CareEdge RATINGS AFRICA

A subsidiary of CARE Ratings Limited, India

Alteo Limited

25 August 2025

Rating

Facilities/Instruments	Amount (MUR Million)	Rating[1]	Rating Action
Bond Issue	**450**	**CARE MAU A; Stable**	Revised from CARE MAU A (SO); Negative*

**The Structured Obligation (SO) rating of Alteo Limited (Alteo) was on account of the escrow mechanism ring-fencing cashflow proceeds from the promissory notes of Miwa Sugar Limited (rated CARE MAU A; Negative) which will be deposited into the bank account pledged in favor of the noteholder's representative for the bond of Alteo. The repayment of the promissory notes is in line with the bond repayment schedule of Alteo and the other creditors of Alteo have no charge on the pledged account.*

CRAF believes that the credit profile of Alteo does not derive any credit enhancement from the structured obligation and hence the change in analytical approach from Structured Obligation to Consolidated approach.

Rating Rationale

The rating assigned to the bond issue of Alteo Limited ("**Alteo**") derives strength from the experienced and resourceful promoters with strong parentage of CIEL and IBL groups, its leading position in sugar industry along with established presence across diverse business verticals (mainly energy and property), consistent flow of dividends from subsidiaries, the stable performance and healthy cash position of the dividend-paying group companies and the availability of a sizeable land bank. The rating also factors in the comfortable liquidity and financial performance of Alteo with low gearing at consolidated level in FY24.

The rating is however constrained by Alteo being an investment company and its only source of revenue being dividend from group companies which are contingent upon the performance of the subsidiaries/associate companies, the cyclical nature of sugar industry, competition from other large sugarcane producers, and illiquid nature of land bank exposing to risk associated with timing of the sale of land and villas under the property development cluster.

Rating Sensitivities of Alteo Limited

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

- Significant improvement in operational & financial performance of the group companies.
- Significant reduction in the debt improving the debt coverage metrics on sustained basis.
- Timely completion and delivery of the smart city project under Anahita Beau Champs Limited

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

- Declining operational & financial performance of the group companies
- Additional debt availed above envisaged amount, affecting gearing and repayment capacity
- Adverse regulatory changes affecting sugar and property segments performance

BACKGROUND

Alteo Limited ("Alteo"), incorporated on September 13, 2017, is a listed investment and holding company which, with its subsidiary companies, form the Alteo Group (the "Group"). Alteo is collectively owned and controlled by IBL Ltd (27.64%

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

shareholding) and Ciel Agro Limited (20.96% shareholding), which is part of the Ciel Group (Ciel Limited is rated CARE MAU AA; Stable/CARE MAU A1+). The remaining 51.40% stake in the company is distributed among insurance & pension funds, investment trusts, other corporate bodies and individuals.

Alteo Group has a major presence in the agro-business, renewable energy and real estate sectors with a substantial land asset base of around 16,000 hectares in the East of Mauritius.

The details of its different business segments are as follows:

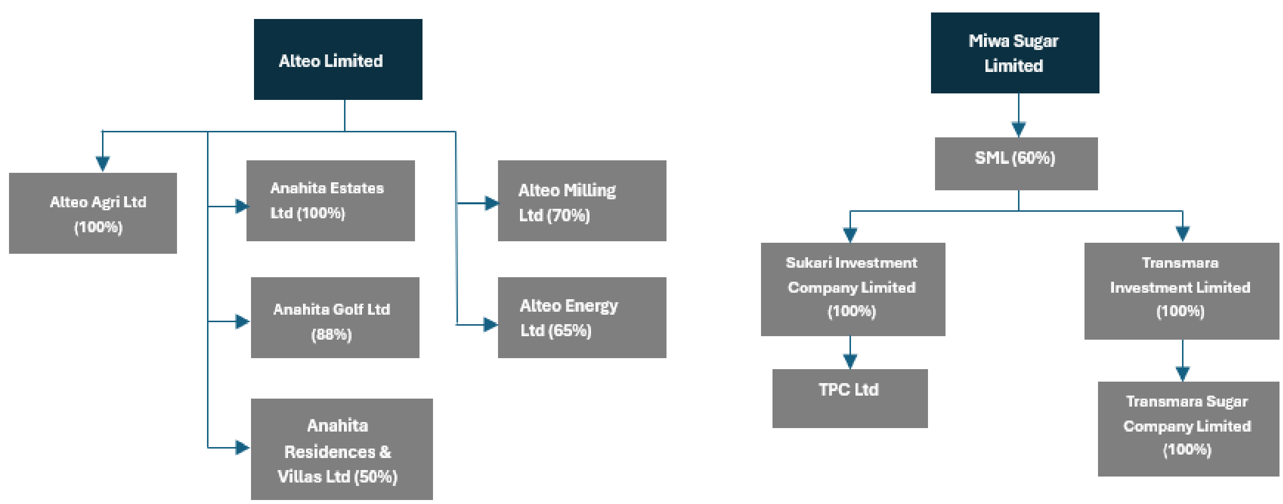
(i) Sugar Cluster - Engaged in growing and milling of sugar cane in Mauritius;

(ii) Energy Cluster - Involved in biomass and coal power production in Mauritius; and

(iii) Property Cluster - Promotes, develops, and sells villas in Mauritius.

