

## MIRA INFORM REPORT

Report No. :	518693
Report Date :	12.07.2018

### IDENTIFICATION DETAILS

Name :	ECOCASH
Registered Office :	1906 Borrowdale Road, Borrowdale
Country :	Zimbabwe
Financials (as on) :	28.02.2018
Date of Incorporation :	29.09.2011
Legal Form :	Limited Corporation
Line of Business :	Subject is Registered to operate as a mobile payment solution
No. of Employees :	50

### RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> January 2017)

MIRA's Rating :	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Good
Payment Behaviour :	Regular
Litigation :	Clear

#### NOTES :

Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto:infodept@mirainform.com) while quoting report number, name and date.

### ECGC Country Risk Classification List

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Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Zimbabwe	C1	C1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

### ZIMBABWE - ECONOMIC OVERVIEW

Zimbabwe's economy depends heavily on its mining and agriculture sectors. Following a decade of contraction from 1998 to 2008, the economy recorded real growth of more than 10% per year in the period 2010-13, before falling below 3% in the period 2014-17, due to poor harvests, low diamond revenues, and decreased investment. Lower mineral prices, infrastructure and regulatory deficiencies, a poor investment climate, a large public and external debt burden, and extremely high government wage expenses impede the country's economic performance.

Until early 2009, the Reserve Bank of Zimbabwe (RBZ) routinely printed money to fund the budget deficit, causing hyperinflation. Adoption of a multi-currency basket in early 2009 - which allowed currencies such as the Botswana pula, the South Africa rand, and the US dollar to be used locally - reduced inflation below 10% per year. In January 2015, as part of the government's effort to boost trade and attract foreign investment, the RBZ announced that the Chinese renminbi, Indian rupee, Australian dollar, and Japanese yen would be accepted as legal tender in Zimbabwe, though transactions were predominantly carried out in US dollars and South African rand until 2016, when the rand's devaluation and instability led to near-exclusive use of the US dollar. The government in November 2016 began releasing bond notes, a parallel currency legal only in Zimbabwe which the government claims will have a one-to-one exchange ratio with the US dollar, to ease cash shortages. Bond notes began trading at a discount of up to 10% in the black market by the end of 2016.

Zimbabwe's government entered a second Staff Monitored Program with the IMF in 2014 and undertook other measures to reengage with international financial institutions. Zimbabwe repaid roughly \$108 million in arrears to the IMF in October 2016, but financial observers note that Zimbabwe is unlikely to gain new financing because the government has not disclosed how it plans to repay more than \$1.7 billion in arrears to the World Bank and African Development Bank. International financial institutions want Zimbabwe to implement significant fiscal and structural reforms before granting new loans. Foreign and domestic investment continues to be hindered by the lack of land tenure and titling, the inability to repatriate dividends to investors overseas, and the lack of clarity regarding the government's Indigenization and Economic Empowerment Act.

Source : CIA

## **COMPANY NAME**

Registered Name: **ECOCASH**  
Requested Name: **ECOCASH LEGAL ENTITY**  
Other Names: **None**

## **ADDRESS AND TELECOMMUNICATION**

Physical Address: Msasa Old Mutare Road,  
Head Office: 1906 Borrowdale Road, Borrowdale  
Postal Address: P. o. Box BE 1298 Belvedere  
Harare,  
Country: Zimbabwe  
Phone: 263-4-486120/486867/486121/6  
Fax: 263-4-486120  
Email: [ecocashhelp@econet.co.zw](mailto:ecocashhelp@econet.co.zw)  
Website: [www.ecocash.co.zw](http://www.ecocash.co.zw)

## **CREDIT OPINION**

Financial Index as of December 2017 shows subject firm with a medium risk of credit. However, bank and credit information obtained reveal a history of prompt payments.

## **LEGAL**

Legal Form: Limited Corporation  
Date Incorporated: 29-Sept-2011  
Reg. Number: Zimbabwe  
Nominal Capital: USD. 1,000,000  
Subscribed Capital: USD. 1,000,000  
Subscribed Capital is Subscribed in the following form:

	<b>Position</b>	<b>Shares</b>
Mr. Strive Masiyiwa	Group Chairman	
Mr. Douglas Mboweni	Group CEO	
Mr. Roy Chimanikire	Group Finance	
Dr. James Myers	Director	
Mr. Hardy Pemhiwa	Director	
Mrs. Tracy Mpofu	Director	

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Ms. Beatrice Mtetwa	Director	
Mr. Godfrey Gomwe	Director	
Mrs. Sherree Gladys Shereni	Director	
Mr. Martin Edge	Director	
Mr. Michael Bennett	Director	
Econet Wireless Zimbabwe Ltd	Holding Co.	100%

## **RELATED COMPANIES**

Econet Wireless Zimbabwe Ltd	Parent company.
None	Subsidiary company.
None	Affiliated company.
None	Shareholder of subject firm.
None	Branches of the firm

## **OPERATIONS**

Registered to operate as a mobile payment solution	
Imports:	Asia
Exports:	None
Trademarks:	None
Terms of sale:	Cash (40%) and 25-90 days (60%), invoices.
Main Customers:	firms and organizations
Employees:	50 employees.
Vehicles:	Several motor vehicles.
Territory of sales:	Zimbabwe
Location:	Owned premises, 10,000 square feet,

## **AUDITORS AND INSURANCE**

Auditors:	Information not available.
Insurance Brokers:	Information not available.

