

**Rating Rationale  
Emtel Limited (“Emtel”)**

**Ratings**

<b>Instrument</b>	<b>Amount (MUR Million)</b>	<b>Rating</b>	<b>Rating Action</b>
Bond Issue	1,000.00	<b>CARE MAU AA-; Stable [Double A Minus; Outlook: Stable]</b>	<b>Reaffirmed</b>
Long-Term Bond Issue – Tranche 1	700.00	<b>CARE MAU AA-; Stable [Double A Minus; Outlook: Stable]</b>	<b>Reaffirmed</b>
Proposed Bond Issue	450.00	<b>CARE MAU AA-; Stable [Double A Minus; Outlook: Stable]</b>	<b>Reaffirmed</b>

**Rating Rationale**

The rating continues to derive strength from the strong parentage of Currimjee group and Bharti group, extensive experience of both groups in the telecom sector, Emtel Limited’s (“Emtel”) strong brand presence with its position as the second largest player in the Mauritian telecommunication market, integrated telecommunications operations, additional income in the form of dividend from EMVision Ltd, economies of scale in procurement with the Bharti and Currimjee groups, established & reasonably large subscriber base, robust spectrum profile, strong distribution network allowing consistent growth in subscriber base and growth in usage of data and strong financial position along with adequate debt coverage & strong liquidity indicators. CRAF has also taken into account the very strong articulation by Emtel’s management to restrict dividend pay-out in future years.

The rating is constrained by increasing competition among existing service providers, capital intensive nature of the industry leading to significant capital expenditure, high exceptional dividend pay-out ratio leading to depletion in net worth for last 2 years and its exposure to regulatory and obsolescence risks.

In March 2020, Emtel acquired 90% stake in EMVISION Ltd., which holds 52.94% stake in MC Vision Ltd which is a debt free and cash generating company with a consistent dividend paying track record for last 5 years. The total cost of the acquisition of MUR 1,150 million, was partly funded by raising a Bond of MUR 700 million in April 2020 and the remaining amount of MUR 450 million will be raised in February 2021. This fully debt funded acquisition coupled with high dividend pay-out ratio will negatively impact the projected debt coverage ratios over next few years.

The rating is sensitive to the company’s ability to sustain profitability, maintain & increase market share in the Mauritian telecom market, improve its capital structure & net worth and timely execution of the projects within stipulated cost.

## **BACKGROUND**

Emtel Limited (“Emtel”) was incorporated in July 1987 by the Currimjee group (currently owning 75% stake in Emtel). In May 1989, Emtel became the first operator to commercially launch mobile telephony in the whole southern Hemisphere as an international joint venture of the two groups, the Currimjee Jeewanjee Group of Mauritius and a Swedish company, Comvik which later went on to become Millicom International Cellular (MIC) S.A, a global telecommunications group based in Luxembourg. In 2014, the Currimjee group procured the entire stake of Millicom in Emtel. In 2015, Emtel partnered with Bharti Airtel Limited, India’s leading provider with operations in 20 countries across Asia and Africa. As such, Indian Continent Investment Limited, (ICIL) a promoter entity owned by the Bharti group of India acquired 25% stake in Emtel. Emtel was also one of the founding partners of Bharti Cellular in India which is now branded as Airtel the third largest mobile operator in the world.

Emtel signed a Technical Services Agreement with Bharti Airtel Limited to benefit from the technical and commercial knowhow and business support of Airtel in various areas.

The popularization of the mobile phone in Mauritius had a direct increase in demand for Emtel’s services, it being the only mobile phone operator of the Island until 1996 (when Cellplus Mobile Communications Ltd belonging to Mauritius Telecom - GoM owned company, entered the market). Emtel has been in the forefront in technology and innovation. The main milestones are as follows:

- In 1998, Emtel introduced prepaid mobile service and launched GSM (2G) technology in 1999
- In 2004, Emtel was the first operator to launch 3G network in Mauritius and in Africa,
- In 2012, Emtel was first operator to deploy 4G technology, launch TIER 3 compliant Data Centre services in Mauritius and invested in LION 2 submarine optical fibre cable project and became a member of the LION 2 consortium,
- In 2015, Emtel launched Airbox (providing high speed internet to the home without cabling) and launched the Emtel Cash, enabling subscribers to store, send and receive money using mobile phone.
- In 2017, Emtel launched Airbox services in Rodrigues and entered in a consortium agreement with 5 other operators in the Indian Ocean to build and operate the METISS submarine cable project connecting Mauritius, Reunion and Madagascar to South Africa.
- In 2018, Emtel was the first operator to launch Internet in Agalega.
- In 2020, Emtel acquired 90% stake in EMVision Ltd (“EMVision”) from its promoter Currimjee Jeewanjee & Co. Ltd, the flagship company of the Currimjee Group at Mur 1,150 million.

