Rating Rationale

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

Ratings

Instrument	Amount (MUR Million)	Rating	Rating Action
Bond Issue	488 (reduced from 550)	**CARE MAU A-; Stable [Single A Minus; Outlook: Stable]**	**Reaffirmed**

Rating Rationale

The rating assigned to the bond issue of MUR 488 million (reduced from 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.

Rating Sensitivities

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

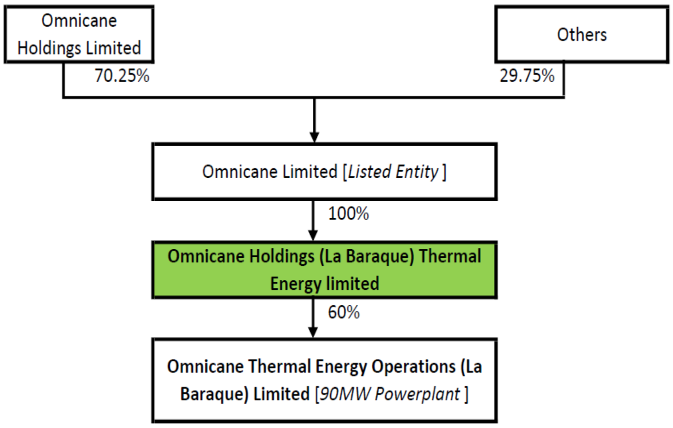
- No dividend payment or support to be extended in any other form by OHLB & OTEOLB to Omnicane Limited and other group companies, barring on event of special dividend paid by OTEOLB Higher plant availability factor and ability to achieve 8,000 hours
- Any additional debt over and above MUR 550 million in OHLB and MUR 390 million in OTEOLB, affecting OHLB's ability to service debt and OTEOLB's ability to pay dividend to OHLB
- Increase in 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 is a public company (SEM) 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 indirectly derives its total revenue from sale of electricity to the CEB.***

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 Ah-Cham (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. The group cultivates around 200,000 tonnes of sugarcane over 2,304 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 13 corporate planters (including around 102,000 tonnes supplied by Medine Sugar Estate) and 3,229 small planters. Accordingly, it produces around 100,000 tonnes of sugar (88,010 tonnes in 2020, representing 33% of sugar produced in Mauritius in 2019), 303,906 tonnes of bagasse and 19 million litres of bioethanol.

The Group's power supplied to the national grid (La Baraque-90 MW and Saint Aubin-35 MW) accounted for 26% (742 GWh) of Mauritius' total energy (2,882 GWh) in 2020.

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	
	2019	**2020**	**2019**	**2020**	**2019**	**2020**
La Baraque (90MW)	155	129	464	465	619	594
St. Aubin (35MW)	-	-	254	253	254	254
Total	**155**	**129**	**718**	**718**	**873**	**848**

The Group also owns Holiday Inn Mauritius (3-star category and 140 room Hotel) situated within close proximity of the airport of Mauritius and is involved in the property sector. Outside Mauritius, Omnicane group has sizeable investments in hydroelectric projects in East Africa, 20% equity stake in Kwale International Sugar Company Limited (Kenya), 21% shareholding in Real Good Food plc which is a leading group of companies specialising in the production and marketing of value-added sugar products in the United Kingdom. The past audited financials of Omnicane Limited (Consolidated) are as under:

MUR Million	FY18	FY19	FY20
Turnover	4,245	4,553	4,470
EBITDA	950	1,085	717
Interest	632	664	633
Non-recurring non-cash impairments		971	2,209
PAT	(402)	(1,061)	(3,208)
GCA	242	629	(426)
Total Debt	11,006	10,979	10,685
Tangible Networth	10,753	9,366	6,473
EBITDA margin	22%	31%	16%
Overall Gearing	1.02	1.17	1.65
Interest coverage (EBITDA/Interest)	1.50	2.25	1.13

In FY20, Omnicane Limited's Consolidated revenue dipped because of the challenges faced during the COVID-19 pandemic and 2.5 months' lockdown in Mauritius. The Hospitality and Real Estate clusters were the most affected due to the closure of international borders. Additionally, more repairs and some of the critical equipment's overhaul was delayed thus impacting efficiency for the Energy cluster. The sugar cluster performed well with an increase in refined sugar production from 108,840 tons in 2019 to 156,255 tons in 2020 and a slightly better price for the sugar segment (MUR 12,282 per tons for 2020 compared to MUR 10,000 per ton in 2019). EBITDA was also lower for FY20. However, the Group recorded a non-cash impairment amounting to MUR 1.0 billion of its investment in the sugar project in Kenya, MUR 200 million impairment of the Holiday Inn Airport Hotel's property, plant and equipment following uncertainties on a back-to-normal level of operations and MUR 233 impairment of land conversion rights and real-estate related projects. The group also reported some forex loss of MUR 239 million following the depreciation of the Mauritian rupee and revaluation surplus of MUR 1.9 billion on its land bank. In FY20, the Group posted a cash loss of MUR 426 million (GCA positive at MUR 629 million for FY19).