## **FINANCE**

Currency Reported: US Dollar (USD.)  
Fiscal Year End: December 31, 2017

Inflation: According to information given by independent sources,  
the inflation at December 31st, 2017 was of 13%.

Financial Information Submitted Below

## **BANK**

Bank Name: Standard Chartered Bank  
Branch: Zimbabwe  
Comments: None

## **TRADE REFERENCES**

Experiences: Good

NOTARIAL BONDS None

## **COMMENTS / ADDITIONAL INFORMATION**

This information was obtained from outside sources other than the subject company itself and confirmed the above subject.

**Audited Consolidated Statement of Comprehensive Income**

(All figures in US\$ 000)	Audited 28 February 2018	Audited 28 February 2017
<b>Revenue</b>	<b>831,597</b>	<b>621,705</b>
Earnings before interest, taxation, depreciation and amortisation	339,699	223,953
Depreciation, amortisation and impairment	(140,506)	(138,150)
<b>Profit from operations</b>	<b>199,193</b>	<b>85,803</b>
Net Finance costs	(6,441)	(26,057)
<b>Profit before taxation</b>	<b>192,752</b>	<b>59,746</b>
Taxation	(60,461)	(23,558)
<b>Profit for the full year</b>	<b>132,291</b>	<b>36,188</b>
<b>Other comprehensive income</b>		
Other comprehensive income net of tax	-	1,064
<b>Total comprehensive income for the full year</b>	<b>132,291</b>	<b>37,252</b>
<b>Profit for the full year attributable to:</b>		
Equity holders of the parent	140,786	36,978
Non-controlling interest	(8,495)	(790)
<b>Profit for the full year</b>	<b>132,291</b>	<b>36,188</b>

**Audited Consolidated Statement of Financial Position**

(All figures in US\$ 000)	Audited 28 February 2018	Audited 28 February 2017
<b>ASSETS</b>		
Property, plant and equipment, intangible assets and goodwill	688,508	728,803
Other non-current assets	75,316	61,243
Financial instruments	764,852	413,957
Other current assets	9,387	20,721
<b>Total assets</b>	<b>1,538,063</b>	<b>1,224,724</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital and share premium	96,371	40,764
Retained earnings	661,684	638,066
Other reserves	8,862	14,922
Non-controlling interests	(4,923)	3,572
<b>Total equity</b>	<b>761,994</b>	<b>697,324</b>
Deferred taxation	80,089	96,794
Other non current liabilities	9,219	4,713
Interest-bearing debt	58,805	127,764
Other financial instruments	590,415	270,713
Other current liabilities	37,541	27,416
<b>Total liabilities</b>	<b>776,069</b>	<b>527,400</b>
<b>Total equity and liabilities</b>	<b>1,538,063</b>	<b>1,224,724</b>

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**Audited Consolidated Statement of Cashflow**

(All figures in US\$ 000)	Audited 28 February 2018	Audited 28 February 2017
<b>Cash generated from operations</b>	<b>421,744</b>	<b>211,744</b>
Income tax paid	(60,392)	(38,081)
<b>Net cash generated from operations</b>	<b>361,352</b>	<b>173,663</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment and intangible assets	(102,678)	(32,929)
Net acquisition of financial instruments	(153,453)	(24,185)
<b>Net cash used in investing activities</b>	<b>(256,131)</b>	<b>(51,642)</b>
<b>Cash flows from financing activities</b>		
Financing costs paid	(3,949)	(22,549)
Dividend paid	(36,511)	(10,977)
Share buy-back	(55,788)	-
Proceeds from borrowings	52,083	27,404
Repayment of borrowings	(124,209)	(126,899)
Proceeds from rights issue	50,301	5,555
Increase in deposits due to banks and customers	177,180	91,626
<b>Net cash flows (used in)/from financing activities</b>	<b>59,107</b>	<b>(35,873)</b>
Net increase in cash and cash equivalents	164,328	86,148
Cash and cash equivalents at the beginning of the year	185,863	99,715
<b>Cash and cash equivalents as at 28 February 2018</b>	<b>350,191</b>	<b>185,863</b>

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**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.82
UK Pound	1	INR 91.34
Euro	1	INR 88.79
ZWD	1	INR 80.09

**Note** : Above are approximate rates obtained from sources believed to be correct

**INFORMATION DETAILS**

Analysis Done by :	DIV
Report Prepared by :	PRN

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**RATING EXPLANATIONS**

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)