Rating Rationale
CIEL Limited

Ratings

Facility/Instrument	Amount (MUR Million)	Rating	Remarks
Bond Issue	Nil* (reduced from 700.05)	-	**Withdrawn**
Bank Facilities – Long Term/Short term	180	**CARE MAU AA; Negative/ CARE MAU A1+ [Double A; Outlook: Negative /A One Plus)]**	**Reaffirmed with change in outlook from Stable to Negative**
Long term Bond I	1,270	**CARE MAU AA; Negative [Double A; Outlook: Negative]**	**Reaffirmed with change in outlook from Stable to Negative**
Long term Bond II	1,530	**CARE MAU AA; Negative [Double A; Outlook: Negative]**	**Reaffirmed with change in outlook from Stable to Negative**

Rating Rationale

The ratings derive strength from established track record of CIEL group, experienced promoters, professional and highly qualified management team, presence across diverse business clusters (Textile, Finance, Healthcare, Hotel & Resorts, and Agro & Property), satisfactory performance of major dividend paying clusters (Textile & Finance), consistent flow of dividend from Textile, Agro & Property and Finance clusters, increase in stake in Textile subsidiary & C-Care (Mauritius) Limited in July 2019 - which is expected to enhance dividend inflow from Textile & Healthcare clusters, huge land bank which can be monetized to reduce debt at group level and satisfactory financial profile with moderate overall gearing & debt coverage indicators along with comfortable investment to debt ratio.

The long-term rating is, however, tempered by CIEL being an investment company and its only source of revenue being dividend from group companies - contingent upon performance of various subsidiaries/associate companies, high debt level and lower than expected profitability in the Hotel cluster which in turn has impacted Debt to EBIDTA and gearing ratio at Consolidated (CIEL group) level, subdued outlook for the sugar sector in Mauritius, market & political risks associated with operations in Africa and currency risk associated with Textile and Hotel clusters.

The ratings are sensitive to the ability of CIEL Limited to reduce debt at Consolidated level by monetizing its non-core assets, improvement in the operational & financial performance of Hotel & Agro clusters and any new debt funded acquisition or renovation.

The outlook on the rating has been revised from 'Stable' to 'Negative' due to higher than envisaged debt at both standalone and consolidated levels on account of various acquisitions, expectation of lower profitability & dividend from Hotel cluster primarily due to the subdued performance of its hotel property in Maldives and expected dip in profitability from the Mauritius sugar cluster which is likely to impact the dividend flow from its Agro vertical.

BACKGROUND

CIEL Limited (CIEL), an investment & holding company of CIEL group, is controlled and managed by the siblings of Mr. Adrien Dalais (holding more than 30% stake). CIEL is one of the largest industrial and investment groups based in Mauritius with operations in African and Asian countries. Apart from Mauritius, the CIEL group clusters are present in Maldives through the hotel industry, Tanzania and Kenya through the agricultural industry, Uganda and Nigeria through the healthcare sector, Kenya, Seychelles, Madagascar & Botswana through the finance industry and Madagascar, India and Bangladesh through the textile industry.

CIEL derives its revenue as dividend from the various group companies engaged in 5 diversified sectors - Textile, Finance, Hotel & Resorts, Healthcare and Agro & Property. The major companies of the group are CIEL Textile Limited, Aquarelle International Limited (textile; CARE MAU A; Stable), Aquarelle India Pvt. Ltd (textile; CARE BBB; Stable), CIEL Finance Limited [finance; CARE MAU A+; Stable], Bank One [bank; CARE MAU A+ (IS); Stable], C-Care (Mauritius) Ltd. (renamed from The Medical and Surgical Limited) (hospital; CARE MAU A; Stable/ CARE MAU A1), Alteo Limited (sugar; CARE MAU A; Stable), Sun Limited and City and Beach Hotels (Mauritius) Limited (hotel; CARE MAU A; Stable). CIEL Textile is the major cash generating cluster of CIEL group. The group earned total revenue of around MUR 25 billion in FY19 (MUR 23 billion in FY18).

CIEL is a professionally managed company. It is governed by a 15-member Board of Directors comprising of 4 members from the Dalais family and a number of eminent industrialists and professionals. The strategic affairs of the company are looked after by Mr. Arnaud Dalais (63 years), - Chairman of the group and his brother Mr. Jean-Pierre Dalais (53 years) Group Chief Executive. Mr Arnaud Dalais' son is also actively involved in the family business. They are assisted by Mr. Jerome de Chasteauneuf (Executive Director; Group Finance Director) associated with CIEL group for more than 20 years and a team of experienced and qualified professionals.