As on December 31, 2020, Omnicane Limited (Consolidated) reported a debt figure of MUR 10,685 million [MUR 6,481 million at Omnicane Limited (Standalone) and MUR 4,204 million in subsidiaries]. On June 11, 2021, Omnicane Limited signed a deal with the Mauritius Investment Corporation for sale of land aggregating to MUR 4,500 million. OL has received Mur 2,416 million and has utilized the same to repay debt in June 2021. The company will receive additional Mur 2,084 million on execution of Deed of Sale of land (expected by November 2021) and will utilize the same to repay debt. Post utilization of MIC proceeds, OL (Consolidated) will have total debt of MUR 6,235 million (MUR 2,031 million at the holding company). Finance costs is expected to decrease and gearing of Omnicane Limited will improve going forward.

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 received a dividend of Mur 90 million from OTEOLB and other income (interest income & management fees) of Mur 23 million in FY20. The company utilized the same for interest payment and scheduled principal repayment of Mur 47.4 million.

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

The Bond of 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 (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 was the successful bidder of a Request for Proposal issued by CEB in December 2003.

The PPA became effective on the Effective Date (i.e. 17 November 2005) for an Initial Term, which includes the period from the Effective Date until the 20th Anniversary of the Final Commercial Operation Date.

The Final Commercial Operation Date was on the 01 August 2007. 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 within the PPA terms.

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

OHLB holds 60% stake in OTEOLB. The other two shareholders of OTEOLB are Albioma (25%) and Sugar Investment Trust (15%).

Shareholders: **Albioma** is a French company (listed in the NYSE Euronext Regulated Market in Paris) with over 30 years of operations, 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 June 30, 2021, Albioma has 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. In the PPA there are different charges to be paid by CEB. These charges include the cost of operation and maintenance. A reference amount for each of these charges are listed in the PPA, together with the respective indexation formula applicable annually. This reference amount corresponds on normal cost of operation and maintenance.

OTEOLB is a professionally managed company. It is governed by an 8-member Board of Directors comprising of 3 executive members and 5 non-executive members, including a director from Albioma. Mr. Jacques M. d'Unienville (CEO of Omnicane Limited) is the Chairman of the Board.

Salient features of the PPA

Low payment Risk: OTEOLB has a 20-year PPA with the CEB expiring in July 2027. The Government 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 offtake Risk: The PPA requires the power plant to be available to CEB for a minimum of 8,000 hours annually. With the exception of 2018, 2019 and 2020, the power plant was available for over 8,000 hours annually (i.e., 334 days @ 24 hours a day) from 2007 to 2017 with the normal 1-month closure for maintenance. 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 units (2 x 45 MW) was around 6,350 hours (79%) as against 8,000 hours. In FY19, the power plant was available for 7,946 hours (99%) because of maintenance exercise overrun of around 2 days. In FY20, the power plant was available for 7,693 hours (96%) because of maintenance exercise overrun for a month because of unforeseen circumstances of the pandemic. The power generation depends on the requirement by CEB on real time basis. During the last 4 years, OTEOLB has exported 87% of its power generated to the National Grid. OTEOLB accounted for 18% of the total electricity produced in Mauritius in 2020.

Pass-through of major operating charges:

As per the PPA, the major components of revenue are Energy Charge and Capacity Charge.

Energy charge

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 OTEOLB's responsibility. The CEB pays the coal cost, insurance, and freight price for the contract coal quantity only.

Capacity charge: As per the PPA, the capacity charge includes the following:

- Fixed O&M charge
- Equity charge
- Financial charge.

Capacity Charge (MUR Million)	**2017**	**2018**	**2019**	**2020**
Fixed Operational & Maintenance charge	219	196	196	207
Equity Charge	226	231	229	240
Financial Charge	422	383	384	383
Total Capacity Charge	**868**	**811**	**809**	**830**
Plant availability Factor (%)	100	79	99	96
Actual Capacity charge received from CEB	868	641	803	799

* Financial charge will become NIL, post repayment of MUR 780 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. In FY20, OTEOLB's plant was available for 7,693 hours (against 8,000 hours).

As the plant was available for less than the minimum hours, OTEOLB has received Mur 799 million from CEB (96% of total capacity charge).

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 generation. 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 – 260,000 tons of coal (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 inefficiency have to be borne by OTEOLB.

