

Brief Rationale

CRAF reaffirms the ratings assigned to the bank facilities of C-Care (Mauritius) Ltd.

Ratings

Facility/Instrument	Amount	Rating	Remarks
Term Loan	MUR 390 million (reduced from MUR 450 million)	CARE MAU A; Stable [Single A; Outlook: Stable]	Reaffirmed
Long/Short term Overdraft Facility	MUR 50 million	CARE MAU A; Stable/ CARE MAU A1 [Single A; Outlook: Stable/A One]	Reaffirmed

Rating Rationale

The ratings assigned to the bank facilities of C-Care (Mauritius) Ltd (“C-Care”; erstwhile The Medical & Surgical Centre Limited) continue to derive strength from its experienced promoters & management team, leadership position of C-Care in the private healthcare sector of Mauritius, both Clinique Darné (“CD”) and Wellkin Hospital (“Wellkin”) being multi-specialty hospitals with state of the art technology, gradual increase in occupancy level in Wellkin since its takeover, association with eminent doctors and envisaged growth in health insurance which is expected to propel growth in the healthcare sector. The ratings also derive strength from C-Care being part of the CIEL group (CIEL Limited - rated CARE MAU A+; Stable/ CARE MAU A1).

The ratings are, however, constrained by risk associated with its predominantly debt-funded renovation/expansion projects, and susceptibility of the healthcare sector to risks arising from mishandling of a case or negligence on part of any doctor and/or staff.

Ability of C-Care to further improve occupancy and maintain profitability in Wellkin Hospital and Clinique Darné, successfully execute renovation/expansion projects within envisaged cost and timelines, ability of the new executive management team to effectively manage operations of both hospitals and to continue to attract and retain quality doctors in a competitive healthcare sector are the key rating sensitivities.

BACKGROUND

C-Care (Mauritius) Ltd (“C-Care”; erstwhile The Medical & Surgical Centre Limited (**MSCL**)) was incorporated in July 1972 by a group of leading sugar manufacturers, to take over Clinique Darné. Clinique Darné (“CD”), with capacity of 12 rooms, 1 operating theatre, 1 laboratory and 1 radiography service, was founded by Dr. François Darné, a highly respected surgeon in Mauritius, in 1953. It is one of the oldest private hospital of Mauritius. In January 2017, C-Care acquired the assets of Wellkin Hospital (erstwhile loss-making Apollo Bramwell Hospital) in Moka, Mauritius

Clinique Darné, strategically located in Floréal (centre of Mauritius), is one of the most modern hospitals of Mauritius with 114 bed facility, day care beds, operation theatres, a Critical Care Unit and

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an Isolation Intensive Care Unit, comprehensive diagnostic and laboratory services, outpatient pharmacy and 24/7 emergency department and Ambulance services.

Wellkin Hospital (“Wellkin”) is a 140-bed capacity multi-specialty Hospital, situated in the area of Moka. Post takeover of Wellkin Hospital’s operations by C-Care, the two hospitals operated by it together have 254 operational beds, including operating theatres, and medical and paramedical services across over 40 specialties. Both the hospitals are equipped with state-of-the-art technology and well qualified & experienced doctors/surgeons.

Ms. Helene Echevin (Executive chairperson), is looking after the day to day operations of the company with help of 2 COOs of each hospital. Ms. Helene played a key role developing the healthcare cluster of CIEL Group and is also the CEO of CIEL Healthcare Limited.

In June 2019, MSCL was rebranded as C-Care (Mauritius) Ltd (C-Care) and in July 2019 Fortis Healthcare Limited sold its entire 28.89% stake in C-Care to CIEL Healthcare Limited (acquired additional 8.81% stake) and CIEL Limited (acquired 20.08% stake). As on June 30, 2020, CIEL Healthcare Ltd and CIEL Limited (rated CARE MAU A+; Stable /CARE MAU A1) held 67.41% and 20.08% of C-Care respectively. The balance 12.51% is held with the public.

Clinique Darné and Wellkin are the only 2 private and international standard hospitals in Mauritius offering comprehensive medical facilities.

C-Care is a professionally managed company. It is governed by 9-member Board of Directors having combined expertise in Healthcare, Financial Services, Legal, Food Sciences and Technology.

In FY20, C-Care’s revenue improved by 4.2% to MUR 1,978 million from MUR 1,899 million in FY19 on account of improvement in average number of days per patient in Wellkin, steady occupancy and increase in outpatients in both Wellkin and CD. EBIDTA remained at the same level due to higher level of operational cost. There was a deterioration in PBT because of the adoption of IFRS16 (MUR 34.9 million lower PBT attributable to change in accounting policy) and impairment of receivables (MUR 49.5 million). Hence, C-Care posted a PAT of MUR 40.8 million in FY20 compared to MUR 116.1 million for the previous year. GCA at MUR 188 million in FY20 was almost at the same level like FY19.

Interest coverage and Total debt/EBIDTA stood at 9.56x (FY19: 9.73x) and 1.98x (FY19: 2.16x) respectively. Overall gearing ratio also improved from 0.90x on June 30, 2019 to 0.82x on June 30, 2020 on account of scheduled loan repayment effected in FY20 and lower working capital borrowings. In Q1FY21, C-Care has achieved an EBITDA of MUR 143 million (Q1FY20: MUR 78 million) and a PAT of MUR 94 million (Q1FY20: MUR 28 million).

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CRAF’s ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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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) / "-"(minus)} 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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