the company amounted to MUR 8,040 million with overall gearing at 0.41x as on June 30, 2023. The management informed CRAF that they would maintain a certain level of indebtedness in ENL which will be between MUR 6-8 billion based on requirement to invest in group companies for development of yield /cashflow generating assets.

Disclaimer

CARE Ratings (Africa) Private Limited ("CRAF")'s ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CRAF's ratings do not convey suitability or price for the investor. CRAF's ratings do not constitute an audit on the rated entity. CRAF has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CRAF does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CRAF have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CRAF may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CRAF is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CRAF is not responsible for any errors and states that it has no financial liability whatsoever to the users of CRAF's rating. CRAF's ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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Annexure I

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.

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