The coal procurement is done centrally by Coal Terminal (Management) Co. Ltd ("CTMC") for the account of Independent Power Producers (IPPs) of Mauritius through a transparent tendering process disclosed to the CEB. CTMC is responsible from the tendering to the delivery of coal to OTEOLB. CEB has a representative on the board of CTMC who acts as an observer to the coal purchase process. CEB representative provides to CTMC its views on the coal purchase process to ensure that CTMC purchases coal on behalf of IPPs on most economic basis. CEB pays for the actual coal, insurance, and freight price for the contracted coal quantity.

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. Under the PPA between CEB and OTEOLB, for Bagasse Energy CEB pays for Variable O&M Charge, Bagasse Transfer Price, Bagasse Maintenance Charge and Bagasse Incentive Charge. The price of bagasse fixed by OMOL is governed by a Product Exchange Agreement between OMOL and OTEOLB, whereby OMOL supplies bagasse to OTEOLB in exchange of steam and electricity.

<u>Experienced plant operator (Albioma)</u>: 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. With over 500 experts working for Albioma Group in, it has a total installed capacity of 1,011 MW across 8 countries [Mauritius (195 MW): Terragen (70MW), Saint Aubin (35MW) and La Baraque (90MW)] and its plants generated a total of 3.6 TWh of electricity in 2020. In 2020, Albioma's generating plants remained available for 91.6% of the time. In FY20 (Jan – Dec), Albioma achieved a consolidated revenue of EUR 507 million (2019: EUR 506 million), EBITDA of EUR 206 million (2019: EUR 183 million) and PAT of EUR 55 million for 2020 (2019: EUR 44 million).

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 40.8% of total power supply of Mauritius with its 4 thermal powerplants and 10 hydroelectric plants. In 2020, CEB produced 1,176 GWh of energy [accounting for 40.8% of the total energy supply to the national grid for 2020 (2,882 GWh)].

Given that CEB is the sole supplier of power to the population, CEB purchased additional 1,706 GWh (59.2%) from the following Independent Power Producers (IPPs):

IPPs	Installed capacity MW)	GWh generated in 2020
<u>Thermal</u>		
OTEOLB (Omnicane)	90.00	520.8
OTEOSA (Omnicane)	32.50	221.5
Others	111.35	803.0
Total Thermal (D)	**233.85**	**1,545.3**
<u>Others</u>		
Total photovoltaic* (E)	**72.49**	**145.6**
Total wind (F)	**9.35**	**15.1**
Total IPPs (G=D+E+F)	**315.7**	**1,706.0 (59.2%)**

*Total PV includes power produced under Small/Medium scale distributed generation scheme

IPPs produce power as per requirement of CEB, barring their auxiliary/captive consumption. Power is transferred from various powerplants via 66 kV lines interconnecting powerplants and major 66/22 kV substations. As per the latest Annual report (2019), CEB posted a revenue of MUR 16,700 million (Mur 16,000 million in FY18) and PAT of MUR 440 million (Mur 1,900 million in FY18) for the period of 12 months ended June 30, 2019. As on June 30, 2019, CEB had a total borrowing of MUR 4.2 billion.

During discussion, Omnicane management stated that CEB is a stable profitable company with strong financial and operational parameters. They stated that every month-end, OTEOLB invoice CEB based on the total MWh supplied to CEB for the month, post which CEB settles its dues.

Industry Risk

Mauritius has a total installed capacity of 862 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 CY20, the total energy supply to the National Grid was 2,882 GWh (2019: 3,237 GWh) and the average price of electricity charged to customers was around MUR 6.00 per kWh.

CEB is the sole organization responsible for the transmission and distribution of electricity to the population. In 2020, CEB produced 1,176 GWh of energy, accounting for 40.8% of the total energy supply of the national grid for 2020 (2,882 GWh). Given that CEB is the sole supplier of electrical power to the population, CEB purchased additional 1,706 GWh (59.2%) from the IPPs. IPPs produce power as per requirement of CEB, barring their auxiliary/captive consumption. The power sector has a mix of different fuels used to produce power. Transmission from various power plants 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, being responsible for the transmission and distribution system, operates 24-hour basis System Control Centre situated in Curepipe to ensure system availability.

In terms of fuel used to generate power, Mauritius is still heavily reliant on Heavy Fuel Oil (accounting for 36.7% of power generated in 2020) and Coal (accounting for 39.5% of power generated in 2020). Bagasse (13.3%) leads the way among other fuels due to Island's significant sugarcane production. In CY20, electricity generation decreased by 11.0% from 3,237 GWh (278 Ktoe) in 2019 to 2,882 GWh (248 Ktoe), of which 76.1% (2,194 GWh or 189 Ktoe) was generated from non-renewable sources and 23.9% (688 GWh or 59 Ktoe) from renewable sources.

