

**Brief Rationale**

**CRAF reaffirms the ratings of the bank facilities of  
C-Care (Mauritius) Ltd (erstwhile The Medical & Surgical Centre Limited)**

**Ratings**

Facility/Instrument	Amount (Mur million)	Rating	Remarks
Term Loan	450	<b>CARE MAU A; Stable</b> [Single A; Outlook: Stable]	<b>Reaffirmed</b>
Long/Short term Bank Facilities - Overdraft	50	<b>CARE MAU A; Stable/ CARE MAU A1</b> [Single A; Outlook: Stable/A One]	<b>Reaffirmed</b>

**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 AA; Negative/ 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. The ratings also take note of the discontinuance of its operations & maintenance (O&M) contract with Fortis Healthcare Limited; albeit C-Care’s management has articulated that this is not expected to have any material adverse impact on its operations.

Ability of C-Care to further improve occupancy & 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 112 bed facility, day care beds, operation theatres, a Critical Care Unit and

**CARE Ratings (Africa) Private Limited**

Registered Office: 5<sup>th</sup> Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

BRN: C127054

FSC License No.: CR14000001

Telephone: +230 59553060/58626551

www.careratingsafrica.com

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 127-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 239 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.

In January 2009, CIEL group and Fortis Healthcare Limited (“**FHL**”) had jointly acquired 57.8% stake in MSCL. Subsequently, MSCL also entered into operations & maintenance (O&M) contract, of the Clinique Darné, with Fortis Healthcare Limited for a period of 10 years. In December 2018, MSCL did not renew the operations & maintenance contract with Fortis Healthcare Limited. Olivier Schmitt was appointed as the CEO to look after the operational side of both hospitals. However, Mr. Schmitt has resigned and as from February 1, 2020, Mrs. Helene Echevin is the CEO of C-Care.

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 September 30, 2019, CIEL Healthcare Ltd and CIEL Limited (rated CARE MAU AA; Negative/CARE MAU A1+) held 67.41% and 20.08% of C-Care respectively. The balance 12.51% is held with the public.

Currently, CD is operating at an occupancy rate of around 78% and Wellkin at 68%. C-Care also operates a café named Café du Volcan, located at CD. CD 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 7-member Board of Directors having combined expertise in Healthcare, Financial Services, Legal, Food Sciences and Technology.

In FY19, C-Care posted a revenue of Mur 1,899 million (Mur 1,726 million in FY18) and PAT of Mur 116.1 million (Loss of Mur 36.6 million in FY18). C-Care’s revenue increased by 10% in FY19 over FY18, due to higher synergies between Clinique Darné and Wellkin Hospital (leading to lower cost), increase in occupancy rate and stable average revenue per bed in both the hospitals.

GCA was Mur 189 million in FY19. Overall gearing ratio also improved to 0.90 as on June 30, 2019 due to lower working capital borrowings.

Current ratio was at 1.00x as on June 30, 2019. Average bank limit utilization during last 12 months was below 25%.

In Q1FY20, C-Care has achieved a turnover of Mur 482 million and PAT of Mur 28 million vis-à-vis turnover of Mur 451 million and loss of Mur 1.8 million in Q1FY19.

**CARE Ratings (Africa) Private Limited**

Registered Office: 5<sup>th</sup> Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

BRN: C127054

FSC License No.: CR14000001

Telephone: +230 59553060/58626551

[www.careratingsafrica.com](http://www.careratingsafrica.com)

#### **Disclaimer**

CARE Ratings (Africa) Private Limited (“CRAF”)’s ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CRAF’s ratings do not convey suitability or price for the investor. CRAF’s ratings do not constitute an audit on the rated entity. CRAF has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CRAF does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CRAF have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CRAF may also have other commercial transactions with the entity.

In case of partnership/proprietary concerns, the rating /outlook assigned by CRAF is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CRAF is not responsible for any errors and states that it has no financial liability whatsoever to the users of CRAF’s rating.

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.

#### **CARE Ratings (Africa) Private Limited**

Registered Office: 5<sup>th</sup> Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

BRN: C127054

Telephone: +230 59553060/58626551

FSC License No.: CR14000001

[www.careratingsafrica.com](http://www.careratingsafrica.com)

## Annexure I

### Rating Symbols

#### *Long /Medium-term Instruments*

<i>Symbols</i>	<i>Rating Definition</i>
<b>CARE MAU AAA</b>	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.
<b>CARE MAU AA</b>	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.
<b>CARE MAU A</b>	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.
<b>CARE MAU BBB</b>	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.
<b>CARE MAU BB</b>	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations, in Mauritius.
<b>CARE MAU B</b>	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations, in Mauritius.
<b>CARE MAU C</b>	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations, in Mauritius.
<b>CARE MAU D</b>	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

<b>Symbols</b>	<b>Rating Definition</b>
<b>CARE MAU A1</b>	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.
<b>CARE MAU A2</b>	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.
<b>CARE MAU A3</b>	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.
<b>CARE MAU A4</b>	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.
<b>CARE MAU D</b>	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.*

### CARE Ratings (Africa) Private Limited

Registered Office: 5<sup>th</sup> Floor, MTML Square, 63, Cyber City, Ebene, Mauritius

BRN: C127054

FSC License No.: CR1400001

Telephone: +230 59553060/58626551

www.careratingsafrica.com