



DataPro

BOND RATING REPORT

PARAS ENERGY AND NATURAL RESOURCES DEVELOPMENT LIMITED

Ground Floor, Foresight House
163-165 Broad Street,
By Marina Water Front
Lagos, Nigeria
☎ 234-802 220 5312, 8055303677
Email: info@datapronigeria.net
dataprong@gmail.com
Website: www.datapronigeria.com

October, 2025

PARAS ENERGY AND NATURAL RESOURCES DEVELOPMENT LIMITED

Long-Term Rating:

A⁻

Security: ₦15billion
5-year Series
1 Senior
Unsecured
Fixed Rate
Bond

Maturity Date: 2030
Rating Outlook: Stable
Currency: Naira
Rating Watch: Applicable
Date Issued: 11 Oct; 2025
Valid Till: 11 Oct; 2026

Reference:

Abiodun Adeseyoju, FCA.
Abimbola Adeseyoju
Oladele Adeoye

This report is provided by DataPro subject to the Terms & Conditions stipulated in our Terms of Engagement

**₦15billion, 5-year, Series 1 Senior Unsecured
Fixed Rate Bond, Under the ₦25billion Debt
Issuance Programme**

EXECUTIVE SUMMARY

	2024 ₦'000	2023 ₦'000	2022 ₦'000	2021 ₦'000	2020 ₦'000
Turnover	84,360,199	31,335,851	20,281,042	19,026,842	19,994,906
Profit/Loss Before Tax	23,144,601	4,939,101	4,790,473	5,727,486	7,317,192
Equity	41,143,201	15,944,349	15,433,888	18,265,552	15,104,238
Non-Current Assets	15,837,747	14,546,829	15,336,619	16,068,630	16,793,740
Total Asset	77,797,566	38,059,997	39,784,603	52,534,201	41,166,367
Current Assets	61,959,819	23,513,168	24,447,984	36,465,571	24,372,627

Rating Explanation

The Long-Term Rating of A⁻ indicates **Low Risk**. It shows very good Financial Strength, Operating Performance and Business Profile when compared to the standard established by **DataPro**. This Issuer, in our opinion, has strong ability to meet its ongoing obligations.

ISSUE QUALITY

The Issue has the following qualities:

- The ability of the Sponsor to generate Revenue in the last five (5) years.
- The Investment Grade Rating of the Sponsor.
- The Bondholders have a direct senior obligation owed to them by the Issuer.
- The Issue rank pari-passu with other senior unsecured obligations of the Issuer.

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THE ISSUE

The Issue ("The Bond") is a ~~N~~15billion Series 1 Senior Unsecured Bond under the ~~N~~25billion Debt Issuance Programme of *Paras Energy Funding SPV PLC ("The Issuer")*. The Issue is for a period of five years, falling due in 2030.

The Bond is constituted by the Series 1 Trust Deed executed between the Issuer, the Sponsor (*Paras Energy and Natural Resources Development Limited*) and Trustees (*FCMB Trustees Limited*). Additionally, the Bond is backed by the resolution of the *Board of Directors* of the Issuer dated *12th November, 2024*, authorizing the establishment of the program.

The Bond constitutes a direct, senior and unsecured obligations of the Issuer and Sponsor. The Bonds rank pari-passu and ratably without preference among themselves and at least equal with all other claims and obligations of the Issuer, without any preference amongst themselves.

The Bond shall be issued strictly to Qualified Institutional and High Net Worth Investors as stipulated by the SEC Rules and Regulations. The Bonds will be listed on the *FMDQ* and/or the *NGX*, or any other Exchanges as the Parties may agree from time to time.

Asides the Issuer and Sponsor, other Parties to the Issue are: *Rand Merchant Bank Nigeria Limited* (Lead Issuing House), *FCMB Capital Markets Limited*, (Joint Issuing House), *CardinalStone Registrars Limited* (Registrar), *FCMB Trustees Limited* (Bond Trustees), *Templars & Associates* (Solicitor to the Issue), *Aluko & Oyebo* (Solicitor to the Issuer), *Deloitte and Touche* (Reporting Accountants) and *Ernst & Young* (Auditor).