Mauritius has 3 telecom service providers (MyT, Emtel and MTML) and Emtel is the second largest telecom service provider after MyT in the country. As at 31st March 2020, Emtel had a mobile subscriber market share of approximately 42% of the mobile telecom sector in Mauritius (total mobile subscribers in Mauritius are 1.57 million).

### **CARE Ratings (Africa) Private Limited**

Registered Office: 5<sup>th</sup> Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

BRN: C14127054

FSC License No.: CR14000001

Telephone: +230 59553060/58626551

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Emtel has 22 showrooms across the Republic of Mauritius (including 1 in Rodrigues) and provides mobile telecom services (voice, SMS, mobile data to prepaid & post-paid subscribers), home broadband, fixed line, enterprise business solutions. Emtel generates majority of its revenue from its voice and data services.

Emtel is a professionally managed company. It is governed by a 7-member Board of Directors comprising of eminent industrialists and professionals. Mr. Bashirali A Currimjee is the Managing Director and Chairman; he is responsible for leading the board and supports the CEO. Mr. Bashirali has served as Honorary Consul General for the Republic of Turkey in Mauritius, President of Mauritius Chamber of Commerce and Industry (MCCI) and Business Mauritius, Director of SBM and Director at the Bank of Mauritius. The CEO, Mr. Rajvardhan Singh Bhullar, looks after the day-to-day running of the business. Mr. Rajvardhan (MBA) has over 39 years of experience, having over 14 years in the Telecom sector working for Airtel India, Seychelles, Sierra Leone and Rwanda. He was formerly Managing Director of Airtel Rwanda. He is assisted by a team of professionals looking after various functions of the company.

## **CREDIT RISK ASSESSMENT**

### **Strong parentage and experienced management of Currimjee & Bharti Group**

Currimjee group was founded by Currimjee Jeewanjee (grandfather of Mr. Bashirali Currimjee) and has over 125 years of existence. Mr. Currimjee arrived in Mauritius in 1884 and started a little business in Port Louis, trading in commodities in 1890. Over the last 129 years, the group has expanded into Commerce, Telephony, IT, Pay TV, Manufacturing, Soap, Soft drinks, Water, Margarine, Insurance, Energy, Tourism and Real Estate, etc. Currently, Currimjee group operates in seven business clusters namely: Telecom, Media & IT (Emtel, Canal+, Screenage and Currimjee Informatics), Real Estate, Tourism & Hospitality (Anantara Le Chaland Hotel), Commerce & Financial Services (Batimex Limited, Island Life Assurance), Energy (Total Mauritius Limited), Food & Beverages (Quality Beverages Limited and Margarine Industries Limited) and Home & Personal care (Soap & Allied Industries). The Currimjee Group's turnover for FY18 is Mur 7,057 million with 7 clusters and have been ranked 19<sup>th</sup> (among top 100 companies/groups) in Mauritius. The Currimjee group's telecom operations constitute around 40% of the total turnover of the group.

The other promoter Bharti group (Bharti) is one of India's leading integrated telecommunication service providers. The mobile services group provides mobile services in all 22 telecommunication circles across India, while the home services group provides broadband and wireline services. Bharti also provides mobile services in Sri Lanka, Bangladesh and 14 countries in Africa.

By virtue of being a part of the Currimjee & Bharti group, Emtel has qualified, professional and experienced management team with vast experience in the telecom sector. Moreover, Emtel enjoys strong financial flexibility being a prominent company of the Currimjee group.

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### **Strong brand recognition**

Emtel has a strong presence across the Republic of Mauritius. As on December 31, 2019 it had 42% market share of mobile subscribers in Mauritius (total mobile subscribers in Mauritius is 1.57 million). Due to very noticeable and memorable advertising, the company has been able to establish a strong brand recall. The brand 'Emtel' is ranked among Mauritius' buzziest brands across telecom and non-telecom brands. Emtel generates majority of its revenue from its voice and data services.

