CARE Ratings AFRICA

Rating Rationale
Omnicane Holdings (La Baraque) Thermal Energy Limited ("OHLB")

Ratings

Instrument	Amount (MUR Million)	Rating	Rating Action
Bond Issue	550	**CARE MAU A-; Stable [Single A Minus; Outlook: Stable]**	**Assigned**

Rating Rationale

The rating assigned to the proposed bond issue of MUR 550 million of Omnicane Holdings (La Baraque) Thermal Energy Limited ("**OHLB**") derives strength from established presence of Omnicane Group and its experienced promoters, consistent receipt of dividend from Omnicane Thermal Energy Operations (La Baraque) Limited ("OTEOLB") having strong operational track record of operating a 90MW power plant, satisfactory financial performance of OTEOLB with low business risk due to its regulated operations with 'cost-plus' based tariff, Power Purchase Agreement (PPA) with Central Electricity Board (CEB), payment from CEB being additionally backed by GoM guarantee, experienced power plant operator, increasing demand for power in Mauritius and presence of approval from the Board of Directors of OTEOLB that maximum dividend pay-out shall be made to shareholders subject to OTEOLB being profitable and after meeting its scheduled debt repayment obligations.

The rating is, however, constrained by the weak credit profile of Omnicane Group, OHLB being an investment company with only source of revenue being dividend from OTEOLB - contingent upon its performance, OTEOLB's exposure to regulatory risks, event risk associated with operations of single plant and low standalone debt service coverage ratios in OHLB due to repayment structure of the bond.

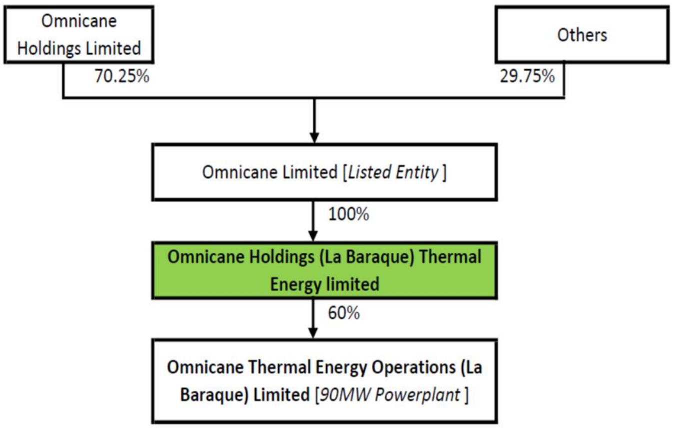
The rating is sensitive to any dividend payment or financial support extended by OHLB to Omnicane Limited & other group companies (barring in the event of any special dividend declared by OTEOLB), increase in debt levels over and above MUR 550 million in OHLB and MUR 1,096 million in OTEOLB which can affect OHLB's debt-servicing capacity & OTEOLB's ability to pay dividends and any significant increase in OHLB's operating expenses level above MUR 1.5 million.

BACKGROUND

Incorporated in 2005, Omnicane Holdings (La Baraque) Thermal Energy Limited ("**OHLB**") is the holding company for Omnicane Group's (Omnicane Limited and subsidiaries; "**Omnicane Group**") investment in a 90 MW (45 MW*2) powerplant.

OHLB holds 60% stake in Omnicane Thermal Energy Operations (La Baraque) Limited ("**OTEOLB**") which owns and operates 90 MW (45 MW*2) high-efficiency coal and bagasse based power plant located in the Southern part of Mauritius (La Baraque, L'Escalier). The power plant is operational since 2007. The other two shareholders of OTEOLB are Albioma (25%) and Sugar Investment Trust (15%).

OHLB is a wholly-owned subsidiary of Omnicane Limited. Incorporated in 1926, Omnicane Limited (with a market capitalisation of MUR 1,800 million as on Oct. 31, 2019) is engaged in the cultivation of sugarcane, production of refined sugar, bioethanol and thermal energy.