REDEMPTION AND USE OF PROCEEDS

The *Issue* is a Fixed Rate Bond with a Principal Moratorium of 18 months from the Issue Date. The redemption of the Principal Amount is by Amortization following the expiration of the Moratorium period.

The Issue is a callable Bond. It shall be callable at par by the *Issuer* either in part or whole from the expiration of 24 months from the issue date. Prior to an early redemption, a notice period of 30 to 60 days shall be given to the Trustees.

The Coupon on the Bond is being paid in arrears and semi-annually throughout the duration of the *Issue* with the interest accruing from the Issue Date. The payment of the coupon and principal amount outstanding shall be made from the Payment Account. The Sponsor will fund the Payment Account from its general cash flow.

The Net proceed of the *Series 1 Bond* shall be applied as follows:

S/N	Description	Amount	%
1.	Procurement and installation of power plant, equipment and support working capital requirements.	14,763,565,688	98.42
2.	Estimated cost of Offer	236,434,313	1.58
		15,000,000,000	

Source: Paras Energy & Natural Resources Dev Ltd

FINANCE STRUCTURE

The Issuer shall establish a Debt Service Payment Account (“*DSPA*”) no later than 5 (five) Business Days after the Issue Date which shall be in the name and under the custody and administration of the Trustee.

The *DSPA* shall be funded semi annually prior to each Payment Date for the purpose of servicing the interest and principal obligations under the Bonds.

The Trustee shall transfer from the *DSPA* to the Registrar’s account, any amount required for the Issuer to meet any payment obligation under the Trust Deed to the relevant Bondholders no later than 2 (two) Business Days before the next Payment Date.

THE ISSUER

Paras Energy Funding SPV PLC (“The Issuer”) is a Special Purpose Vehicle duly registered as a Public Limited Liability Company on 11th November, 2024. It was established specifically to raise capital through the Capital Markets to finance the Sponsor’s funding requirements.

The Directors of the *Issuer* in the year under review includes; *Yashwant Kumar, Anup Kumar Agarwal, Reuben Onwuegbuna Okeke* and *Srinivasan Narayanan*. It has a total of One Hundred Million shares of One Naira each. The *Issuer* is wholly owned by *Paras Energy and Natural Resources Development Limited*.

THE SPONSOR

Paras Energy and Natural Resources Development Limited (“The Company”) was incorporated on 28th February, 2002. It commenced the business of generation and distribution of electricity in April 2016. The Company is the *African Industries Group’s* flagship Gas to Power Generation Plant.

The principal activities of the Company include generation and distribution of energy (electricity), engineering, procurement, construction, trading and contracting of electrical substations & transmission and distribution works (EPC).

The Company obtains its prime input (Gas) from *Nigerian Gas and Marketing Company (NGMC)*. The Gas supply arrangement is covered by a 10year agreement

which is renewable by mutual consent upon expiration. The Company also has a 20-year gas supply contract with Pan Ocean Oil Corporation (Nigeria) Limited, with an additional renewal term of 5 years. Power generated by the Company are supplied to local customers, and a portion is exported to Togo. However, the majority of the power is exported to the Republic of Benin with the transfer arrangement under the management of *Transmission Company of Nigeria (TCN)*.

The Company operates from its head office located in Ogijo, Ogun state, Nigeria and carries out its activities via a workforce of 127 employees. The Company is primarily owned by *Paras Energy Holding Company Pte.*, which holds 99.99% of the shares.

Directors' Profile

The following served as Directors during the year under review; *Anup Kumar Agarwal - Chairman; Yashwant Kumar - Managing Director; Reuben Onwuegbuna Okeke and Srinivasan Narayanan.*

The Directors' profiles are as follows:

