Omnicane Milling Operations Limited (“OMOL”)

15 April 2024

Ratings

Facilities/Instruments	Amount (Mur Million)	Rating[1]	Rating Action
Bank Facility - Term Loan	512	**CARE MAU A-; Stable**	Assigned
Bank Facility - Overdraft	70	**CARE MAU A2+**	Assigned
Total	**582**		

Rating Rationale

The ratings assigned to the bank facilities of Omnicane Milling Operations Limited (“OMOL”) derives strength from the experienced promoters and long track record of Omnicane Group in the sugar industry, the location of the plant in a sufficient cane availability zone, stable recovery rate, strong profile of the off taker, being the sole refiner in Mauritius, higher bagasse remuneration, inhouse logistics and energy support and higher sugar premium for White Refined Sugar (“WRS”). The rating also factors in the moderate operational & financial performance of OMOL in FY23, satisfactory debt coverage indicators, improved receivables period with Mauritius Sugar Syndicate (MSS) as a single counter party and stable global demand for sugar.

The rating is, however, constrained by OMOL’s exposure to regulatory risk, declining trend sugarcane availability and harvesting acreage, exposure to price fluctuation of sugar being a global commodity, climatic risks and foreign exchange risk.

Rating Sensitivities

Positive factors that could, individually or collectively, lead to positive rating action/upgrade

- Ability to obtain more cane and improve scale
- Ability to maintain its profitability margin above 25% level (EBITDA margin)
- Ability to maintain a gearing level below 0.25 times

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

- Adverse climatic condition leading to low supply of sugarcane and decline in operational performance
- Any financial support to be extended in any form to Omnicane Limited and other group companies
- Significant debt taken by OMOL increasing gearing level above 0.25 times

BACKGROUND

Omnicane Milling Operations Ltd (OMOL) was incorporated in November 2008 by the Omnicane Group, to take over the sugar milling factory of the Omnicane group at La Baraque. The sugar milling factory was initially founded in 1850 by Mon Tresor & Mon Desert Limited. In 2002, Mr. Jacques M. d’Unienville (CEO of Omnicane Group), through a company called BBHM holdings (later renamed as Omnicane Limited), bought the sugar factory and the cane growing land associated with that factory. Over the years, the factory was renovated along with capacity expansion, and it currently

[1] Complete definitions of the ratings assigned are available at www.careratingsafrica.com.

has an annual crushing capacity of 1.4 million tons of sugarcane. OMOL features among the three main sugar players (Omnicane, Alteo and Terra) in Mauritius. These groups have been dominating the sugar sector in Mauritius for more than 100 years. In 2020, as per the new agreement in order to bring economies of scale, it was agreed that only Omnicane will be doing refining of sugar while Alteo and Terra (other 2 sugar operators of the island) will produce special sugars.

Presently, OMOL's principal activities involve sugarcane milling (production of raw sugar from crushing of sugarcane) and refining (converting raw sugar to white refined sugar). It also produces by-products such as Bagasse and Molasses which it supplies to associate companies, Omnicane Thermal Energy Operations (La Baraque) Limited (OTEOLB rated CARE MAU A-; Stable) and Omnicane Ethanol Production Ltd (OEPL rated CAR MAU A-; Stable).

Operation & Capacity: OMOL's sugarcane mill uses an energy-saving diffuser technology for juice extraction and has an annual crushing capacity of around 1.4 million tons of sugarcane [own harvest and that of other planters]. It's milling capacity per day is 8,500 tons (the mill operates for 5-6 months i.e. July-December). It has an annual production capacity of 400,000 tons of bagasse and 45,000 tons of molasses. OMOL also has a refinery which produces 260,000 tons of white refined sugar. In FY23, OMOL crushed 821,332 tons of cane (742,914 tons of cane for FY22). OMOL also witnessed an increase in production of refined sugar from 188,558 in FY22 to 196,151 tons in FY23.