CREDIT RISK ASSESSMENT

Long track record of the group & experienced promoters

Incorporated in 1948, CIEL is the investment & holding company of CIEL group. The promoters (the siblings of Mr. Adrien Dalais), have been engaged in sugar production in Mauritius since 1912, textile production since 1972, hotel industry since 1974 and finance business from 1992. CIEL derives its entire revenue as dividends from various group companies engaged in diversified sectors like Textile, Finance, Healthcare, Hotel & Resorts and Agro & Property. During FY18 and FY19, dividend received by CIEL from its subsidiaries/ associates was MUR 444 Million and Mur 343 respectively.

Professional and highly qualified management team

CIEL group has a highly qualified and experienced employee pool having vast experience in their related field. Improvement in CIEL's operational efficiency over the years can be attributed to its sound management team. Each vertical is managed by a CEO and team of professionals. CEO directly reports to the Chairman. The group has more than 35,000 employees comprising of professionals, skilled and semi-skilled workers distributed among the various business verticals.

Established group with presence across diverse business verticals

CIEL group has interests across diverse business verticals like Textile, Finance, Healthcare, Hotel & Resorts and Agro & Property. The financials of the major group companies are provided hereunder:

MUR Million

Companies (FY19)	Business Vertical	Stake (%)	Turnover	PAT*	Dividend Pay out	Total Debt	Tangible Net worth	Overall gearing
CIEL Textile Ltd.	Textile	100**	12,151	453	127	4,238	4,279	1.01
CIEL Finance Ltd.	Banking	75.10	2,853	630	95	393	3,545	0.11
Alteo Limited	Sugar/Agro	20.96	8,997	544	213	6,901	15,518	0.44
Ferney Limited	Land	71.06	36	86	30	25	1,269	0.04
Ebene Skies	Rentals	100	52	19	5	272	186	1.46
CIEL Healthcare Ltd.	Healthcare	53.03	2,495	49	-	833	1,382	0.60
C-Care (Mauritius) Ltd ***	Healthcare	55.83***	1,899	116	-	455	507	0.90
Sun Limited	Hotels	50.10	6,730	40*	130	8,453	7,205*	1.17

**Normalized for FY19 vis-à-vis Reported.*
***In CY2019, CIEL Ltd. has increased its stake in CIEL Textile Ltd. from 88.48% to 100%.*
****In CY2019, CIEL Limited has acquired 20.08% stake in C-Care and CIEL Healthcare Limited (53% subsidiary of CIEL) has increased its stake in C-Care from 58.60% to 67.41%; the effective holding of CIEL Limited in C- Care to 55.83%.*
****C-Care Mauritius Ltd was previously known as The Medical and Surgical Centre Limited*

Investment in group companies with comfortable investment to debt ratio

As on June 30, 2019; CIEL had a total investment of MUR 14,141 million (MUR 16,165 million as on June 30, 2018) in its various business verticals. CIEL has a comfortable investment to debt ratio; albeit the same moderated in end-FY19 due to twin impact of impairment of some of its investments along with increase in debt level

Business Verticals	% of total investment	
	FY18	FY19
Hotels & Resorts	30	24
Agro & Property	22	22
Textile	27	29
Finance	16	20
Healthcare	5	5
Total Investment (Mur Million)	**16,165**	**14,141**
Total Debt (CIEL - Standalone) (Mur Million)	**2,310**	**2,720**
Investment/Debt ratio	**7.02**	**5.20**

Consistent flow of dividends from various group companies

CIEL's revenue is dividends declared by group companies engaged in different business verticals:

Dividend Income from Companies	Business Verticals	Amount of dividend received (Mur Million)				
		FY15	FY16	FY17	FY18	FY19
CIEL Textile Limited	Textile	143	186	172	253	112
CIEL Finance Limited	Finance & Banking	109	46	54	54	72
Alteo Limited	Agro/Sugar/Land	53	53	55	52	45
Ferney Limited & Ebene Skies	Property	67	51	42	42	33
Sun Limited	Hotels & Resorts	-	-	-	43	65
C-Care (Mauritius) Ltd	Healthcare	-	-	-	-	-
CIEL Corporate Services & others		-	-	75	0	

Over last few years, 45-55% of the total dividend of CIEL Ltd has been received from CIEL Textile. In FY19, CTL paid dividends of MUR 127 million in H1FY19. In Q1FY20, CTL declared and paid dividend of Mur 199 million (pertaining to H2FY19).

Stable performance of major dividend paying companies (CIEL Textile, CIEL Finance, Alteo and C-CARE); albeit impacted by lower than envisaged performance of Hotel cluster (Sun Limited)

Textile- CIEL Textile Limited (CTL; 100% subsidiary of CIEL) is one of the major dividend streams for CIEL Limited. CTL is a world-renowned corporate player in the textile and garments industry. It has 19 production units spanned across Mauritius (7), Madagascar (6), India (5) and Bangladesh (1). With production capacities of around 34 million garments and approximately 36 million garments exported annually (FY19), CTL's main export markets are in Europe, India, South Africa and USA. CTL offers a variety of products under 3 clusters – Woven (Aquarelle), Fine knits (Tropic Knits & CDL) and Knitwear (Floreal). Woven produces formal, casual and ladies Shirts. Fine Knits produces jersey wear garments, T-shirt, Polo Shirts and cotton sweaters. Knitwear produces sweaters and wool spinning. CTL operates on a back to back order basis. The major customers of Ciel Textile group are various renowned international brands are Tommy Hilfiger, Marks & Spencer, Celio, Woolworths, Decathlon, Levi's, Wooltex, J.Crew, Debenhams, Edgars, Bierly, etc.