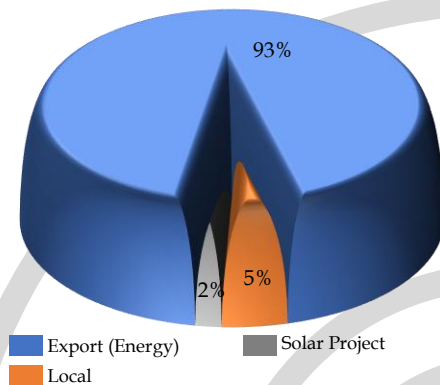
1. **Name:** Anup Kumar Agarwal
Position: Chairman
Years of Experience: 40 years
Education: Graduate - Bachelor of Science
Job Experience: • AIG
Year Of Board 2012
2. **Name:** Yashwant Kumar
Position: Managing Director
Profession: Engineer
Years of Experience: 31 years
Education: B. Sc-Electrical Engineering
M. Sc- Business Management
Job Experience: • AIG
• Tata Steel
Year Of Board 2021
3. **Name:** Reuben Onwuegbuna Okeke
Position: Independent Director
Profession: Electrical Engineer
Years of Experience: 46 years
Education: Graduated as an Electrical Engineer
Job Experience • IKEDC, EKEDC
Year of Board 2012
4. **Name:** Srinivasan Narayanan
Position: Executive Director
Years of Experience: 30 years

Education: Graduate
Year of Board 2012

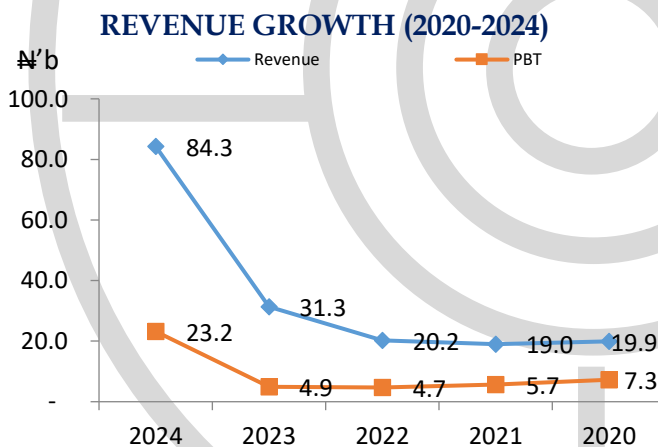
FINANCIAL PERFORMANCE

EARNINGS PROFILE

COMPOSITION OF REVENUE (2024)

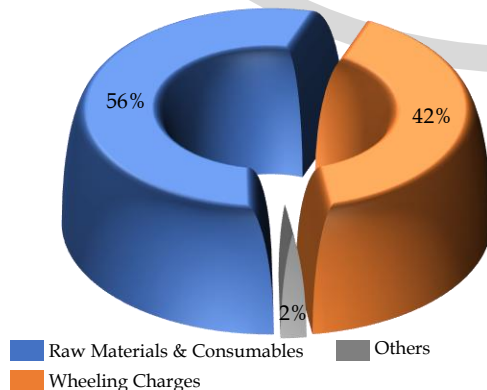


Source: Paras Energy & Natural Resources Dev Ltd



Source: Paras Energy & Natural Resources Dev Ltd

COMPOSITION OF DIRECT COST



Source: Paras Energy & Natural Resources Dev Ltd

Revenue was primarily generated from export and local power generation and distribution as well as solar projects in the year 2024. Total Revenue amounted to ~~N~~84.4b (Yr.24), reflecting a growth of 169% compared with the preceding year.

Energy export remained the major revenue contributor, accounting for 93% of Total Revenue and amounting to ~~N~~78.2b in the year 2024. Revenue generated locally and from Solar Projects amounted to ~~N~~4.0b and ~~N~~2.1b and accounted for 5% and 2% of Revenue, respectively.

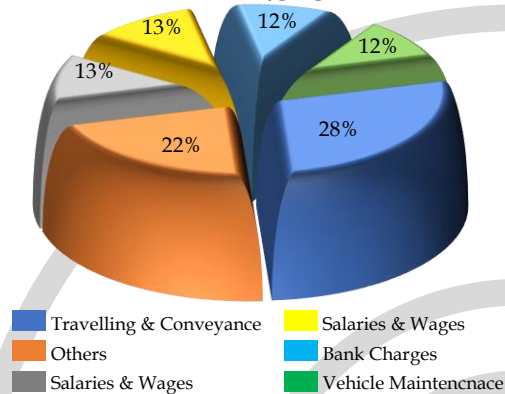
Direct Cost grew by 179% from ~~N~~20.4b (Yr.23) to ~~N~~57.2b (Yr.24). These costs were majorly driven by raw materials and consumables, depreciation of Property, Plants & Equipment, staff cost, wheeling charges, WAPP Fees as well as repairs and maintenance.

