Omnicane Ethanol Production Ltd

12 May 2025

Rating

Facilities/Instruments	Amount (MUR Million)	Rating[1]	Rating Action
Term Loans	**32 (reduced from MUR 92 million)**	**CARE MAU A-; Stable**	Reaffirmed
Overdraft	**40**	**CARE MAU A2+**	Reaffirmed
Total	**72 (reduced from MUR 132 million)**		

Rating Rationale

The ratings assigned to the bank facilities of Omnicane Ethanol Production Ltd ("**OEPL**") continue to derive strength from the resourceful promoter with long track record of operations, strong strategic partner and distributor - Alcogroup SA with vast experience in ethanol trading and group synergies with an in-house supplier mitigating supply chain risks. The ratings also factor in the stable financial performance of OEPL with healthy profitability and low geared capital structure.

The ratings are, however, constrained by the limited availability of molasses capping production of ethanol, product concentration risk and foreign currency risk.

Rating Sensitivities:

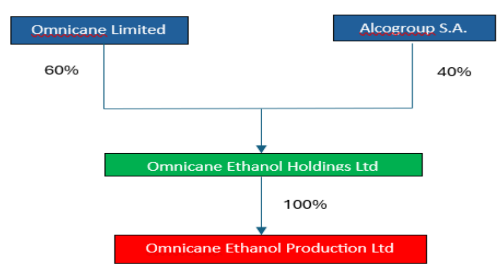
Positive factors that could, individually or collectively, lead to positive rating action/upgrade:

- Improvement in operational and financial performance.
- Ability to sell more value-added products improving significantly total income.

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

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

BACKGROUND



Omnicane Ethanol Production Ltd **("OEPL")** was incorporated in April 2011 to operate the largest bioethanol distillery in the south of Mauritius, having an annual production capacity of 24 million litres of ethanol. Omnicane Ethanol Holdings Ltd ("**OEHL**") holds 100% stake in OEPL with Omnicane Limited holding a 60% stake in OEHL and the remaining 40% is owned by Alcogroup S.A. ("**ALCO**"). Headquartered in Brussels, ALCO is a prominent European producer, distributor and trader of ethanol. With operations spanning several continents, ALCO provides sustainable solutions across various industries, including cosmetics, pharmaceuticals, biochemistry, food, beverage and biofuel. The entirety of OEPL's ethanol production is exported by ALCO, primarily to Madagascar, Kenya, Reunion Island and Rotterdam.

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

Stable financial performance with comfortable capital structure

In FY24, OEPL sold 11 million litres of ethanol at a price of MUR 42 per litre compared to 12 million litres at a price of MUR 34 per litre in FY23, resulting in a year-on-year growth of 14% for the revenue derived from the sale of ethanol. Driven by improved prices for ethanol during FY24, OEPL achieved 9% year-on-year growth in total income to reach MUR 535 million (MUR 490 million in FY23). Despite the improved top line, operating performance was predominantly hindered by growing inventory costs, resulting in a degrowth of 4% in EBITDA at MUR 112 million in FY24 against MUR 117 million in FY23. OEPL recorded a PAT of MUR 74 million for FY24, indicating a year-on-year growth of 14%, driven by lower interest costs on the amortizing bank facilities and positive forex movements.

The amortizing term loans of OEPL are set to mature on April 7, 2025, with an outstanding balance of MUR 38 million as of December 31, 2024. As a result, OEPL's financials reflect only short-term borrowings totalling MUR 128 million, which include the MUR 38 million term loans, a MUR 20 million bank overdraft, and an additional MUR 70 million short-term facility. As of December 31, 2024, the company's overall gearing ratio remained comfortable at 0.26 times, while debt to EBITDA stood at 1.14 times, indicating a manageable debt level relative to earnings.

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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.

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

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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.