Any depreciation of the Euro, the British Pound Sterling or the South African Rand could have an adverse impact on the profitability of CIEL Textile. The group's clusters procure their raw materials (cotton, fabrics and wool) from across the world. Capacity utilization (C.U.) of most of the production units have been stable over 85% in FY18 and FY19. The Financials of CTL is as under:

CIEL Textile Ltd. (MUR Million)	FY17	FY18	FY19	Q1FY19	Q1FY20
Revenue	10,527	10,944	12,151	3,502	3,497
EBIDTA	997	759	1,025	335	361
Interest	100	136	182		
PAT	562	317	453	199	201
GCA	813	591	788		
Dividend Paid	305	286	127		
Total Debt	3,294	3,901	4,238		
Cash & cash equivalents	647	429	377		
Tangible Net worth	3,990	3,973	4,279		
EBIDTA margin	9.47%	6.94%	8.44%		
PAT margin	5.34%	2.90%	3.73%		
Gearing	0.83	0.98	0.99		
Total Debt/EBIDTA	3.30	5.14	4.13		
Interest coverage (EBIDTA/Interest)	9.97	5.58	5.63		

In FY19, CTL posted 11% growth in revenue and 43% growth in PAT over FY18. The woven segment (Aquarelle) has posted a 13% increase in revenue year-on-year and represents the major contributor to the increase in PAT. Aquarelle's operations in India and the Region have achieved considerable progress in FY19 over FY18 with consistent product quality, leading to great customer satisfaction.

The knitwear segment (Floreal) has considerably improved mainly owing to the positive results of the Mauritius-based wool yarn producer, FSM, which has achieved manufacturing efficiencies, excellent margins and significant sales over the financial year. The stable performance of the operations in

Bangladesh continues to add favourably to the cluster's performance. The Knits' factory in India has gained momentum since the beginning of FY19 and the losses have reduced by more than 50% with increase in customer base. Operations in the region have been difficult with manufacturing efficiency issues despite a good order book.

In Q1FY20, results of CTL are at par with Q1FY19 on both revenue and PAT. The woven (Aquarelle) segment remains the primary contributor to turnover and profitability of the cluster. The overall performance of Aquarelle remains good on the back of higher volumes and margins with good customer satisfaction, particularly in India. The Knitwear segment (Floreal) has performed well in Q1FY20 compared due to the positive results of the operations in Bangladesh and the good progress made at its automated factory in Madagascar.

CTL expects a positive FY20, due to good order book position for next few months of operation for all its units (as on November 2019) at higher margin, improvement in front-end strategies implemented across all segments and increased focus on manufacturing efficiencies in the region. Appreciation of USD vis-a-vis Mur in CY19 and Q1FY20, and stable USD & Rand (South African currency) for major part of the year, has enabled CTL to post better performance in Q1FY20 and the trend is expected to continue in FY20.

Finance – CIEL Finance Limited ("CFL" rated CARE MAU A+; Stable), is the investment holding company for the finance sector of CIEL group. Incorporated in February 2013, it is engaged in banking, fiduciary services, private equity investment and asset management services. CIEL holds 75.1% stake in CFL and Amethis Africa Finance Limited holds the balance 24.9% stake. Amethis Africa Finance Limited is one of the leading investment fund managers dedicated to the African continent led by a team of experienced investors and bankers.

In 1992, CIEL group ventured into the financial sector by setting up Investment Professionals Limited (IPRO), which is engaged in providing regional investment services and it focuses on listed entities in Sub-Saharan Africa, India and Mauritius. Mauritius International Trust Company Limited (MITCO) is another subsidiary of CFL which is one of the major players in the offshore sector of Mauritius.

In 2008, CIEL made an entry into the banking sector through acquisition of First City Bank Limited (now renamed as Bank One) in a joint venture with I&M Bank of Kenya. Bank One (rated CARE MAU A+ (IS) Stable) is among the fastest growing banks in Mauritius. In 2014, CFL acquired controlling stake in BNI Madagascar, oldest and the second largest commercial bank of Madagascar.

CFL also owns 39.67% of stake in KIBO Fund LLC (KIBO I) and 8.3% of KIBO Fund II. The principal activity of these funds is to make private equity and equity-related investments in companies located in Sub-Saharan Africa and in the islands of the Indian Ocean.

