

## MIRA INFORM REPORT

Report No. :	532359
Report Date :	02.10.2018

### IDENTIFICATION DETAILS

Name :	OLAM MOZAMBIQUE LDA
Registered Office :	Av. Ho Chi Min, 780, Maputo, C.P. 82, Maputo
Country :	Mozambique
Financials (as on) :	31.12.2017 [Consolidated]
Date of Incorporation :	11.01.1999
Com. Reg. No.:	400060576
Legal Form :	Limited Corporation
Line of Business :	Dealers in agricultural products, oil refinery
No. of Employees :	850

### RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> January 2017)

<b>MIRA's Rating :</b>	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	No Complaints
Litigation :	Clear

#### NOTES :

Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto:infodept@mirainform.com) while quoting report number, name and date.

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**ECGC Country Risk Classification List**

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Mozambique	B2	B2

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

**MOZAMBIQUE - ECONOMIC OVERVIEW**

At independence in 1975, Mozambique was one of the world's poorest countries. Socialist policies, economic mismanagement, and a brutal civil war from 1977 to 1992 further impoverished the country. In 1987, the government embarked on a series of macroeconomic reforms designed to stabilize the economy. These steps, combined with donor assistance and with political stability since the multi-party elections in 1994, propelled the country's GDP, in purchasing power parity terms, from \$4 billion in 1993 to about \$37 billion in 2017. Fiscal reforms, including the introduction of a value-added tax and reform of the customs service, have improved the government's revenue collection abilities. In spite of these gains, about half the population remains below the poverty line and subsistence agriculture continues to employ the vast majority of the country's work force.

Mozambique's once substantial foreign debt was reduced through forgiveness and rescheduling under the IMF's Heavily Indebted Poor Countries (HIPC) and Enhanced HIPC initiatives. However, in 2016, information surfaced revealing that the Mozambican Government was responsible for over \$2 billion in government-backed loans secured between 2012-14 by state-owned defense and security companies without parliamentary approval or national budget inclusion; this prompted the IMF and international donors to halt direct budget support to the Government of Mozambique. An international audit was performed on Mozambique's debt in 2016-17, but debt restructuring and resumption of donor support have yet to occur.

Mozambique grew at an average annual rate of 6%-8% in the decade leading up to 2015, one of Africa's strongest performances, but the sizable external debt burden, donor withdrawal, elevated inflation, and currency depreciation contributed to slower growth in 2016-17.

Two major International consortiums, led by American companies ExxonMobil and Anadarko, are seeking approval to develop massive natural gas deposits off the coast of Cabo Delgado province, in what has the potential to become the largest infrastructure project in Africa. . The government predicts sales of liquefied natural gas from these projects could generate several billion dollars in revenues annually sometime after 2022.

Source : CIA

## **SUBJECT'S NAME**

Registered Name: **OLAM MOZAMBIQUE LDA**  
Requested Name: **ZAMBEZE REFINERY PROJECTS OLAM MOZAMBIQUE LDA**  
Other Names: **ZAMBEZE REFINERY PROJECTS**

## **ADDRESS AND TELECOMMUNICATION**

Physical Address: Refinaria De Oleo Estrada Nacional Numero 6 (En6)Zona Da  
Casquinha Bairro 11 Talhao 9 Beira,  
Registered Address: Av. Ho Chi Min, 780, Maputo,  
Postal Address: C.P. 82  
Maputo,  
Country: Mozambique  
Phone: 258-21-315471/26213798/526201/823035927  
Fax: 258-21-315470/ 26213806/566220  
Email: ujjwal@olamnet.com/ olamnpl@teledata.co.mz/  
mozambique@olamnet.com  
Website: www.olamonline.com/www.olamgroup.com

## **CREDIT OPINION**

Financial Index as of December 2017 shows subject firm with a medium risk of credit. However, bank and credit information obtained reveal a history of prompt payments.