OTEOLB's 90 MW thermal power plant uses coal and bagasse as fuel to produce power, which is sold to the Central Electricity Board (CEB) as per the Power Purchase Agreement (PPA). ***OTEOLB pays dividend to OHLB and OHLB's sole revenue source is dividend income from OTEOLB. Hence, OHLB's prospects are closely linked to the performance of OTEOLB.***

OHLB is governed by a 3-member Board of Directors comprising of Mr. Jacques M. d'Unienville (CEO and Director of Omnicane Limited), Mr. Nelson (CFO of Omnicane Limited) and Mr. Eddie (Company Secretary of Omnicane Limited).

CREDIT RISK ASSESSMENT

Long track record of Omnicane group & experienced promoters

Omnicane Group is a long-established sugarcane group, with its origins dating back to 1850's. The primary activities of the group are cultivation of sugarcane and the production of refined sugar, bioethanol, thermal energy, and electricity in Mauritius. Majority shareholding belongs to D'Unienville family. The group cultivates around 200,000 tonnes of sugarcane over 2,568 hectares of land. Since 2010, post centralisation of cane transformation, all the sugarcane harvested in the south of Mauritius is processed by Omnicane's fully integrated flexi-factory at La Baraque. Annually, the sugar mill crushes over 900,000 tonnes of sugarcane, comprising of their own harvest, that of 12 corporate planters and around 3,500 small planters. Accordingly, it produces around 100,000 tonnes of sugar (323,406 tonnes of sugar produced in Mauritius in 2018), 300,000 tonnes of bagasse, 35,000 tonnes of molasses (around 37 kg of molasses per tonnes of cane) and 20 million litres of bioethanol.

The Group's power production (La Baraque-90 MW and Saint Aubin-35 MW) accounted for 24% (758 GWh) of Mauritius' total energy production (3,120 GWh) in 2018. While at La Baraque power is produced both from coal and bagasse, St. Aubin generates power only from coal:

Electricity Produced (GWh)	From Bagasse		From Coal		Total	
	2017	2018	2017	2018	2017	2018
La Baraque (90MW)	143	131	444	381	587	512
St. Aubin (35MW)	-	-	256	246	256	246
Total	**143**	**131**	**700**	**627**	**843**	**758***

**lightning strike in 2018 damaged equipment & affected operations*

The Group also owns Holiday Inn Mauritius (140 room 3-star category Hotel) situated within close proximity of the airport of Mauritius and is involved in the property sector with ongoing development of Smart City in the southern region of Mauritius.

Outside Mauritius, Omnicane group has investments in hydroelectric projects in East Africa, sugarcane complex in Kenya (a new sugar mill and an 18 MW cogeneration power plant, with around 5,500 hectares of land under cane cultivation) and 21% shareholding in Real Good Food plc. The brief audited financials of Omnicane Limited (Consolidated) is as under:

Omnicane Limited (MUR Million)	FY17	FY18
Turnover	4539	4245
EBITDA	744	950
Interest	557	632
PAT	-539	-402
GCA	93	242
Total Debt	10,792	11,006
Tangible Networth	11,828	10,753
EBITDA margin	16%	22%
Overall Gearing	0.91	1.02
Interest coverage (EBITDA /Interest)	1.34	1.50

In 2018 the financial performance was negatively impacted by low sugar price.

Consistent flow of dividends from OTEOLB

OHLB's (owning 60% in OTEOLB) main source of revenue is dividend received/receivable from OTEOLB, which has a stable dividend payment track record for last 10-12 years.

OHLB proposes to raise a Bond of MUR 550 million and utilize the proceeds predominantly for pre-payment/re-payment of the term loan availed from MCB and SBM in June 2019 and to make a company loan to Omnicane Limited. Going forward, OHLB will not pay any dividend to Omnicane Limited and utilize the dividend received from OTEOLB for repayment of interest & principal of the proposed bond.