KIBO I had a fund size of EURO 29 Million and investment in 6 companies. Till Sept 2019, KIBO I has received around Euro 26 million from the profitable exit in investments and the proceeds has been utilized for repayment of capital received from CFL (used by CFL to repay the capital received from CIEL and Amethis). KIBO I is on the verge of exit from other investments in KIBO I by March 2020. KIBO II has a fund size of USD 62.6 Million with investment in 10 companies. CFL holds 8.3% stake in KIBO II. Other investors are IFC from the World Bank Group (18.4%), African Development Bank (20%), DEG (a member of KfW Bankengruppe – KfW banking group of Germany) 20%, etc. KIBO II is projected to mature in FY24 and FY25, and the proceeds will be utilized for refund of the capital received from its shareholders, including CFL. KIBO Fund II is already profitable and CFL has track record of exiting from the majority of KIBO Fund I funds at profit.

CFL's revenue has increased steadily over last 2 years with steady increase in revenue in BNI. EBIDTA level increased due to higher profitability in BNI Madagascar. Gearing was comfortable in FY19. The Financials of CFL is as under:

CIEL Finance Limited (MUR Million)	FY17	FY18	FY19	Q1FY19	Q1FY20
Revenue	1,917	2,611	2,853	687	819
EBIDTA	775	767	890	216	257
Interest	19	17	15		
PAT	648	742	630	167	223
GCA	775	908	789		
Dividend Paid	72	82.6	95		
Total Debt	436	473	393		
Cash & cash equivalents- Banks	4,230	5,925	4,593		
Tangible Networth	3,684	3,045	3,545		
Gearing	0.12	0.16	0.11		

Agro - CIEL owns 20.96% stake of Alteo Limited (Alteo; CARE MAU A; Stable). Alteo, through its different subsidiaries, operates sugar factories in Mauritius, Kenya and Tanzania and a coal & bagasse-based power plant (41 MW) in Mauritius. It is also engaged in an ongoing high-end residential development project through Anahita Estates Limited in Mauritius.

Alteo is the largest sugar producer (131,000 MT in FY18) in Mauritius (Sugar production in Mauritius - 355,213 MT for year ended Dec 2017 and 320,000 MT for year ended Dec 2018). Alteo owns 3 sugar factories in Mauritius (1.7 million tonnes annual crushing capacity), TPC Limited in Tanzania (1.4 million tonnes annual crushing capacity) and Transmara Sugar Company Limited in Kenya (0.6 million tonnes annual crushing capacity). In FY19, the sugar mills in Mauritius and Tanzania operated at 80-85% the sugar mill in Kenya operated at 65%.

In Mauritius, Alteo has a land bank of 19,000 hectares spread across the island of Mauritius worth around MUR 15 billion. 8,000 hectares of land bank is in form of forest reserve while the remaining 11,000 hectares are used for cultivation of sugar and yields around 102,000 tonnes of refined sugar. Alteo procures 80% of the sugar cane required from its own land and balance 20% from farmers.

In Mauritius, sugar purchase is governed by the Mauritius Sugar Syndicate. The Syndicate buys entire sugar produced by the various mills of Mauritius and resells it internationally (primarily in Europe). Post abolition of European sugar quotas from 1 October 2017, the sugar prices have witnessed some reduction. Mauritius Sugar Syndicate is in discussion with various African countries to sell sugar, since in African market there is an overall annual deficit of more than 7 million tons in FY19.

Alteo has a bagasse/coal-based power plant (41 MW). Power Purchase Agreement is with Central Electricity Board (CEB), renewed in December 2018 for 5 years. The financials of Alteo is as under:

Alteo (MUR Million)	FY17	FY18	FY19	Q1FY19	Q1FY20
Turnover	8,929	8,176	8,997	2,619	2,109
EBIDTA	2,896	2,303	2,104	691	495
Interest	450	480	525	116	146
PAT	988*	702	544**	220	159
GCA	1,927	1,506	1,274	388	330
Dividend Paid	261	248	213		
Total Debt:	5,491	6,590	6,901		
Cash & cash equivalents	430	369	536		
Tangible Net worth	13,101	17,249	15,518**		
Gearing	0.42	0.38	0.44		
Total Debt/EBIDTA	1.90	2.86	3.28		
Interest coverage (EBIDTA/Interest)	6.43	4.80	4.01		

**includes one-time income of MUR 137 arising on account of gain on disposal of land*
***Normalized for FY19 vis-à-vis Reported. Reported PAT was Mur (1,082) million*

Alteo's turnover and profitability in FY19 and Q1FY20 was impacted by challenges faced by the Mauritian sugar operations, due to pressure in Sugar industry for persistently reducing the sugar prices. In FY19, EBITDA and PAT dropped by 9% and 23% respectively over FY18, as the Mauritius sugar operations remained under pressure. The adverse sugar prices have affected its overall performance. Kenyan and Tanzanian operations recorded a good year with the increase in production and sales volume of sugarcane in line with the demand of the same. A higher sugar cane availability and better market conditions benefited the Kenyan sugar operations in FY19.