Generation in 2020		
Fuel	**GWH**	**%**
HFO	1,056.3	36.7%
Coal	1,137.6	39.5%
Bagasse	383.6	13.31%
PV	145.7	5.05%
Hydro	115.8	4.02%
Landfill Gas	24.8	0.86%
Wind	18.1	0.63%
Kerosene	0.5	0.02%
Total	**2,937.2**	**100%**

FINANCIAL PERFORMANCE

Standalone Financial performance of OHLB *MUR Million*

For the year ended as on	**Dec-19**	**Dec-20**
	12M	**12M**
Total Income	99	113
EBITDA	85	111
Interest	24	22
PBT	60	89
PAT	60	89
Gross Cash Accruals (GCA)	60	89
Dividend paid/proposed	0	29
Equity share capital	457	1
Tangible networth	517	122
Total debt	817	488
Cash	257	0
Key Ratios		
EBITDA margin	85.58	98.50
PAT margin	61.06	78.90
ROCE- operating (%)	1.08	2.16
RONW (%)	12.40	27.83
Long-term debt to equity ratio	0.97	3.47
Overall gearing ratio	1.58	4.00
Interest coverage (times)	3.49	5.08
Total debt/EBITDA	4.83	4.39

OHLB received a dividend of Mur 90 million from OTEOLB and other income (interest income & management fees) of Mur 23 million in FY20. The company utilized the same for interest payment and scheduled principal repayment of Mur 47.4 million. OHLB posted a PAT of MUR 89 million in FY20.

Reduction in Share Capital: In 2019, OHLB raised a Bond of MUR 550 million which was up streamed to Omnicane Limited as shareholder loan so as to reduce debt at Omnicane Limited. In return, OHLB receives interest from Omnicane Limited which gives rise to a tax payable on the interest receivable. In view of a tax planning exercise done by the Group in 2020, a capital reduction exercise was carried out to decrease the tax payable by OHLB. The goal of the capital reduction was to reduce the shareholder loan balance between Omnicane and OHLB. Post such reduction, OHLB has receivables of MUR 150 million from Omnicane Limited, in which the company received interest (@5%) in FY21.

Standalone Financial performance of OTEOLB *MUR Million*

For the year ended as on	Dec-18	Dec-19	Dec-20
		Audited	
Revenue from sale of electricity	1,645	1,948	1,845
Other Income (Interest income/Rental Income)	12	8	8
Total Income	1,658	1,956	1,853
EBITDA	487	633	452
Depreciation & amortisation	206	214	116
Interest	101	84	55
PBT	176	297	280
PAT	144	250	227
Gross Cash Accruals (GCA)	382	465	343
Dividend paid/proposed	150	125	150
Equity share capital	761	761	761
Tangible networth	1,166	1,295	1,375
Total debt	1,391	1,107	702
Cash & Bank balances	81	29	56
Key Ratios			
EBITDA / Total operating income	29.36	32.34	24.39
PAT / Total income	8.71	12.80	12.24
ROCE- operating (%)	9.49	15.21	13.49
RONW (%)	12.37	20.35	16.99
Long-term debt to equity ratio	0.94	0.60	0.23
Overall gearing ratio	1.19	0.85	0.51
Interest coverage (times)	4.81	7.49	8.15
Long-term Debt/EBITDA	2.25	1.23	0.69
Total debt/EBITDA	2.86	1.75	1.55
Current ratio	2.02	2.46	1.6
Quick ratio	1.28	1.42	1.0
Average collection period (days)	41	41	64
Average inventory (days)	103	97	95
Average creditors (days)	52	53	51
Operating cycle (days)	92	85	108
Working capital turnover ratio	3.54	3.78	5.3

In FY20, revenue from sale of energy was lower due to lower electricity production (as the plant was unavailable for one month due to delay in repairs and maintenance during the lockdown period). It operated for only 7,693 hours in FY20. Accordingly, the plant was available for less than the minimum hours and OTEOLB received Mur 799 million from CEB (i.e., 96% of the total capacity charge).

During the normal maintenance undertaken in February-March 2020, a team of engineers came from France for overhauling of the turbine and the plant. Due to COVID-19 pandemic they left without completing the full overhauling within the stipulated period of one month. The local team had to complete the work which entailed higher cost and higher no. of days leading to lower availability of the plant and higher maintenance cost. Other expenses also increased due to higher ash related expenses. Accordingly, the company witnessed a dip in EBIT in FY20 vis-à-vis FY19.

Overall gearing has improved to 0.51x times as on Dec 31, 2020, as compared to 0.85x times as on Dec 31, 2019, due to scheduled repayment of the term loan/Bond. Interest coverage was satisfactory. The company generated cashflow of MUR 343 million. There was a release of DSRA of MUR 91 million. The company utilized the same to repay Mur 228 million of term loan and Mur 100 million of Bond.

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

Bond

Instrument	Amount (MUR Million)	Repayment (MUR Million)
Long term Bond	488 (Reduced from 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*