This significant rise was primarily attributed to the increase in raw materials and consumables as well as Wheeling Charges. Raw materials and consumables significantly increased from ~~N~~12.0b (Yr.23) to ~~N~~32.1b (Yr.24), accounting for 56% of the Total Direct Cost. Similarly, Wheeling Charges grew from ~~N~~8.8b (Yr.23) to ~~N~~23.8b (Yr.24) and constituted 42% of the Total Direct Cost.

Direct costs as a proportion of revenue was 68% (Yr. 24) as against 65% (Yr. 23). Therefore, Gross Profit Margin declined from 35% (Yr.23) to 32% (Yr.24).

• PROFITABILITY

COMPOSITION OF ADMINISTRATIVE EXPENSES

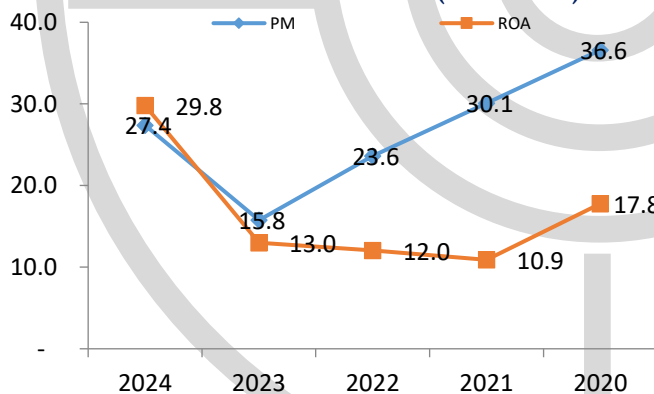


Source: Paras Energy & Natural Resources Dev Ltd

In 2024, the Company incurred Administrative Expenses such as: bank charges, medical & staff welfare, legal & professional fees, insurance charges, rates & taxes, back year taxes, salaries & wages, travelling and conveyance as well as vehicle maintenance. The Administrative Expenses recorded an increase of 84% from ₦527.3m (Yr.23) to ₦970.4m (Yr.24). This significant increase was largely driven by higher costs in salaries and wages, travelling and conveyance,

bank charges as well as vehicle maintenance.

PROFITABILITY TREND (2020-2024)



Source: Paras Energy & Natural Resources Dev Ltd

In addition to the Company's primary source of income, Earnings were also generated from sale of drums and used oil as well as Government Grants. This totalled ₦175.6m in year 2024.

Finance Cost comprised interest on dollar loan, interest on term loan, interest unwound and foreign exchange loss. Finance Cost recorded a decline of 40% from ₦5.6b (Yr.23) to ₦3.4b (Yr.24). The Company earned Finance Income of

₦248.2m, resulting in a Net Finance Cost of ₦3.1b (Yr. 24).

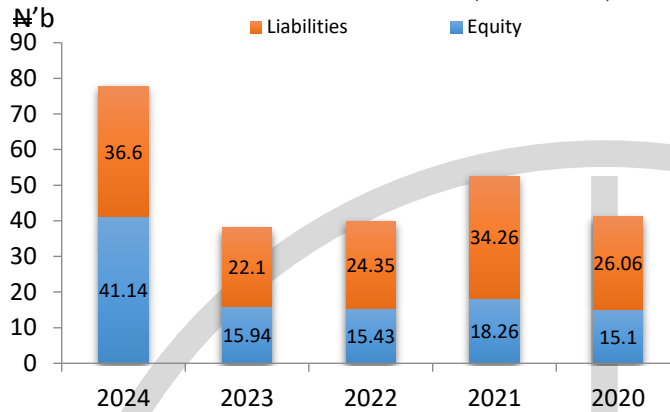
Profit Before Tax (PBT) significantly increased from ₦4.9b (Yr.23) to ₦23.1b (Yr.24), following the surge in Earnings during the year. As a result, Net Profit Margin increased from 16% (Yr.23) to 27% (Yr.24).