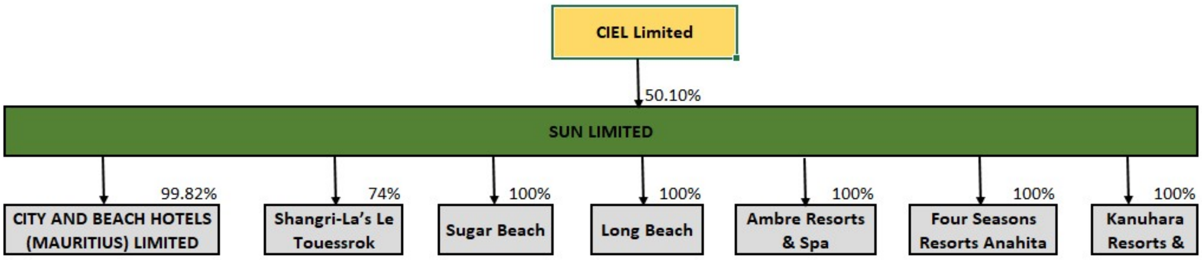
The sugar cluster in Mauritius were negatively affected by falling sugar price levels which have reduced revenues. The world market and EU market should continue to adversely impact the Mauritian sugar operations in the medium term. It is currently passing through a difficult phase with subdued financial performance in FY19.

Profitability of Tanzanian & Kenyan operations is expected to improve with better performance. In FY22, Anahita estates (Alteo's real estate wing) is expected to be profitable post completion of its projects. Alteo Energy is a consistent profitable company and with steady operational performance and confirmed PPA. Alteo is also in the process of selling its non-core land in order to generate cash.

Property - Ferney Limited, owns 3,063 hectares of land of which 1,087 hectares are under cane cultivation and the rest forest land. In FY19, it sold a part of land for Mur 107 million and paid dividend of Mur 30 million. Ferney has plans to sell around 100 hectares of land over next 2 years.

Ebene Skies Limited owns Ebene Skies building – which represents office space of 7,800 Square meters. It is rented to various companies of CIEL. It collects annual rental of MUR 50 million and is a profitable and dividend paying company.

Hotel - In February 1983, CIEL group created a company called Sun Limited (formerly known as Sun Resorts Limited). CIEL Limited owns 50.10% of SUN Limited, which is one of the leading hotels, leisure and real estate group in the Indian Ocean, owning and/or managing six resorts in Mauritius under different subsidiaries - Four Seasons Resort (5* Luxury), Shangri-La's Le Touessrok (5* Luxury), Long Beach (5*), Sugar Beach (5*), La Pirogue (4*) (City and Beach Hotels (Mauritius) Limited owning La Pirogue is rated CARE MAU A; Stable), Ambre (4*) and one resort in Maldives (Kanuhura - 5* Luxury).The current shareholding structure is as follows:



In 2014, a new business model was rolled out and Sun Limited & its subsidiaries adopted the strategy for renovation of its existing hotels (commenced in FY15 and completed by FY18), partnering with international hotel operators, providing professional hospitality services (IT, laundry, linen, retail stores selling souvenirs), setting up in-house Tour operators and centralizing various support functions for all hotels (finance, IT, Human resource, supply chain management of food & beverage to all hotels and souvenirs in various retail shops, etc.) for cost cutting. The group has implemented all these strategies and is set to benefit in future years. SUN has marketing offices in London, Paris and Frankfurt and representations in Milan, Madrid, India, China, and Japan.

In FY18-19, SUN Limited operated 1,395 rooms in Mauritius (4-5* category) at an occupancy of 71%. The Financials of Sun Limited is as under:

Sun Limited (Mur Million)	2017	2018	2019	Q1FY19	Q1FY20
	Audited				
Turnover	6,047	6,774	6,730	1,303	1,256
EBIDTA	977	1,290	1,260*	36	44
Interest	504	480	455*		
PAT	(112)	198	40*	(195)**	(177)**
GCA	346	740	746	(55)	(2)
Dividend Paid	-	87	130		
Total Debt	10636	8783	8453		
Tangible Networth	5,417	7,416	7,205		
Gearing	1.96	1.18	1.17		
Total Debt/EBIDTA	10.89	6.81	6.71		

**Normalized for FY19 vis-à-vis Reported. Reported PAT due to IFRS 9 impact was Mur (1,893) million*
*** Hotel Industry in Mauritius is seasonal with major revenue and profit being generated in Q2 and Q3.*

In FY19, SUN Limited's revenue was at the same level of FY18 (12% growth in FY18 over FY17) due to dismal performance of Kanuhura (Maldives), dip in occupancy in other properties (barring La Pirogue) and adverse foreign exchange fluctuation. The company's strategy (adopted in FY16) enabled it to post similar level of EBIDTA in FY19, despite stagnant revenue. This coupled with lower finance cost (due to repayment of debt out of proceeds from rights issue) enabled the company to post positive PAT in FY18 & FY19.

