Omnicane Milling Operations Limited

5 May 2025

Ratings

Facilities/Instruments	Amount (MUR Million)	Rating[1]	Rating Action
Bank Facility - Term Loan	**423 (reduced from MUR 512 million)**	**CARE MAU A-; Stable**	Reaffirmed
Bank Facility - Overdraft	**70**	**CARE MAU A2+**	Reaffirmed
Total	**493**		

Rating Rationale

The ratings assigned to the bank facilities of Omnicane Milling Operations Limited ("**OMOL**") continue to derive strength from strong track record and experienced promoters of Omnicane Group in the sugar industry, strategic location of the plant in a zone with sufficient cane availability, improved recovery rate during FY24, strong financial profile of the off takers, advantage of being the sole refiner in Mauritius, improved bagasse remuneration, inhouse logistics & energy support helping the company in smooth operations and higher sugar premium for White Refined Sugar ("WRS"). The rating also factors in the stable operational & financial performance with moderate gearing and healthy coverage ratios, and stable global demand for sugar.

The rating is, however, constrained by OMOL's exposure to regulatory risk, declining trend of sugarcane availability and harvesting acreage, exposure to price fluctuation with commodity nature of sugar, industry exposed to climatic risks and foreign exchange risk.

Rating Sensitivities

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

- Improvement in operational and financial performance of OMOL.
- Ability to sell the Land Conversion rights as envisaged over the stipulated timeline.

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

- Reduction in the availability of sugarcane weaking operational and financial performance.
- Significantly additional debt by OMOL over and above the envisaged level.
- Financial support to group companies impairing debt repayment capacity of OMOL.

BACKGROUND

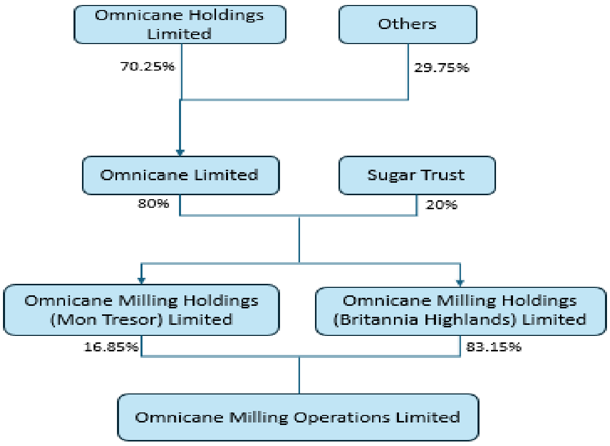
Omnicane Milling Operations Ltd was incorporated in November 2008 by the Omnicane Group, to take over the sugar milling factory of the Omnicane group at La Baraque. Over the years the factory has been modernized and expanded, with a current annual crushing capacity of 1.4 million tons of sugarcane. In 2020, as per the new agreement in order to bring economies of scale, it was agreed that only OMOL 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 and refining raw sugar to white refined sugar. It also produces by-products such as Bagasse and Molasses which it supplies to associate companies, Omnicane

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

Thermal Energy Operations (La Baraque) Limited (CARE MAU A-; Stable/CARE MAU A2+) and Omnicane Ethanol Production Ltd (CARE MAU A-; Stable/CARE MAU A2+).

Operation & Capacity: OMOL has a crushing capacity of 8,500 tons per day and 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. The refinery at OMOL can produce 260,000 tons of white refined sugar. In FY24, OMOL crushed 725,377 tons of cane (821,332 tons of cane for FY23) and produced 196,107 tons of refined sugar (196,151 in FY23).



Comfortable financial performance with low gearing and healthy coverage ratios

In FY24, revenue declined by 5% to MUR 1,512 million due to a drop in sugar prices (MUR 27,500 per ton) and reduced cane crushed (725,377 tons from 821,332 tons in FY23). Consequently, EBITDA fell by 36% to MUR 390 million, impacted by rising transport, energy, and employee costs. However, a revaluation gains of MUR 4 million, an additional land conversion right worth MUR 88 million, and a tax credit of MUR 62 million led to a lower decline in PAT by 31%, from MUR 418 million in FY23 to MUR 288 million in FY24.

In FY24, OMOL's equity shares were reduced from MUR 3,484 million to MUR 1,088 million (the value of ordinary shares decreased from MUR 1,862 million in FY23 to MUR 141 million in FY24, while Class C shares also saw a reduction, from MUR 830 million in FY23 to MUR 155 million in FY24). As a result, the tangible net worth was reduced, dropping to MUR 1,572 million, compared to MUR 2,064 million in FY23.

As of December 31, 2024, OMOL's gearing ratio worsened slightly to 0.30x (0.24x as on December 31, 2023) with an interest coverage ratio of 5.52x and cash reserves of MUR 100 million. The company also paid a dividend of MUR 101 million in FY24, reflecting strong cash flow and a commitment to shareholder value—contrasting with no dividend payment in FY23.

Land Conversion Rights (LCR): In FY24, there were no sales of LCR, and the company holds LCR for 541 arpents. According to the valuation report as of December 31, 2024, the Omnicane group holds LCR for 965 arpents of land, with each valued at MUR 1.05 million and total fair value of MUR 1,013 million. Hence, OMOL treated the same as an exceptional gain of MUR 88 million in profit and loss for the year ended December 31, 2024.

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Annexure I

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.

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