• CAPITALIZATION

Shareholders' Fund grew by 158% from ₦15.9b (Yr.23) to ₦41.1b (Yr. 24). This growth was majorly driven by the significant increase in Retained Earnings which increased

from ₦15.2b (Yr.23) to ₦41.6b (Yr.24). The Company issued additional shares in the year, bringing total Issued Share Capital to ₦100.0m (Yr.24), from ₦50.0m in the year 2023.

FUNDING OF OPERATIONS (2020-2024)



Source: Paras Energy & Natural Resources Dev Ltd

The Company's Asset base expanded on account of the increase in credit sales. Trade and other receivables grew significantly from ₦19.3b (Yr.23) to ₦58.5b (Yr.24). Consequently, Total Assets surged by 104% from ₦38.1b (Yr. 23) to ₦77.8b (Yr. 24). Total Liabilities amounted to ₦36.6b (Yr.24) representing a 66% increase compared with the preceding year. The increase was primarily driven by Trade and Other Payables.

As at 31st December, 2024, Equity funded up to 53% of the Company's operations. This was higher than 42% recorded in 2023.

ASSET UTILITY

The Company currently operates with total installed production capacity of 110MW

COMPOSITION OF TOTAL ASSETS (2023-2024)

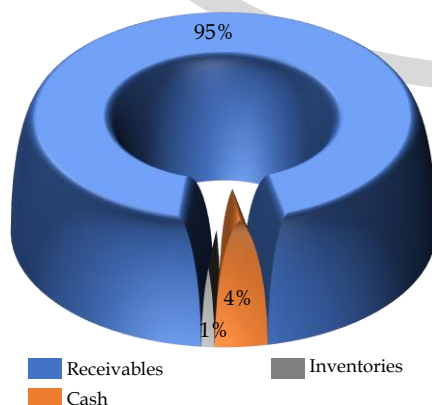
ITEM	2024 ₦'000	%	2023 ₦'000	%
Non-Current Assets	15,837,747	20	14,546,829	38
Current Assets	61,959,819	80	23,513,168	62
Total Assets	77,797,566	100	38,059,997	100

Source: Paras Energy & Natural Resources Dev. Ltd

on its Gas-to-Power initiative. It has also proposed the installation capacity of a 25MW on Solar Power. However, the installed capacity on Gas-to-Power has not been fully utilized.

Capacity utilization rate for the year ended 31st December, 2024 for Gas-to-Power stood at 77%.

COMPOSITION OF CURRENT ASSETS (2024)



Source: Paras Energy & Natural Resources Dev Ltd

Total Assets for the reviewed period amounted to ₦77.8b, comprising both Current and Non-Current Assets. Current Assets accounted for approximately 80% of Total Assets in the year 2024. It grew from ₦23.5b (Yr.23) to ₦62b (Yr.24), primarily driven by Trade and Other Receivables which constituted 94% of the Total Current Asset. Other

components of Current Assets were Inventories, Prepayments, Income tax receivable as well as Cash and Bank Balances.

Non-Current Asset comprised mainly Property, Plants & Equipment (99%). Its value declined marginally from ₦14.5b (Yr.23) to ₦13.7b (Yr.24). Other Non-Current Assets includes Right-of-use Assets and Investments.

Efficiency in utilizing Assets to generate Revenue improved from 82% (Yr.23) to 108% (Yr.24). Likewise, Return on Assets increased from 13% (Yr.23) to 30% (Yr.24).

• LIQUIDITY

The Company's Liabilities comprise Payables and Interest-bearing loans which will be due in the year under review. As at the end of year-end 2024, Liabilities grew by 66% from ₦22.1b (Yr. 23) to ₦36.6b (Yr. 24). The growth was largely driven by the growth in Trade and Other Payables.

As at 31st December, 2024, Borrowings outstanding in the accounts of the Company amounted to ₦725.7m. This was due to be paid as at the year end. On 26th February, 2025, the Company acquired short term loan of ₦725.7m. Timeline of this obligation is 90 days.