In FY18-19, around 50% of the rooms in Sugar beach was closed for renovation, which impacted the occupancy rate and profitability. The renovated rooms are operational from October 2019. Accordingly, the profitability in Sugar beach is expected to improve in FY20. This apart SUN is also expecting better profitability in Four Seasons and reduction of losses in Kanuhura & Long Beach, based on trend of current bookings. In August 2017, SUN Limited raised MUR 1.86 billion through rights issue and the proceeds were utilized for debt repayment. Accordingly, the debt level has reduced from Mur 11 billion as on June 30, 2017

Going forward, bookings are on the rise, with growing revenues for resorts in Mauritius and increase in occupancy for Kanuhura. SUN is expected to post better profitability with increase in occupancy being a positive contributing factor towards performance.

Healthcare - CIEL Healthcare (53.03% subsidiary of CIEL), operates and manages assets in the healthcare sector in Mauritius and across Sub-Saharan Africa. Its main investment and major revenue generating asset is C-Care (Mauritius) Limited (CARE MAU A; Stable/CARE MAU A1), which owns Clinique Darné and Wellkin hospital in Mauritius. In 2019, CIEL and CIEL Healthcare, acquired 28.89% stake of Fortis Healthcare International Limited in C- Care. As on July 2019, CIEL's direct shareholding in C-Care is 20.08% and CIEL Healthcare's holding is 67.41%.

In January 2017, C-Care acquired the assets of Apollo Bramwell Hospital (renamed as Wellkin Hospital), a 112 bed multi-specialty Hospital with operational losses. During the last 2 years, C- Care has been successful in converting Wellkin Hospital from a loss-making hospital to a profit making one, by way of cost reduction and increase in occupancy of the hospital from 50% in FY17 to 68% in FY19 and 70% in Q1FY20. The financials of C-Care are as under:

C-Care (MUR Million)	2017	2018	2019	Q1FY19	Q1FY20
	Audited				
Turnover	1,227	1,726	1,899	450	482
EBIDTA	75.4	(10)	84	36	78
PAT	(23.6)	(36)	116	1.8	28
GCA	55.9	86	238	33	60
Dividend	17.1	-	-	-	-
Total Debt	519.8	467	456	460	460
Cash & cash equivalents	72	152	124		
Tangible Net worth	483	281	421		
Gearing	1.08	1.66	1.08		
Total Debt/GCA	9.3	5.43	1.92		

C-Care's revenue increased by 10% in FY19 over FY18, due to higher synergies between Wellkin and Clinique Darné (leading to lower cost), increase in occupancy rate and stable average revenue per bed in both the hospitals. This enabled C-CARE to post higher EBIDTA and positive PAT in FY19.

Wellkin posted positive EBIDTA in FY19, due to occupancy of 68% in FY19 (58% in FY18). Clinique Darne also posted positive EBIDTA in FY19 due to occupancy of 78% in FY19 (84% in FY18). In Q1FY20, C-CARE has posted positive EBIDTA and PAT due to 70% occupancy in Wellkin and 79% in Clinique Darne.

Satisfactory financial performance with moderate overall gearing and debt coverage indicators

Consolidated Performance: CIEL Limited (Consolidated) FY19 results were impacted by non-cash impairment and related tax charges of MUR 2,496 million at the level of subsidiaries and associates undertaking (in line with Provisioning of Investments under IFRS 9). This resulted from management's annual impairment tests of specific assets and investments at cluster level which led to CIEL Group reporting a loss of MUR 1,189 million. However, CIEL Limited's (Consolidated) free cash flow, in various subsidiaries and associates, was not impacted by the impairment. Accordingly, CRAF has re-adjusted the non-cash impairment and related tax charges of Mur 2,496 million on impairment of goodwill and has done the analysis on the Normalised PAT of CIEL Limited (Consolidated). Analysis for Sun, Alteo & CIEL Healthcare was also done based on normalised PAT. CIEL Limited's (Consolidated) normalized PAT stood at MUR 1,307 million (19% increase over FY18) after excluding the non-cash impairment and related tax charges. Below is a reconciliation from Reported loss to normalised PAT.