Low debt coverage ratios in OHLB due to repayment structure of the Bond

The Bond (MUR 550 million raised by OHLB) will be repaid out of the cashflow to be received as dividend from OTEOLB. As per the term sheet, annual repayment will be on 15th Oct. every year, since OTEOLB pays dividend on 30th Sept. every year, based on the following formula: **90%* (Dividend received from OTEOLB-operational expenses – Interest).** OHLB's annual operating expenses are capped at MUR 1.5 million per annum from FY20 (in line with past track record of operational expenses). The past and projected dividend flows from OTEOLB and debt repayments are as follows:

Particulars	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
(MUR Million)	(Already received)					(Projected to be received)							
Total Dividend paid /to be paid by OTEOLB	140	150	200	150	125	125	125	180	180	180	190	190	190
OHLB's 60% share	**84**	**90**	**120**	**90**	**75**	**75**	**75**	**108**	**108**	**108**	**114**	**114**	**114**
Interest Repayment						28	25	23	20	16	11	7	2
Principal repayment						42	44	75	78	87	91	95	38

The principal repayment amount is not fixed and will vary with the dividend received from OTEOLB. The Board of Directors of OTEOLB has unanimously approved that maximum dividend pay-outs shall be made to the shareholders of OTEOLB subject to OTEOLB being profitable and satisfying the terms and conditions of its existing indebtedness.

The cashflows to be utilized for repayment of the bond in OHLB will be in the form of dividend from OTEOLB. Accordingly, CRAF has analyzed the operational and financial performance of OTEOLB:

Strong operational and financial performance of the dividend paying subsidiary- OTEOLB (operating 90 MW coal and bagasse based powerplant)

Background: In 2005, OTEOLB decided to construct and operate a coal and bagasse based 90 MW (45MW*2) powerplant next to its sugar mill in La Baraque, L'Escalier (Southern part of Mauritius). Accordingly, the company approached Central Electricity Board (CEB) to sign a Power Purchase Agreement (PPA). In February 2005, the company entered into a PPA with CEB for 20 years (with effect from June/July 2007 - the projected operational date of the power plant). The 90MW power plant was constructed by Albioma (one of the shareholders) at an aggregate cost of MUR 4.0 billion (debt- MUR 3.2 billion and equity – MUR 0.8 billion i.e. debt:equity ratio of 80:20) and was operational from August 2007. The financing cost and commercial operational date was well within the PPA terms. OHLB holds 60% stake in OTEOLB, followed by Albioma (25%) and Sugar Investment Trust (15%).

The dual fuel system of the bagasse and coal fired cogeneration plant allows for continuous generation of power throughout the year with bagasse being used as main fuel during harvest season (June-December) and coal being the primary fuel for the remaining months.

Shareholders: Albioma is a 30 years old French company (listed on the NYSE Euronext Regulated Market in Paris), which commissioned the world's first hybrid bagasse/coal cogeneration plant (62 MW) on Reunion Island in 1992. In 2000, Albioma commissioned its first bagasse/coal power plant (70 MW) of Mauritius. In 2007, the company commissioned the 90 MW bagasse/coal power plant for OTEOLB in Mauritius. Since incorporation, OTEOLB's plant operation and maintenance is supervised by officials of Albioma. As on September 30, 2019, Albioma had an installed capacity of 910 MW of solar and bagasse/coal cogeneration power plant located in France, Mauritius, Reunion Island, Brazil and other French territories.

Sugar Investment Trust (SIT), a corporate body established in 1994 by an Act of Parliament, was set up as a participation scheme offering sugar cane planters and employees of the sugar industry the opportunity to participate in the ownership of sugar milling companies through equity. GoM owns 6.5% and National Pension Fund owns 10.6% stake in SIT.