### **Strong spectrum profile laying foundation for revenue visibility and business growth**

Prior to the enactment of the Information and Communications Technologies Act in 2001 ("ICT Act"), the telecommunications industry was regulated under the Telecommunications Act 1988, which introduced the Telecommunications Authority. The ICT Act, established the Information and Communication Technologies Authority ("ICTA") - which is responsible for: -

1. Exercise licensing and regulatory functions in respect of information and communication services in Mauritius including the determination of types and classes of licensees and the approval of prices, tariffs and alterations thereto;
2. Advise and assist in the formulation of national policies with respect to the regulation of the information and communication industry;
3. Ensure the safety and quality of every information and communication services including telecommunication service and, for that purpose, determine technical standards for telecommunication network, the connection of customer equipment to telecommunication networks;
4. Allocate frequencies and manage, review, and, where appropriate, reorganise the frequency spectrum;
5. To further the advancement of technology, research and development relating to information and communication technologies through modern and effective infrastructure taking into account the convergence of information technology, media, telecommunications and consumer electronics;

The ICTA provided PLMN, PSTN, ILD and ISP licenses to Mauritius Telecom and Emtel respectively for a period of 15 years, with a clause to apply for renewal. In addition to the said main licenses, the licensee should avail itself of additional spectrum licenses together with the payment of annual fees up until the expiry of the licenses.

As on March 31, 2020, Emtel has PLMN, PSTN, ILD, ISP licenses along with spectrum licenses in various frequency bands. The PLMN license and related spectrum licenses were renewed in December 2019. The ILD and the ISP licenses have been renewed on 15 December 2018 and 13 May 2019 respectively and are valid for three years. The PSTN license is valid until 30 June 2026.

Emtel pays in excess of Mur 160 million annually in relation to license fees, solidarity levy, CSR and USF.

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### **Consistent increase in subscriber base due to strong distribution network**

Subscriber base of Emtel has increased at an annual growth rate of 5% over last 3 years with 87% prepaid customers. Total mobile & telephone subscriber in Mauritius is 1,556,632. The company sells its products/sim cards/recharge facility through 22 showrooms. It also supplies SIM cards and recharge facility through a wide network of retails outlets across the island. The latter are services via channel partners or distributors.

### **Intense competition impacting the key performance indicators**

On account of aggressive marketing strategy of the 3 telecom operators to offer services to a limited targeted base/market, the competition in the industry had intensified. Emtel’s Average Revenue per User (ARPU) for mobile subscribers declined for last 3 years, despite increase in subscriber base of Emtel during the same period, due to increase in usage of data services (higher usage of web-based communication services like WhatsApp, Viber, Face time etc.) vis-à-vis normal voice calls, SMS and VAS and also reduction in tariff in line with competition.

Average Revenue per Megabyte (ARMB) has also declined over the last 3 years. This is because earlier mobile internet users were being charged on a pay-as-you-go basis. However over last few years, Emtel has launched unlimited packs which are exclusive in the market with daily, weekly and monthly data packages and are since then dominating the mobile data market. The prices of such packages vary in the range of MUR 19 for a daily package (600MB unlimited) to MUR 949 for a monthly (100GB unlimited) package, which is cheaper than pay-as-you-go and allows users to limit and monitor their mobile expenses. This in turn has led to increase in revenue from data services over last 3 years. This also led to a growth in revenue and EBIDTA. Income from operations and EBIDTA of Emtel for last 3 years are as shown below:

<b>Overall Business</b>	<b>Unit</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
Income from operations	Mur Million	2,740	3,005	3,239
EBIDTA		1,047	1,151	1,378
EBIDTA margin %	%	38.22	38.31	42.54

There was an 8% growth in revenue and 20% growth in EBIDTA in FY19 over FY18. The company has stated that call completion rate is more than 98% and call drop rate is also very low. Emtel’s management feels that going forward it will earn more revenue from data than voice business, because data will be the primary mode of communication (voice, video and messaging) and entertainment. The operational efficiencies and market share for Emtel are likely to increase in the long term with the rising subscriber base and steady investment in infrastructure (fibres and towers).

### **Significant investment in Towers**

As at December 31, 2019, Emtel had over 400 cell sites which are either on leasehold land/buildings, Emtel owned land and on shared basis with other operators. This enables it to cover 95% of the population of Mauritius and 96% of network area coverage.