Particulars (Mur Million)	FY18	FY19 (Reported)
EBIDTA	**2,953**	**3,443**
Less: Impairment of Goodwill		2,078
Less: Depreciation	1,166	1,216
Less: Interest Cost	781	813
Add: Share of result of JV and Interest income	299	193
Add: Share of result of associate (impairment of goodwill in Alteo Limited)	74	(283)
Less: Tax	288	436
Reported Profit after Tax	**1,091**	**-1,189**
Add: Impairment for Goodwill (including impact in associates)		2,496
Normalised Profit After Tax	**1,091**	**1,307**

Dividend from various group companies are the major source of income of CIEL Limited. The last 2 years performance of dividend paying subsidiaries are as under:

Particulars	Stake	Revenue		PAT*		Dividend		Total Debt	
(Mur Million)	(%)	FY18	FY19	FY18	FY19	FY18	FY19	FY18	FY19
CIEL Limited (Consolidated)		**22,608**	**24,206**	**1,090**	**1,307**			**16,801**	**17,446**
Textile (CIEL Textile)	100.0	10,944	12,151	317	453	253	112	3,901	4,238
Finance (CIEL Finance Limited)	75.1	2,611	2,853	742	630	54	72	473	393
Hotels & Resorts (Sun Limited)	50.1	6,774	6,730	198	40	43	65	8,783	8,453
Agro & Property (Ferney & Ebene Skies)	71.1	78	88	24	105	42	78	338	297
Healthcare (mainly C-CARE)	53.0	2,173	2,495	(63)	49			810	833
CIEL Limited (Standalone)		452	343	273	156			2,310	2,720
Not Consolidated									
Alteo Limited (Associate company)	*20.96*	*8,176*	*8,997*	*702*	*544*	*52*		*6,590*	*6,901*

**Normalized for FY19 vis-à-vis Reported.*

CIEL Limited (Consolidated) derives 82% of its PAT from textile and finance cluster. Hotel cluster accounts for 49% of the total debt. In FY19, Consolidated revenue increased by 7% primarily due to the strong performance of CTL (Woven segment), higher turnover in BNI Madagascar and C-Care. 17% growth in EBITDA is mainly attributable to higher contribution from Woven segment of CTL, higher net interest income from BNI Madagascar and the improvement in C-Care's operations.

Interest was higher due to higher funding requirements of CIEL Textile and full year impact of the Bonds of MUR 1,270 million taken by CIEL Limited in February 2018 to finance SUN's rights issue together with the additional stake in CIEL Textile. There was a deterioration in gearing ratio due to additional short-term debt availed by CIEL Textile and Healthcare cluster for working capital requirements and debt in CIEL Limited to fund acquisition in Textile in FY19.

Standalone Performance: In FY19, CIEL Textile, Hotels & Resorts and CIEL Finance were the major contributors to revenue. In FY19, CTL paid dividends of MUR 127 million in H1FY19. In Q1FY20, CTL declared and paid dividend of Mur 199 million (pertaining to H2FY19), due to delay in completion of stake acquisition by CIEL in CTL. Lower dividend from CTL was the main reason for lower profitability and coverage indicators in CIEL (Standalone). CIEL Ltd. has not provided any corporate guarantee to any of its group companies.

CIEL has raised new bond of MUR 1,000 million (June 2019) and MUR 530 million (July-Sept 2019) to partly refinance its existing debt and to finance the acquisition of higher stake in CIEL Textile (increasing the total stake to 100%) and buying out Fortis stake of 28.8% in C- Care, making CIEL's shareholding 20.08% and increasing the stake of CIEL Healthcare Limited from 58.60% to 67.41%.

CIEL Limited had repayment of Mur 423 million in FY19-20 including interest of Mur 23 million (accrued in June 2019 but was payable and paid in July 2019). CIEL has refinanced Mur 400 million with a new Bond issued to the same investor for 10 years.

In FY19, CIEL has received Mur 45 million from redemption of KIBO fund and Mur 36 million from sale of shares in group company. In FY19-23, the company has projected to receive cash from redemption of preference shares in CIEL Finance out of proceeds of redemption of KIBO fund. The company proposes to utilize cash flow from operations for repayment of Bond and payment of dividends.

In Q1FY20, CIEL at the consolidated level achieved EBIDTA of Mur 728 million (Mur 616 million in Q1FY19) on a turnover of Mur 6,273 million (Mur 6,085 million in Q1FY19).

Going forward, CARE Ratings (Africa) Private Limited expects reduction of debt at Consolidated level by way of monetization of non-core assets. Deterioration of EBIDTA at consolidated level, lower than projected dividend payment by the subsidiaries and any increase in debt will be a negative rating sensitivity.

Industry Risk

Textile Industry– The textile industry, an important pillar of Mauritian economy, directly employs over 35,000 workers and generates around MUR 3.3 billion of exports per annum, makes up around 29% of the manufacturing sector. Mauritius is one of the largest fully fashioned knitwear producer, the 3rd largest exporter of pure new wool products, and Europes 4th largest supplier of T-shirts

While the main exports were destined to the European continent and USA traditionally, since the last few years exports to the South African market have been constantly increasing. The Mauritian textile industry is now a vertically integrated supplier of designer garments supplying to internationally renowned brands such as Topshop, Topman, River Island, Levi's, Le Chateau, Foschinis, Burton UK, Devred, Guess, Hackett, Massimo Dutti, Naf Naf, Orvis, Peeble Beach, Puma, Calvin Klein, Woolworths, Ecko, Abercrombie & Fitch, Tommy Hilfiger, Victoria's Secret, etc. The industry, however, is characterized by low barriers to entry and hence low margins, in addition to heavy competition from countries like China, Bangladesh, India and Sri Lanka.