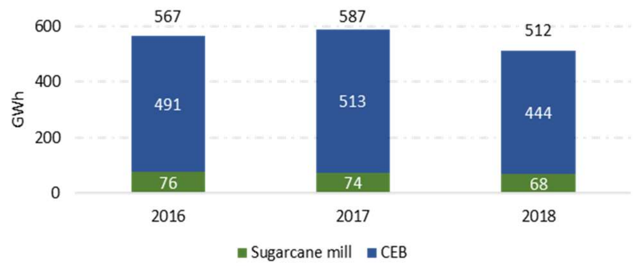
Operation and Maintenance of the Plant: OTEOLB has entered into an agreement with Albioma for construction, operation and maintenance of the plant. The technical services agreement with Albioma for operation and maintenance of the plant is as per the agreed terms of the PPA. The entire cost of operation and maintenance is pass-through as per the PPA.

OTEOLB is a professionally managed company. It is governed by a 7-member Board of Directors comprising of 3 executive members and 4 non-executive members, including a director from Albioma. Mr. Jacques M. d'Unienville (CEO of Omnicane Limited) is the Chairman of the Board. Mr. Jean Michel Gérard, General Manager of the plant is from Albioma.

Salient features of the PPA

Low payment Risk: OTEOLB has a 20-year PPA with CEB expiring on July 2027. The PPA is backed by a Republic of Mauritius guarantee on-demand. The Republic of Mauritius has unconditionally guaranteed the due and punctual performance of CEB's payment obligations to OTEOLB contained in the PPA. In the event of any failed payments of the CEB, GoM undertakes to pay any amount owed within 20 business days of the receipt of a written demand from OTEOLB. However, for the last 12 years, CEB has paid all the Invoices raised by OTEOLB well within the stipulated timelines and in no instance, OTEOLB had approached GoM.

Low off-take Risk: The PPA requires the power plant to be available to CEB for a minimum of 8,000 hours annually. For the last 12 years (2007-2019) the power plant was available for over 8,000 hours annually (i.e. 334 days @ 24 hours a day) with 1-month closure for maintenance. However, in FY18, one of the units (45 MW) was shut down for 135 days due to a lightning strike. Accordingly, the average availability of both the plants (90 MW) was around 6,350 hours (79%) as against 8,000 hours.



The power generation depends on the requirement by CEB on real time basis. During the last 3 years, OTEOLB has exported 87% of its power generated to the National Grid. *OTEOLB accounted for 15.68% of the total electricity produced in Mauritius in 2018.*

Pass-through of major operating charges: As per the PPA, the major components of revenue are Energy Charge and Capacity Charge.

Energy charge includes cost of coal and bagasse used in production, fuel handling costs and variable operation & maintenance charges, is fully passed through to CEB. Coal purchase and delivery are under CEB's responsibility and the coal price is a fully pass-through item. Accordingly, OTEOLB is shielded from coal price movements.

Capacity charge is made up of the following 3 components:

Capacity Charge (MUR Million)	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Fixed Operational & Maintenance charge (FOMc)	219	196	201	207	209	249	218	220	222	224	226
Equity Charge	226	231	234	239	240	246	245	245	245	245	245
Financial Charge	422	383	391*	399	408	241**	0	0	0	0	0
Total Capacity Charge	**868**	**811**	**826**	**845**	**858**	**735**	**463**	**465**	**467**	**469**	**471**
Plant Availability Factor (%)	100	79	100*								
Actual Capacity charge received from CEB	868	641	700*								

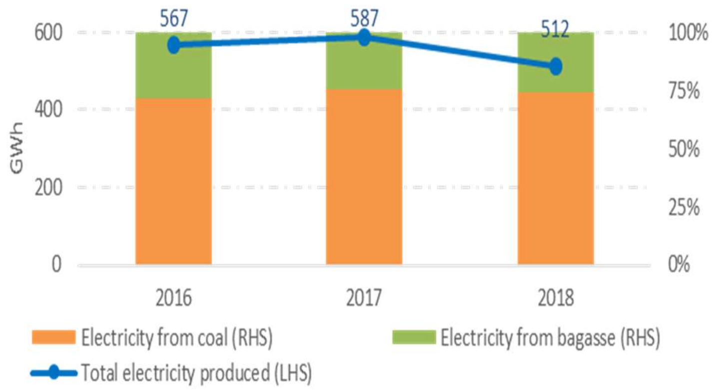
**Till October 31, 2019   ** Financial charge will become NIL, post repayment of MUR 1,096 million debt in OTEOLB.*

Total capacity charge is payable by CEB, to OTEOLB, depending on availability of the plant (captured by equivalent availability factor). If the plant is available for at least 8,000 hours per annum, OTEOLB receives the full Capacity charge, and if not, OTEOLB receives a lower amount in proportion to the number of hours the plant was available to CEB. OTEOLB has received full capacity charge since inception barring FY18, when it received 79% of capacity charge, since the plant was available for 6,350 hours (against 8,000 hours).