## **LEGAL**

Legal Form: Limited Corporation  
Date Incorporated: 11-Jan-1999  
Reg. Number: 400060576  
Nominal Capital: MZN. 2,583,555,800  
Subscribed Capital: MZN. 2,583,555,800  
Subscribed Capital is Subscribed in the following form:

	<b>Position</b>	<b>Shares</b>
Lim Ah Doo	Group Chairman	
Sunny Verghese	Group CEO	
Sridhar Krishnan	Vice President	
Dinesh Kumar Sharma	Director	

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Bikash Bhagwan Prasad	Director	
Jean-Paul Pinard	Director	
Sanjiv Misra	Director	
Nihal Vijaya Devadas Kaviratne	Director	
Shekhar Anatharaman	Shareholder	1%
Olam International, Limited, Singapore	Holding Co.	99%

## **RELATED COMPANIES**

Olam international, Singapore	Parent company.
None	Subsidiary company.
None	Affiliated company.
Shekhar Anatharaman	Shareholder of subject firm.
Olam International, Limited, Singapore	
None	Branches of the firm

## **OPERATIONS**

Registered to operate as dealers in agricultural products, oil refinery	
Imports:	Asia, Middle East
Exports:	None
Trademarks:	None
Terms of sale:	Cash (40%) and 25-90 days (60%), invoices.
Main Customers:	firms and organizations
Employees:	850 employees.
Vehicles:	Several motor vehicles.
Territory of sales:	Mozambique
Location:	Leased premises, 10,000 square feet,

## **AUDITORS AND INSURANCE**

Auditors:	Information not available.
Insurance Brokers:	Information not available.

## **FINANCE**

Currency Reported:	Mozambique Meticais (MZN.)
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Fiscal Year End: December 31, 2017  
Inflation: According to information given by independent sources,  
the inflation at December 31st, 2017 was of 13%.

Group Financial Information Submitted

## **BANK**

Bank Name: BCM Bank  
Branch: Mozambique  
Comments: None

## **TRADE REFERENCES**

Experiences: Good

NOTARIAL BONDS None

## **COMMENTS / ADDITIONAL INFORMATION**

This information was obtained from outside sources other than the subject company itself and confirmed the above subject.

## Consolidated Profit and Loss Account

For the financial year ended 31 December 2017

	Group	
	2017 \$'000	2016 \$'000
Sale of goods and services	26,272,529	20,587,032
Other income	207,531	47,265
Cost of goods sold	(23,757,685)	(18,363,777)
Net (loss)/gain from changes in fair value of biological assets	(15,250)	14,141
Depreciation and amortisation	(380,680)	(353,481)
Other expenses	(1,297,602)	(1,103,939)
Finance income	65,597	30,248
Finance costs	(531,178)	(446,248)
Share of results from jointly controlled entities and associates	67,631	22,160
<b>Profit before taxation</b>	<b>630,893</b>	<b>433,401</b>
Income tax expense	(79,248)	(94,314)
<b>Profit for the financial year</b>	<b>551,645</b>	<b>339,087</b>

## Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2017

	Group	
	2017 \$'000	2016 \$'000
Profit for the financial year	551,645	339,087
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net gain/(loss) on fair value changes during the financial year	336,076	(44,170)
Recognised in the profit and loss account on occurrence of hedged transactions	(68,037)	(54,111)
Foreign currency translation adjustments	(357,694)	(306,122)
Share of other comprehensive income of jointly controlled entities and associates	65,520	(19,616)
<b>Other comprehensive income for the year, net of tax</b>	<b>(24,135)</b>	<b>(424,019)</b>
<b>Total comprehensive income for the year</b>	<b>527,510</b>	<b>(84,932)</b>