### **Investment in Capital Expenditure (Capex) funded by debt and internal accruals**

Capex is an integral part of the telecom business and Emtel has to continuously incur Capex to develop infrastructure to provide better services. The investment in capex is mainly to cater for the growing demand in data and enterprise solutions and to provide an island-wide coverage of LTE which is the enabler of high-speed data. The Company also started to invest in METISS submarine cable project which is led by a consortium of six operators to connect Mauritius, Reunion, Madagascar and South Africa. This cable is expected to be operational in 2020 and shall bring the much awaited and needed extra capacity as well as redundancy in international connectivity for the country. Emtel is part of the 6 operators investing in METISS submarine cable project. This apart the company has to invest in inland fibre project connecting the balance and new towers through optical fibres, procure equipment's (routers, last mile equipment), and invest in hardware & software upgrade & other IT projects.

Capital Expenditure is estimated to be MUR 750 Million for FY2020. In the projected period (FY20-26), Emtel will have consistent annual capex of around Mur 400 million (infrastructure, equipment's, technology up gradation, etc.), excluding strategic capex to be funded through a mix of term loan and internal accruals.

### **Strong Financial position; albeit moderation in leverage and debt coverage indicators due to debt funded acquisitions**

Emtel's turnover increased by 8% to Mur 3,239 million in FY19 (2018: MUR 3,005 million) due increase in revenue from Data services, increase in portfolio of products and services to meet customer needs in various segments viz: - mobile, enterprise solutions and high-speed internet to the home) and higher sale of handsets. Diversification of offerings to the customers increased in order to counter the decline in the traditional voice and SMS service, a phenomenon which is impacting all mobile operators in the world- more especially in mature markets. Higher turnover coupled with focus on optimization of operating expenses through different means (automation and leveraging on the economies of scale of the group/partner for better pricing) led to a 20% growth in EBIDTA. The higher turnover reflected on PAT which increased by 14% from MUR 418 million in FY18 to MUR 477 million in FY19. During FY19, GCA was comfortable at Mur 1,160 million vis-a-vis annual debt repayment obligation of MUR 350 million. Total debt/EBIDTA and Total debt/GCA was also comfortable at 1.0-2.0x times. The average fund based working capital utilization was at 25-30% during the last 12 months ended May 2020.

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However, CRAF notes that, the additional debt of Mur 1,150 million will impact the company's financial flexibility and debt servicing ratios in near future. CRAF now expects the gearing ratio (Total debt/Networth) to hover in the range of 1.6-1.8x and Total debt/EBIDTA to remain in the range of 1.5 -1.7x during the Bond repayment period. Any deterioration from the same will have an adverse impact on the Rating.

The telecom industry was least impacted by the COVID-19 pandemic. Emtel Limited has reported a fall in revenue of around MUR 200-250 million and a slight decrease in subscribers base since some of the customers could not recharge during the lockdown. Emtel's management has decided to reduce the CAPEX for the year from MUR 1 billion to MUR 750 million. As such, no additional borrowings will be raised for years 2020 and 2021.

### **Higher dividend pay-out ratio leading to lower Networth of the company and moderate overall gearing**

Emtel generally follows a policy of high dividend payment to its shareholders subject to availability of cash post meeting debt repayment obligation and investment in capex. This policy of regular and high dividend payment has confined the growth of the networth of the company, despite consistent high profits.

Overall gearing ratio has deteriorated over last three account closing dates (0.74 as on December 31, 2017 to 1.51 as on December 31, 2019) due to debt availed for capital expenditure, stake acquisition of EMVision and significant payment of dividend of Mur 616 million in FY18 leading to a lower networth.

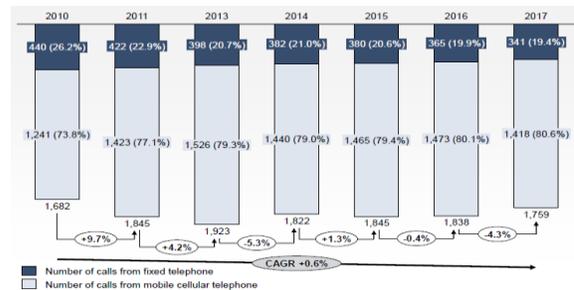
Overall gearing is expected to further deteriorate to a maximum of 1.70x in FY21, because of new MUR 750 million bond raised and MUR 450 million to be raised for the acquisition of EMVISION Ltd.

During the projected period, the management has very strongly stated that the dividend payout ratio will be subject to availability of cash post debt repayment.

### **Highly competitive industry**

The Mauritian telecommunication industry is a frontrunner in the region, having been the first African country to launch mobile telecom networks in 1989, to provide 3G service in 2004 and one of the first countries to launch IPTV services in 2006. State of the art services such as LTE and fibre broadband services are also available countrywide.