The cost of the incident amounted to MUR 227 million and OTEOLB has already received MUR 177 million (MUR 85 million in 2018 and 92 in 2019) from insurance due to the breakdown. Accordingly, majority of the loss on account of receipt of lower capital charge in FY18 was covered by the proceeds from the Insurance company.

Insurance coverage: OTEOLB has taken insurance covers for *Fire & Allied Perils* (coverage from damages that fire or perils can cause to its plant & machinery), *consequential loss following Fire & Allied Perils* (coverage against loss of income due to fire in the plant), *Machinery Breakdown* (coverage against unexpected accident for machines, including repairs and replacement for the normal course of business), *consequential loss following Machinery Breakdown* (coverage against other losses cascading from machinery breakdown) and *terrorism and sabotage* from Swan Insurance, to mitigate the risks inherent in a powerplant. All losses are covered over an excess of MUR 40 million.

Steady fuel Sourcing arrangements: OTEOLB uses both coal and bagasse as input for power production. During the sugarcane crop season, bagasse is the main source of energy, whilst coal is used during the off-crop season. However, coal is the main fuel accounting for 70-80% of total annual power production. The plant runs on Grade B non-coking coal (Gross Calorific Value of 6,100). The company annually uses



200,000 – 240,000 tons of coal (at an efficiency of around 500-530 tonnes of coal used to produce 1 GwH for last 3 years). The coal usage is in line with PPA and any efficiency or inefficiency has to be borne by OTEOLB.

The coal procurement is done centrally by CEB for all Independent Power Producers (IPPs) of Mauritius through Coal Terminal (Management) Co. Ltd ("CTMC"). CTMC is responsible from the tendering to the delivery of coal to OTEOLB. The CEB has a representative on the board of CTMC who validates the quality & price of the coal purchase process from South Africa (majorly) and Indonesia. OTEOLB's payments to CTMC are 100% recharged to CEB (under PPA).

Bagasse is procured from Omnicane Milling Operations Limited ("OMOL"), which is the sugar mill of Omnicane Group. OMOL derives 300,000-400,000 tons of bagasse annually from its milling operations and supplies 100% of the bagasse to OTEOLB. The price of bagasse is fixed by OMOL and same is pass through as per the PPA between CEB and OTEOLB.

Experienced plant operator (Albioma): Albioma has been appointed as OTEOLB's plant operator with responsibilities for maintenance, since construction phase. This gives the plant access to expertise and technical support from an established international power company. OTEOLB pays an annual technical fee equivalent to 4% of its EBITDA, as per PPA. With over 500 experts working for Albioma Group in, it has a total installed capacity of 910 MW across 8 countries [Mauritius (195 MW) - Terragen (70MW), Saint Aubin (35MW) and La Baraque (90MW)] and its plants generated a total of 3.3 TWh of electricity in 2018. In 2018, barring breakdown of 45 MW unit in La Baraque, Albioma's generating plants remained available for 88% of the time. In FY18 (Jan – Dec), Albioma achieved a consolidated revenue of EUR 428 million, EBITDA of EUR 163 million and PAT of EUR 44 million for 2018. The General Manager of OTEOLB, Mr. Jean Michel Gerard, is deputed from Albioma to ensure proper running of the plant.

