Moka City Limited
23 June 2025

Ratings

Facilities/Instruments	Amount (MUR Million)	Rating[1]	Rating Action
Bank Facility - Term Loan	**1,250**	**CARE MAU A+; Stable**	Reaffirmed
Bank Facility - Overdraft	**250**	**CARE MAU A1**	Reaffirmed
Total	**1,500**		

Ratings Rationale

The ratings assigned to the bank facilities of Moka City Limited ("Moka City") continue to derive strength from the experienced and resourceful promoters ENL Group which is one of the most diversified conglomerates in Mauritius, ENL group's significant land holdings which is partly leveraged for the Moka Smart City development, sustained demand for land in the Moka region, consistent improvement in land price realization and satisfactory financial profile with comfortable debt coverage metrics.

The ratings are, however, constrained by the market risk associated with sale of land, execution risk associated with property development, regulatory uncertainties that could arise from changes in land sale legislation and sensitivity to interest rate variations.

Rating Sensitivities:

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

- Ability to sell land at the envisaged price and timeline.
- Ability to maintain steady cashflow throughout the projected years.
- Timely completion of development projects within cost parameters.

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

- Adverse change in regulations pertaining to real estate sector by the government which can negatively impact sales and pricing dynamics.
- Significant decline in demand scenario for land.
- Significant increase in debt resulting in an overall gearing ratio higher than 0.50 times.

BACKGROUND

Incorporated on July 18, 2016, Moka City Limited ("**Moka City**") is a subsidiary of ENL Property Ltd. (60.89% stake – rated CARE MAU A; Stable) which is a 100% subsidiary of ENL Limited (rated CARE MAU A+; Stable). The remaining stake is held by Swan Life Ltd. (18.50%; rated CARE MAU AA+ (IS); CWD), The National Savings Fund (5.84%) and others. Moka City's principal activity consists of promoting land and developing properties under the smart city scheme. ENL Limited is the custodian of around 22,000 arpents of land. The company grows sugar cane and other agricultural activities on 15,000 arpents. The balance is sellable agricultural land in and around Moka and Savannah. ENL Limited through various group companies including Moka City, has been developing the Moka region for last 12 years.

Over the last two decades, Moka region has slowly transformed from a village to a vibrant modern smart city.

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

The notable developments are as follow:

- In 1970, ENL Group donated land to build the Mahatma Gandhi Institute.
- In 1990, Bocage International School began operations and 1 year later Ecole du Centre was founded in Helvetia
- The Wellkin Hospital (now C-Care) launched operations in 2009.
- In 2011, Bagatelle mall launched operations and is now considered as the most popular mall of Mauritius.
- The Mauritius Broadcasting Corporation moved from forest side to Moka in 2011.

Launch of Moka Smart City: Post introduction of Smart City Scheme in June 2015, Moka City applied for a Smart City Certificate for development of freehold land exceeding 400 arpents in the Moka. In November 2017, Government of Mauritius ('**GOM**') provided Smart City Certificate to Moka City for residential, commercial, education and other infrastructural developments in Moka. Development of Phase I took place in the region of Bagatelle.

In 2018, ENL got the approval from the GOM to develop 1,600 arpents. Accordingly, for the Phase II, Moka City acquired 534 arpent of land from ENL Limited which was financed by a MUR 3.6 billion equity raising. External investors - Swan Limited and National Pension Fund invested MUR 1.9 billion and the remaining amount of MUR 1.7 billion was invested by ENL Property Limited.

Over last 5 years, ENL Limited has been converting agricultural land (with GOM approval under Moka Smart City Scheme) in and around Moka region and transferring them to ENL Property (against redeemable shares) which in turn was transferred to Moka City and Moka Residential (against redeemable shares). The cost of such land to ENL Limited is negligible, since ENL group has been holding these land for more than 100 years. However, under IFRS 9, the company has been revaluing the land over last few years and post revaluation, the value of such land in the books are around MUR 6–10 million per arpent. ENL Limited has transferred these lands to ENL Property and then subsequently to Moka City at around MUR 6–10 million per arpent.

Management: The strategic affairs of the company are looked after by Mr. Johan Pilot who is the Chief Executive Officer of ENL Property. In 2015, he took the leadership of ENL Property which manages the group's land bank and residential & office developments. He is currently working on the Moka and Savannah Smart City projects. He works alongside Mr. Perdrau Hubert, Head of Finance for ENL Property Limited. He joined the company in 2015 as a finance manager and was subsequently appointed as the head of finance of ENL Property in 2024. They are assisted by a team of experienced and qualified professionals.

Stable Cash Inflows for Moka City Limited in FY24

In FY24, Moka City Limited recorded a significant boost in cash inflows, primarily driven by the sale of 40 arpents of land in the Moka region, generating proceeds of MUR 888 million. This represents a marked increase compared to FY23, where the sale of 11 arpents had brought in MUR 415 million. The company reported total income of MUR 909 million for FY24, nearly double the MUR 464 million posted in the previous year. EBITDA stood at MUR 38 million (FY23: MUR 39 million), while the company reported a net loss of MUR 81 million, in contrast to a profit of MUR 120 million in FY23. It is worth noting that both EBITDA and PAT figures are not directly reflective of core operational performance, as they include the cost of land sold.

Project-related cash inflows amounted to MUR 265 million in FY24, up from MUR 88 million in FY23. As of June 30, 2024, the company's debt comprised a term loan of MUR 1.25 billion and a bank overdraft facility of MUR 250 million, with the overall gearing ratio maintained at 0.24 times, unchanged from the prior year. Although interest expenses increased from MUR 132 million in FY23 to MUR 153 million in FY24, cash interest coverage improved significantly to 1.73 times, compared to 0.67 times in FY23. The cash balance at the end of June 2024 was MUR 58 million. Additionally, average working capital utilization for the 12-month period ending March 31, 2025, stood at MUR 75 million, reflecting a utilization rate of 30%.

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.

Short term Instruments

Symbols	Rating Definition
CARE MAU A1	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU A2	Instruments with this rating are considered to have strong degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU A3	Instruments with this rating are considered to have moderate degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry higher credit risk as compared to instruments rated in the two higher categories.
CARE MAU A4	Instruments with this rating are considered to have minimal degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry very high credit risk and are susceptible to default.
CARE MAU D	Instruments with this rating are in default or expected to be in default on maturity.

Modifier {"+" (plus)} can be used with the rating symbols for the categories CARE MAU A1 to CARE MAU A4. The modifier reflects the comparative standing within the category.

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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.