The needs of the mobile market are catered for by 3 network operators namely, Mauritius Telecom, Emtel, and MTML, who have 52%, 42% and 6% of subscribers base respectively. Total number of subscribers was 1.57 million in 2019. Despite the increase in subscriber volume over the years, the mobile market is undergoing a shift from voice to data services. The movements can be explained by an increasing use of web-based communication services such as WhatsApp, Viber etc. In addition, while earlier years witnessed mobile internet users being charged on a pay-as-you-go basis, daily, weekly and monthly data packages have been introduced since and are dominating the mobile data market. Short Message Service remained stable annually with around 1 billion SMS sent per annum. A service whose demand remains on the rise is home internet connectivity, with Mauritius Telecom dominating the market share. The telecom companies are also exposed to new regulatory changes and also obsolescence of existing technology with advent of new technology which will entail more Capex. Given the limited size of the Mauritian market, issuance of licenses to new entrants whose services would bring aggregate supply over and above to what is required is highly unlikely. Hence, telecoms market in Mauritius remains one with high barriers to entry, with decreased likelihood of profitability erosion among existing participants.



### **Subscription Television Industry in Mauritius**

Mauritius has only one public television broadcasting service, the Mauritius Broadcasting Corporation (MBC), which runs a broadcasting service in Mauritius since 1965. Every household which is liable to pay an Electricity Bill is automatically subject to pay monthly fees of MUR 150 to MBC for its services unless the person declares that it does not possess a television set. MBC currently broadcasts 16 channels including BBC News and French channel TV5 Monde and users have to purchase a set-top box (normally costing less than MUR 1,000) to receive such channels. The alternative to MBC channels is Subscription-TV.

The Subscription-TV market in Mauritius has 4 players, namely MC Vision Ltd (popularly known as Canal Plus), Mauritius Telecom Ltd (MyT), Mediacom Ltd (Parabole Maurice) and Vitiro Ltd (DStv Mauritius). They are all licensed by the Independent Broadcasting Authority.

**MC Vision Ltd:** - MC Vision provides satellite TV and airs more than 100 channels, including premium content, and also has exclusive rights over channels such as Canal+ and Zee TV. It has over 124,000 households subscribing to its services in Mauritius. The basic TV bundle starts at MUR 800 per month, with additional channel bundles (e.g. Cine and Series, Foot & Sport, Bollywood Pack, Kids Pack etc.) costing additional MUR 100 to MUR 400 per month. MC Vision also provides its subscribers with access to Netflix

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as from MUR 300 per month. Customers opting for all channels available are charged MUR 2,000 per month.

**MyT:** -Unlike MC Vision's satellite TV, MyT provides Internet Protocol TV (IPTV) which requires an internet connection for the content to be delivered to the user. MyT provides a free basic channel bundle (51 channels including 16 MBC channels) with every broadband subscription and has over 160,000 IPTV subscribers. Subscribers have the option to pay and add channel bundles. The monthly price of add-on channel bundles ranges from MUR 58 to MUR 499.

**Parabole Maurice:** -provides satellite TV with over 100 channels in Mauritius. It forms part of a regional group in the Indian Ocean, the Parabole Group, which provides satellite television to Mauritius, Réunion, Madagascar, Mayotte and Comoros. The group has more than 10,000 customers in Mauritius and over 90,000 homes as its customers in all five territories. In Mauritius, subscribers can choose from 4 channel bundles ranging from MUR 400 per month (Candy pack- 42 channels) to MUR 1,545 per month (Smarty pack- 81 channels). Customers going for all the channels (i.e. Smarty pack + all options) are charged MUR 1,935 per month.

**DStv:** - provides direct broadcast satellite TV with a wide array of channels. Most of its subscribers are Hotels and non-francophone expats living in Mauritius. DStv offers 6 packages (Access, Family, Indian, Compact, Compact Plus and Premium) with monthly subscription fees varying from MUR 400 (Access- 72 channels) to MUR 2,700 (Premium-136 channels). Chinese content channels are an additional option costing USD 5.93 (MUR 222) per month. Opting for all channels (DStv Premium + Chinese content) will cost a subscriber around MUR 2,922 per month.

Almost every household in Mauritius has one or more television sets, granting them access to MBC channels. However, due to the limited content there has been an observed trend whereby more and more people opt for subscription-TV as their disposable income rises. As long as no new taxes are introduced, disposable income is expected to continue its growth and make subscription-TV affordable to more households. While decrease in number of customers for subscription-TV remain highly unlikely because of the habit-forming traits of the product, the rise of video on demand services (Netflix, Prime Video, Zee5, Hulu etc.) has the potential to significantly hamper growth of the subscription-TV market.