Central Electricity Board – Sole distributor of electricity in Mauritius with established track record of Invoice payment well within the stipulated timelines

Established in 1952, the Central Electricity Board ("CEB") is a parastatal body (wholly owned by GoM) and operates under the aegis of the Ministry of Energy and Public Utilities. CEB is the sole organisation responsible for the transmission and distribution of electricity in Mauritius. CEB also generates approximately 45% of total power supply of Mauritius with its 4 thermal power plants and 10 hydroelectric plants:

In 2018, CEB produced 1,307.7 GWh of energy [accounting for 46.25% of the total energy supply to the national grid for 2018 (2,827.6 GWh)]. Given that CEB is the sole supplier of power to the population, CEB purchased additional 1,519.8 GWh (53.75%) from the following Independent Power

Producers (IPPs), who generates power as per requirement of CEB, barring their auxiliary/captive consumption.

IPPs	Installed capacity (MW)	GWh generated in	% of total units (2018)
Thermal			
OTEOLB (Omnicane)	90.00	443.3	15.68
OTEOSA (Omnicane)	32.50	226.8	8.02
Terragen (Terra group))	71.20	420.6	14.88
CEL (Beau Champ)	28.40	165.4	5.85
Alteo Energy Limited	36.70	163.1	5.77
MSML (ex Medine)	21.70	16.2	0.57
Sotravic Ltd	3.45	22.6	0.80
Total Thermal (D)	**283.95**	**1,458**	**51.57**
Others			
Total photovoltaic* (E)	**66.64**	**49.06**	**1.73**
Total wind (F)	**9.35**	**12.6**	**0.45**
Total IPPs (G=D+E+F)	**359.94**	**1,519.66**	**53.75**

**Total PV includes power produced under Small/Medium scale distributed generation scheme*
Source: CEB website

As per the latest available Annual report of CEB (June 30, 2017), CEB posted a revenue of MUR 22.6 billion and PAT of MUR 5.0 billion for the period of 18 months ended June 30, 2017. As on June 30, 2017 CEB had a total borrowing of MUR 4.3 billion.

Omnicane management has stated that every month-end, OTEOLB invoices CEB based on the total MWh supplied to CEB for the month, post which CEB settles its dues within 23-25 days. There are no major concerns regarding timeliness of payment from CEB given that the utility is a profitable one. CEB's payments are also guaranteed by the Government of Mauritius should there be any event of default as defined in the PPA.

Industry Risk

Mauritius has a total installed capacity of 858.38 MW comprising of capacity of the plants owned by CEB, Independent Power Producers (IPPs), producers under Small Scale Distributed Generation Scheme and Medium Scale Distributed Generation Scheme. In 2018, the total energy supply by the National Grid was 2,827.6 GWh and the average price of electricity charged to customers was around MUR 6.00 per kWh.

CEB is the sole organisation responsible for the transmission and distribution of electricity to the population.

Transmission from various powerplants is done via 66 kV lines interconnecting power plants and major 66/22 kV substations. The 22 kV outgoing lines from these substations either supply the rural regions or are used for 'sub-transmission' feeding 22/6.6 kV substations. CEB has a transmission system is to transmit electricity, at a higher voltage, from sources of generation to Bulk Supply Points or Major Substations.

In terms of fuel used to generate power, Mauritius is still heavily reliant on Heavy Fuel Oil (accounting for 41.8% of power generated in 2018) and Coal (accounting for 39.7% of power generated in 2018). Bagasse (10.8%) leads the way among other fuels due to the Island's significant sugarcane industry.

Outlook

The Energy sector in Mauritius grew at a CAGR of 6.4% over the past 5 years to reach around MUR 7.1 Billion in 2018, from MUR 5.5 Billion in 2014, recorded at Basic prices. Over the past 3 years, the energy sector grew at a decreasing rate. Nonetheless, the Central Statistics Office projects a pickup for the Outlook of FY19 and FY20 with a 3.1% growth. This increasing growth can be attributed to the start of operation of the Light rail transit system (Metro Express) causing a growth in the demand for energy in the transport sector (a sector which accounts for more than 50% of total energy consumption). With the growth of the Energy sector over the past years and despite the increased investment in renewable energy during the past years, investment in the sector was relatively stable around MUR 4.4 million over the past 5 years. The longer-term outlook of the sector remains dependent on the pace of growth of renewable generation.