**Consolidated Cash Flow Statement**  
For the financial year ended 31 December 2017

	2017 \$'000	2016 \$'000
<b>Cash flows from operating activities</b>		
Profit before taxation	630,893	433,401
Adjustments for:-		
Allowance for doubtful debts	43,911	39,403
Amortisation of intangible assets and depreciation of property, plant and equipment	380,680	353,481
Share-based expense	20,184	13,282
Fair value of biological assets (Note 12)	15,250	(14,141)
Gain on disposal of subsidiary	(121,188)	-
(Gain)/loss on disposal of property, plant and equipment and intangible assets	(29,205)	5,405
Interest income	(65,597)	(30,248)
Interest expense	531,178	446,248
Inventories written down, net	30,718	18,910
Share of results from jointly controlled entities and associates	(67,631)	(22,160)
<b>Operating cash flows before reinvestment in working capital</b>	<b>1,369,193</b>	<b>1,243,581</b>
Decrease/(increase) in inventories	856,220	(259,677)
Increase in receivables and other current assets	(35,655)	(132,885)
Decrease/(increase) in advance payments to suppliers	86,083	(119,522)
(Increase)/decrease in margin account with brokers	(196,761)	14,061
Increase in payables and other current liabilities	124,835	270,258
<b>Cash flows from operations</b>	<b>2,203,915</b>	<b>1,015,816</b>
Interest income received	65,597	30,248
Interest expense paid	(529,581)	(378,028)
Tax paid	(82,098)	(48,420)
<b>Net cash flows generated from operating activities</b>	<b>1,657,833</b>	<b>619,616</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	197,359	31,981
Purchase of property, plant and equipment (Note 10)	(951,086)	(751,793)
Purchase of intangibles (Note 11)	(7,163)	(11,686)
Acquisition of subsidiaries, net of cash acquired	-	(588,137)
Net proceeds from associates and jointly controlled entities	(12,374)	(65,863)
Dividends received from associate	22,278	-
Proceeds on disposal of intangible asset	-	10
Proceeds from partial divestment of subsidiary	113,539	-
<b>Net cash flows used in investing activities</b>	<b>(637,447)</b>	<b>(1,385,488)</b>

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**Balance Sheets**

As at 31 December 2017

	Group	
	31 December 2017 \$'000	31 December 2016 \$'000
<b>Non-current assets</b>		
Property, plant and equipment	5,625,837	5,367,039
Intangible assets	1,207,283	1,313,608
Biological assets	471,656	450,564
Subsidiary companies	-	-
Deferred tax assets	95,871	95,735
Investments in jointly controlled entities and associates	1,070,940	889,838
Long-term investments	257,519	148,492
Other non-current assets	25,852	30,400
	<b>8,754,958</b>	<b>8,295,676</b>
<b>Current assets</b>		
Amounts due from subsidiary companies	-	-
Trade receivables	1,901,925	1,656,457
Margin accounts with brokers	399,680	164,958
Inventories	6,044,681	7,414,311
Advance payments to suppliers	743,516	880,602
Advance payments to subsidiary companies	-	-
Cash and short-term deposits	1,986,351	2,144,051
Derivative financial instruments	1,619,249	1,926,151
Other current assets	848,187	986,678
	<b>13,543,589</b>	<b>15,173,208</b>
<b>Current liabilities</b>		
Trade payables and accruals	(2,184,352)	(2,201,494)
Borrowings	(4,660,209)	(5,983,035)
Derivative financial instruments	(851,947)	(987,942)
Provision for taxation	(162,977)	(84,949)
Other current liabilities	(473,313)	(383,731)
	<b>(8,332,798)</b>	<b>(9,641,151)</b>
<b>Net current assets</b>	<b>5,210,791</b>	<b>5,532,057</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	(416,991)	(505,876)
Borrowings	(6,927,729)	(7,687,553)
	<b>(7,344,720)</b>	<b>(8,193,429)</b>
<b>Net assets</b>	<b>6,621,029</b>	<b>5,634,304</b>
<b>Equity attributable to owners of the Company</b>		
Share capital	3,674,206	3,087,894
Treasury shares	(187,276)	(190,465)
Capital securities	1,045,773	930,416
Reserves	1,910,878	1,570,498
	<b>6,443,581</b>	<b>5,398,343</b>
Non-controlling interests	177,448	235,961
<b>Total equity</b>	<b>6,621,029</b>	<b>5,634,304</b>

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**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.80
UK Pound	1	INR 94.88
Euro	1	INR 84.37
MZN	1	INR 1.21

**Note :** Above are approximate rates obtained from sources believed to be correct

**INFORMATION DETAILS**

Analysis Done by :	PRI
Report Prepared by :	SYL

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**RATING EXPLANATIONS**

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)