Management: OMOL is governed by a 5-member Board of Directors comprising of three executives and two non-executives. Mr. Jacques M d'Unienville is the Chief Executive officer of Omnicane Limited since April 2007 and the Chairman Executive in OMOL and other companies within the group. The day-to-day operations are looked after by Mr. Jean Luc Caboche, the Operation Executive for the milling factory and Mr. Lindsay Davy, the Operation Executive for the Refinery. The finance department is managed by Mrs. Jateesingh who is an FCCA and holds the CIMA Advance Diploma in Management Accounting. They are assisted by a team of seasoned professionals.

Performance of OMOL: In FY23, revenue increased from MUR 1,070 million in FY22 to MUR 1,586 million (42% higher) following the increase in sugar prices and increase in quantity of both raw and refined sugar produced by OMOL. Accordingly, EBITDA is expected to i3ncrease to MUR 579 million in FY23 (MUR 26,000 per ton of sugar). PAT and GCA followed the same trajectory. Overall gearing ratio and Interest coverage stood at 0.24 times and 17.80 times respectively as on December 31st, 2023. No dividends were paid during the year.

CARE Ratings (Africa) Private Limited

(Subsidiary of CARE Ratings Ltd.)
Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius
Phone: +230 59553060/58626551 • www.careratingsafrica.com
BRN: C14127054 • FSC License No.: CR14000001

Annexure II

Rating Symbols

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.

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.

Short term Instruments

Symbols	*Rating Definition*
CARE MAU A1	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU A2	Instruments with this rating are considered to have strong degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU A3	Instruments with this rating are considered to have moderate degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry higher credit risk as compared to instruments rated in the two higher categories.
CARE MAU A4	Instruments with this rating are considered to have minimal degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry very high credit risk and are susceptible to default.
CARE MAU D	Instruments with this rating are in default or expected to be in default on maturity.

Modifiers {"+" (plus)} can be used with the rating symbols for the categories CARE MAU A1 to CARE MAU A4. The modifiers reflect the comparative standing within the category.

(Subsidiary of CARE Ratings Ltd.)
Registered Office: 5th Floor, MTML Square, 63, Cyber City, Ebene, Mauritius
Phone: +230 59553060/58626551 • www.careratingsafrica.com
BRN: C14127054 • FSC License No.: CR14000001

Contact us

Chief Executive Officer
Name : Mr. Saurav Chatterjee
Phone : + 230 5862 6551
E-mail : saurav.chatterjee@careratingsafrica.com

Analytical Contact:
Chief Rating Officer
Name : Mr. Vidhyasagar Lingesan
Phone : +230 5273 1406
E-mail : Vidhya.sagar@careratingsafrica.com

Group Head
Name : Ms. Pooja Appadoo
Phone : +230 5955 3060
E-mail : pooja.appadoo@careratingsafrica.com

About CARE Ratings (Africa) Private Limited:

CARE Ratings (Africa) Private Limited (CRAF) is the first credit rating agency to be licensed by the Financial Services Commission of Mauritius in May 2015. It is also recognized by Bank of Mauritius as External Credit Assessment Institution (ECAI) from May 2016. CRAF is also licensed by Capital Markets Authority of Kenya to operate as a Credit Rating Agency in Kenya. CRAF intends to expand across other geographies in Africa with Mauritius as its hub of operations. With an equitable position in the Mauritius capital market, CARE Ratings (Africa) Private Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

CRAF's shareholders are CARE Ratings Limited, African Development Bank, MCB Equity Fund and SBM (NFC) Holdings Limited.

CRAF gets its technical support in the areas such as rating systems and procedures, methodologies, etc. from CARE Ratings Limited on an ongoing basis. CARE Ratings Limited, with an established track record of rating companies over almost three decades, follows a robust and transparent rating process that leverages its domain and analytical expertise backed by the methodologies congruent with the international best practices.

CRAF's Rating Committee consist of full-time members comprising of Senior Rating officials from CARE Ratings Limited and a panel of experienced professionals from Mauritius and African Development Bank.

CRAF has had a pivotal role to play in developing bank debt and capital market instruments including MMIs, corporate bonds and structured credit.