FINANCIAL PERFORMANCE

Standalone Financial performance of OHLB *MUR Million*

For the year ended as on	Dec-16	Dec-17	Dec-18
	12M	12M	12M
Total Income (Dividend from OTEOLB)	90	120	90
EBIDTA	89	119	89
Interest	0	0	0
PBT	89	119	89
PAT	89	119	89
Gross Cash Accruals (GCA)	89	119	89
Dividend paid/proposed	89	119	89
Equity share capital	457	457	457
Tangible networth	457	457	457
Total debt	0	0	0
Cash	0	1	0
Key Ratios			
EBIDTA / Total income	99.06	99.25	98.96
PAT / Total income	99.05	99.25	98.96
RONW (%)	19.52	26.08	19.50
Overall gearing ratio	0.00	0.00	0.00
Interest coverage (times)	NM	NM	NM
Total debt/ EBIDTA	0.00	0.00	0.00

In FY18, (Jan 1-Dec 31), OHLB has received dividend income of MUR 90 million from OTEOLB and posted PAT of MUR 89.1 million.

Standalone Financial performance of OTEOLB *MUR Million*

For the year ended as on	Dec-16	Dec-17	Dec-18
	(Audited)		
	12M	12M	12M
Revenue from sale of electricity	1,527	1,845	1,646
Other Income	14	12	12
Total Income	1,542	1,857	1,658
EBIDTA	621	603	487
Depreciation & amortisation	205	207	206
Interest	178	146	101
PBT	238	242	176
PAT	201	198	144
Gross Cash Accruals (GCA)	443	449	382
Dividend paid/proposed	150	200	150
Financial Position			
Equity share capital	761	761	761
Tangible networth	1168	1170	1166
Total debt	1895	1656	1391
- Long term debt	1895	1656	1391
- Short term debt	0	0	0
Cash & Bank balances	226	170	81
Key Ratios			
Profitability (%)			
EBIDTA / Total operating income	40.30	32.46	29.36
PAT / Total income	13.06	10.66	8.71
ROCE- operating (%)	12.49	12.45	9.49
RONW (%)	17.49	16.93	12.37
Solvency			
Long-term debt to equity ratio	1.62	1.42	1.19
Overall gearing ratio	1.62	1.42	1.19
Interest coverage (times)	3.48	4.14	4.81
Long-term Debt/ EBIDTA	3.05	2.75	2.86
Total debt/ EBIDTA	3.05	2.75	2.86
Liquidity			
Current ratio	2.14	2.74	2.02
Turnover			
Average collection period (days)	54	56	41
Average inventory (days)	103	92	103
Average creditors (days)	29	36	52
Operating cycle (days)	128	112	92
Working capital turnover ratio	2.53	3.16	3.54

In FY17, OTEOLB's revenue increased in line with the increase in power procurement by CEB. However, the same declined in FY18, due to closure of one of the units (45MW) for 135 days due to a lightning strike. This impacted the plant availability factor and in turn the company received 79% of the total capital charge for FY18. Accordingly, EBIDTA and PAT were lower in FY18. The total cost of the incident (including repair charge and loss of income) was MUR 227 million and the company has received MUR 177 million over and above excess of MUR 40 million). Hence, the incident didn't have much impact on the cashflow of the company. Both the plants are operational since July 2018 and were fully available between Jan-Oct 2019.

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.

Details of Instrument

Proposed Long-term Bond

Instrument	Amount (MUR Million)	Repayment (MUR Million)
Long term Bond	550	Variable from 2020-2026, based on the following formula: **Principal repayment = 90% of (Dividend income - annual interest cost - annual operating expenses**)** Remaining outstanding amount in 2027 will be paid fully on the Maturity Date (July 2027)

***Annual operating expenses is capped at MUR 1.5 million as per the term sheet*

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.