Earlier, Alteo was operating the East African businesses in Tanzania and Kenya through an investment holding company, Sucrière des Mascareignes Limited ("SML"), in which it had a 60% stake. In October 2022, following a restructuring at the Group, a separate entity, Miwa Sugar Limited ("Miwa Sugar"), was incorporated to operate the sugar and energy businesses in Tanzania and Kenya. Post the demerger, SML was transferred under Miwa Sugar and Alteo now holds only the sugar, energy and real estate clusters in Mauritius as illustrated in the simplified structure below:

As part of the consideration for the acquisition of SML, Miwa Sugar issued Promissory Notes aggregating to MUR 950 million

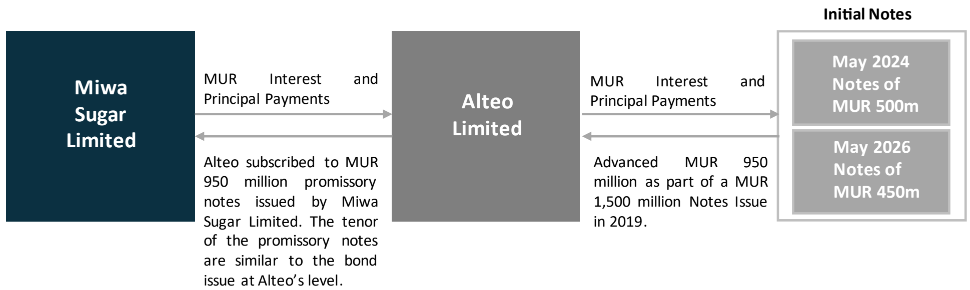


which was fully subscribed by Alteo. The tenor and repayment terms of the promissory notes are similar to those of the existing notes at Alteo's level as shown below:

Company	Instrument	Amount (MUR million)	Repayments (MUR million)	Repayment Date
Alteo Limited	Bond Issue	450	450	27 May 2026
Miwa Sugar Limited	Promissory Notes	450	450	27 May 2026

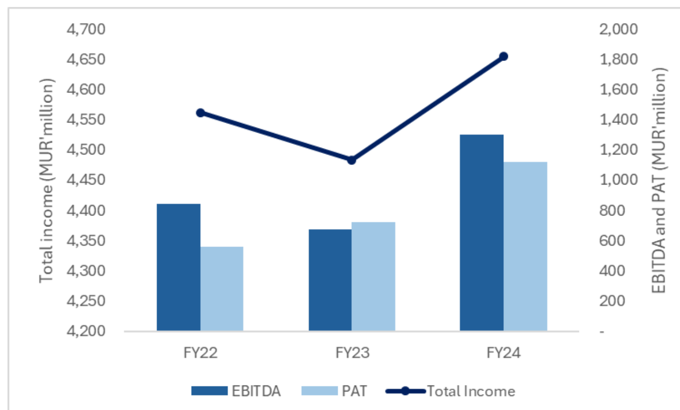
The MUR 500 million tranche of the bond issue of MUR 950 million was repaid on 27th May 2024.

Alteo will receive interest and principal payments from the promissory notes issued by Miwa Sugar which will be utilized to service the bond issue, as per the structure below:



Improved financial performance and comfortable liquidity

Consolidated: Alteo derives revenue from its three business clusters: sugar, energy and property. Its main income stream in FY24 was from sugar at 65%, followed by energy at 20% and property at 15%. Total income for the group increased by 4% to MUR 4,655 million in FY24, with the company benefitting from the rise in sugar prices during the year (21% increase from MUR 30,951 per ton as compared to MUR 25,554 the previous year), driving the performance of the sugar cluster and compensating for the drop in revenue from Energy and Property clusters. EBITDA improved by 93% million in FY24, yielding a margin of 27.96% (FY23: 15.03%), mainly on account of



the higher sugar prices during the year. The interest expenses have decreased following part repayment of the debenture during the year. Consequently, PAT has improved by 56% to MUR 1,122 million with GCA being comfortable at MUR 1,432 million for FY24. The overall gearing ratio remained comfortable at 0.07x as on June 30, 2024, further improving from 0.12x as on June 30, 2023, following the MUR 500 million repayment.

Standalone: The revenue at the company level was at MUR 571 million in FY24 against MUR 306 million at FY23, with the property cluster paying the highest share of dividend amounting to MUR 230 million for the year. Consequently, the EBITDA increased from MUR 178 million to MUR 406 million in FY24, with a PAT of MUR 330 million achieved for the year ended June 2024 (FY23: MUR 119 million). The gearing ratio has been comfortable in the past years, gradually decreasing from 0.06x as on June 30, 2023, to 0.02x as on June 30, 2024, following the repayment of the first MUR 500 million tranche. Interest coverage remains comfortable at 6.08x for FY24.

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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. A suffix of '(SO)' may be added to the rating indicating that the instrument / facility is a "Structured Obligation". A prefix of 'Provisional' may be added to a 'SO' rating indicating that the rating is subject to completion of certain conditions.

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.

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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.