## FINANCIAL PERFORMANCE

### Standalone Financial performance of Emtel

MUR Million

For the year ended as on	Dec-17 12M	Dec-18 12M	Dec-19 12M
Total Income	2,740	3,005	3,239
EBIDTA	1,047	1,151	1,378
Depreciation	702	559	688
Interest	49	55	101
PBT	318	551	624
PAT	238	418	477
Gross Cash Accruals (GCA)	940	977	1,165
Dividend paid/proposed	364	616	364
Equity share capital	152	152	152
Tangible networkth	1,160	967	1,067
Total debt	863	1,188	1,608
- Long term debt	575	529	1,163
- Short term debt	288	659	445
Total Debt (including Finance Lease)	863	1,188	2,336
Cash & Bank balances	77	73	81
<b>Key Ratios</b>			
EBIDTA / Total income	38.22	38.31	42.54
PAT / Total income	8.68	13.89	14.72
ROCE- operating (%)	14.75	25.39	23.36
RONW (%)	19.37	39.26	46.87
Interest coverage (EBIDTA/Interest)	21.21	20.97	13.63
<b>Excluding impact of finance lease</b>			
Long term debt equity ratio	0.50	0.55	1.09
Overall gearing ratio	0.74	1.23	1.51
Total Debt/Gross Cash accruals	0.92	1.22	1.38
Total Debt/EBIDTA	0.82	1.03	1.17
<b>Including impact of finance lease #</b>			
Long term debt equity ratio	0.43	0.55	1.77
Overall gearing ratio	0.74	1.23	2.19
Total Debt/Gross Cash accruals	0.92	1.22	2.01
Total Debt/EBIDTA	0.82	1.03	1.70
Current ratio	0.48	0.44	0.72
<b>Turnover</b>			
Average collection period (days)	23	23	23
Average inventory (days)	6	7	8
Average creditors (days)	17	13	15
Op. cycle (days)	12	17	15

# Financial lease accounting was implemented by the company in FY19 (Jan-Dec 2019).

### Adjustments

1. Tangible networkth is calculated by netting off revaluation reserve.
2. Gross Cash Accruals (GCA) is calculated as PAT + Depreciation + other non-cash expenditure.
3. EBIDTA includes exceptional item and admin solidarity levy tax on gross revenue.
4. Overall Gearing ratio is calculated as total debt (long term and short-term debt) / Tangible Networkth.

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### Details of Existing Instrument

#### Existing Long-term Bond

Instrument	Amt. (MUR Million)	Repayment (MUR Million)
Long term Bond (Issued in June 2019)	MCB – 600 SBM - 400	5 <sup>th</sup> year – MCB – 300/SBM - 200 (June 2024) 7 <sup>th</sup> year – MCB – 300/SBM - 200 (June 2026)
Long term Bond - Tranche 1 (Issued in April 2020)	700	April 2023 – 152.2 April 2025 – 182.6 April 2028 – 182.6 April 2030 – 182.6

### Details of Proposed Instrument

#### Proposed Long-term Bond

Instrument	Amt. (MUR Million)	Proposed issue date	Repayment (MUR Million)
Long term Bond – Tranche II	450	February 2021	April 2023 – 97.8 April 2025 – 117.4 April 2028 – 117.4 April 2030 – 117.4

#### **Purpose of bond issues of MUR 1,000 million and MUR 700 million and proposed bond issue of MUR 450 million**

In June 2019, Emtel issued a Bond of Mur 1,000 million and utilized the proceeds for the refinancing of term loan of Mur 387.5 million, short term bank borrowings, and investment in capex. Another bond of MUR 700 million was raised in April 2020 to part finance the acquisition of EMVision. The remaining amount of the Bond will be raised in February 2021.

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## Annexure I

### *Long /Medium-term Instruments*

<b>Symbols</b>	<b>Rating Definition</b>
<b>CARE MAU AAA</b>	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.
<b>CARE MAU AA</b>	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.
<b>CARE MAU A</b>	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.
<b>CARE MAU BBB</b>	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.
<b>CARE MAU BB</b>	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations, in Mauritius.
<b>CARE MAU B</b>	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations, in Mauritius.
<b>CARE MAU C</b>	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations, in Mauritius.
<b>CARE MAU D</b>	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.