SHORT-TERM LOAN AS AT MAY 2025

BOOKING DATE	BANK	AMOUNT-NGN	MATURITY DATE	TENURE
26 Feb 2025	IBTC	229,881,582	27 May 2025	90

In 2024, the Company recorded a working capital of ₦25.3b and generated a positive operating Cash Flow of ₦905.1m from its operations. With a current ratio of 169%, the Company demonstrated a strong ability to meet its short-term obligations.

CORPORATE GOVERNANCE & RISK MANAGEMENT

The Board of the Company is comprised of four (4) Directors. This is made up of the Chairman, two (2) Executives and one (1) Independent Director.

The Board functions through its various Committees which are: Finance and Strategy, Statutory Audit, Governance and Remuneration as well as Risk Management. The Company recognizes it has Financial, Credit, Liquidity, Market, Reputational and Credit Risks.

The Company derived significant support from its Group. One of such is the supply of foreign currency.

POLITICAL ENVIRONMENT

Nigeria is a multi-ethnic and culturally diverse federation of 36 Autonomous States and the Federal Capital Territory.

The political context in Nigeria during 2024 was marked by significant challenges and transitions. His Excellency, President Bola Ahmed Tinubu's administration faced critical issues related to economic management, security, governance, and public trust.

President Tinubu's administration introduced four tax reform bills aimed at restructuring revenue allocation, though resistance from northern governors and lawmakers created delays.

Despite attempts at economic reforms and policy changes, persistent problems such as terrorism, economic instability, and governance inefficiencies hindered progress.

In the year 2025, expectations remain high for economic stabilization, improved governance, and effective implementation of reforms.

ECONOMIC ENVIRONMENT

Nigeria's economy has undergone notable structural transformation, influenced by global economic shifts, technological progress and evolving consumer behavior. Reflecting these changes, the *National Bureau of Statistics (NBS)* recently rebased the country's Gross Domestic Product (GDP), updating the base year from 2010 to 2019. Following this adjustment, nominal GDP for 2024 was estimated at ₦372.82 trillion, positioning Nigeria as the fourth-largest economy in Africa.

The country's real GDP grew by 4.23% (year-on-year) in Q2 2025, its highest quarterly growth rate since Q2 2021, driven largely by a sharp rebound in the oil sector. This is a significant improvement compared to 3.48% recorded in Q2 2024 and 3.13% recorded in Q1 2025.

The Electricity, Gas, Steam and Air conditioning Supply Sector grew by 11.47 % in the second quarter of 2025, an increase from the growth rate of 7.71% recorded in the same quarter of 2024. When compared to the immediate past quarter, there was a decrease of 7.18% points from 18.65% recorded. On a quarter-on-quarter, the sector grew at a rate of 266.41%. The contribution of this sector to real GDP in the second quarter of 2025 was 1.23%, higher than the 1.15% recorded in Q2 2024 and higher than the 0.35% recorded in Q1 2025.

Nigeria ranks 5th in Africa and 61st globally in terms of installed capacity for power generation as of 2022. This is deficient in meeting the annual electricity demand of its population which the World Bank estimate at around 150,000,000MwH.

Nigeria's power generation is primarily dependent on hydro and gas-fired thermal power plants. Currently, hydroelectric plants contribute approximately 1,969MW, while gas-fired plants provide around 11,045MW. Renewable sources such as solar, wind and other alternatives make up the remainder, contributing just about 100MW.

Despite this total installed capacity, Nigeria struggles to dispatch electricity at full potential. The highest recorded power dispatch stands at only 5,801.84MW per hour – an underwhelming figure when compared to the Nation's estimated energy demand of over 98,000MW per hour. This significant gap highlights the inefficiencies and underperformance plaguing the power sector.

The Country's electrification rate remains low, at just 45%, which is far behind regional peers like Ghana and South Africa. This is particularly concerning given Nigeria's status as one of the largest oil and gas producers in the world. Frequent power outages, poor transmission infrastructure, and aging distribution networks have forced many citizens and businesses to rely on costly and less reliable self-generated electricity, primarily through diesel and petrol generators.

In response to these longstanding issues, the Nigerian Government has introduced various reforms. These include the privatization of the power sector and the unbundling of the defunct National Electric Power Authority (NEPA) into separate entities responsible for generation, distribution and transmission. While these steps were meant to attract investment and improve efficiency, progress has been slow and uneven.

To close the vast energy supply gap, Nigeria must address critical bottlenecks in generation, transmission, and distribution. Investment in renewable energy, grid modernization, and regulatory reforms will also be essential to ensure sustainable and inclusive electrification across the country.

ISSUE QUALITY

The Issue has the following qualities:

- The ability of the Sponsor to generate Revenue in the last five (5) years.
- The Investment Grade Rating of the Sponsor.
- The Bondholders have a direct senior obligation owed to them by the Issuer.
- The Issue rank pari-passu with other senior unsecured obligations of the Issuer.

LEGAL OPINION

The following were observed from the documents reviewed.

- *Paras Energy Funding SPV PLC* is a legal entity and is capable of participating in a transaction of this nature.
- Each of the obligations under the *Bond Issuance* when issued in definitive form will constitute legally valid, binding and enforceable obligations of the *Issuer* under Nigerian Law.
- The transaction documents with all their respective schedules and appendices are legal, valid, binding and enforceable under Nigerian Law in accordance with their terms.
- Each of the transaction documents is in proper legal form

CONCLUSION

We have reviewed the documents relating to the Issue. The repayment of the obligation under the issue is dependent on the credit quality of the Sponsor. Additionally, we also considered the governance structure around the operation of the *Debt Service Payment Account (DSPA)*.

Consequently, we assigned a Rating of "A-"

Signed:**Name:**
Oladele Adeoye**Designation:**

Chief Rating Officer

Date:

26th September, 2025

For and on behalf of:

DataPro Limited

Ground Floor, Foresight House

By Marina Water Front

163/165 Broad Street, Lagos Island, Lagos.

Tel: 234-1-4605395, 4605396

Cell: 0805-530-3677

Email: info@datapronigeria.net, dataprong@gmail.comWebsite: www.datapronigeria.net

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USER GUIDE

DataPro's credit rating is an opinion of an issuer's/issues overall creditworthiness and its capacity to meet its financial commitment.

Our **short-term** ratings have a time horizon of less than 12 months in line with Industry standards reflecting risk characteristics. The ratings place greater emphasis on the liquidity to meet financial commitment in a timely manner.

The long-term risk indicator is divided into 8 bands ranging from AAA through DD. Each band could be modified by + or -. With + representing slightly less risk than -. Such suffixes are not added to the 'AAA' long -term rating category and to categories below 'CCC'. Or to short-term rating older than A1+.

LONG-TERM RATING

Investment Grade

Indicator	Meaning	Explanation
AAA	Lowest Risk.	(<i>Superior</i>) Assigned to issuers which have superior financial strength, operating performances and profile when compared to the standards established by <i>DataPro Limited</i> . These issuers, in our opinion, have a Excellent ability to meet their ongoing obligations.
AA	Lower Risk	(<i>Excellent</i>) Assigned to issuers which have excellent financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These issuers, in our opinion, have a very strong ability to meet their ongoing obligations.
A	Low Risk	(<i>Very Good</i>) Assigned to issuers which have very good financial strength, operating performance And profile when compared to the standards established by <i>DataPro Limited</i> . These issuers, in our opinion, have a strong ability to meet their ongoing obligation.
BBB	Slight Risk	(<i>Fair</i>) Assigned to issuers which have fair financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These issuers, in our opinion, have an ability to meet their current obligations, but their

financial strength is vulnerable to adverse changes in economic conditions.

Non-Investment Grade

Indicator Meaning Explanation

BB	Moderate Risk	(Marginal) Assigned to issuers which have, marginal financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These issuers, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
B	High Risk	(Weak) Assigned to issuers which have, weak financial strength, operating performance and profile when compared to the standard established by <i>DataPro Limited</i> . These issuers, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
CCC	Higher Risk	(Poor) Assigned to issuers, which have poor financial strength, operating performance and profile when compared to the standards established <i>DataPro Limited</i> . These issuers, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.
DD	Highest Risk	(Very Poor) Assigned to issuers, which have very poor financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These issuers, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.