Globally, the growth for 2018 is 3.7%, about 0.1% higher than 2017 and 0.6% higher than 2016. Appreciation of USD vis-a-vis Mur in CY19 and stable USD & Rand (South African currency) for major part of the year, has enabled textile companies to post better performance in FY19.

Hotel Industry - Tourism which is considered the third pillar of the economy of Mauritius after the E.P.Z. manufacturing sector and Agriculture, contributes significantly to economic growth and has been a key factor in the overall development of Mauritius. As per recent PWC Report on Mauritius Hotel Industry (Hotels Outlook: 2019-2023) - Hotel industry of Mauritius has witnessed 12.1% increase in room revenue in 2018. A record number of almost 1.4 million people visited Mauritius in 2018 (up 4.3% on 2017). Total room revenue rose by 11.7% in 2018 compared to 10.2% in FY17, the third consecutive year of double-digit growth, driven mainly by a significant rise in ADR. The average length of stay was 10.4 nights in 2018 (10.3 nights in 2017). Tourism earnings for 2018 reached EUR 1.63 billion (EUR 1.53 billion in 2017) contributing 14% of the Country's GDP.

In FY18, Europe continued to be main source of arrivals with an overall increase of 5.6%. France remains at the top of the list with 35% of arrivals. Helped by added flight capacity, the Czech Republic and the Netherlands posted increases of 35.8% and 23.7%, respectively in 2018. Arrivals from Africa, which accounts for 22.3%, showed a modest growth of 3.5%. Hotel occupancy rate in Mauritius is now around 75%, the average daily room rate increased by 8.8% in 2018.

The scarcity of prime real estate or sea frontage locations, paired with resistance from environmental activists, caused a slowdown in new hotel project developments. As per PWC Report around 700-800 new rooms (3-5 star category) are expected to be operational in between 2019-2023, which is less than 10% of the total rooms keys available in Mauritius (13,510 in FY18).

Agro Sector- Sugar industry in Mauritius was dependent on the preferential trade agreements with UK and European Union (EU). Post abolition of European sugar quotas from October 2017, the sugar prices have witnessed reduction. In September 2018, GoM decided, in respect of 2018 crop sugars, to provide support to sugar cane planters in the form of assistance of Mur.1,250 per tonne from the SIFB and an additional remuneration for bagasse of Rs.1,250 per tonne of sugar, thus bringing the revenue accruing from bagasse to Rs 2,500 for small planters and Rs 1,700 for other planters.

In Mauritius, sugar purchase is governed by the Mauritius Sugar Syndicate. The Syndicate buys entire sugar produced by the various mills of Mauritius and resells it to international clients. With abolition of European sugar quotas from 1 October 2017, the sugar prices have witnessed reduction. But MSS is in discussion with various African countries since in African market there is an overall annual deficit of more than 7 million tons.

The world market and the EU market should continue to influence the Mauritian sugar operations unfavourably in the short to medium term. At industry level, a technical committee has been set up to recommend sustainable revenue enhancing measures and cost base reforms to Government.

Finance Sector- The financial sector contributes to a significant 11.7% of the GDP of Mauritius. Mauritius has a well-developed financial system. Basic financial sector infrastructures, such as payment, securities trading and settlement systems, are modern and efficient, and access to financial services is high, with more than one bank account per capita. GoM has taken numerous measures to safeguard its reputation as an international financial centre, mainly in terms of tax holidays to firms operating in the financial sector looking to set up locally.

Prospects

The prospects of CIEL would depend upon its ability to improve profitability in hotel & agro verticals, reduction of debt at consolidated level by way of monetisation of non-core and consistent dividend pay-out by textile, agro & property and finance verticals.

FINANCIAL PERFORMANCE

Standalone Financial performance of CIEL Limited *MUR Million*

For the year ended as on June 30	2016	2017	2018	2019
	(Audited)			
Total Income	347	408	453	344
EBIDTA	256	334	370	251
Interest	67	60	98	109
PBT	315	312	273	157
PAT	314	311	273	156
Gross Cash Accruals (GCA)	314	311	273	156
Dividend paid/proposed	274	305	328	347
Equity share capital	4,034	4,047	4,877	4,989
Tangible Networth	12,920	14,307	13,952	11,660
Total debt	1,097	1,064	2,310	2,720
Investment in Subsidiaries/Associates	14,026	15,398	16,208	14,141
Cash and Bank	2	3	2	319
Key Ratios				

For the year ended as on June 30	2016	2017	2018	2019
	(Audited)			
EBIDTA / Total income	73.97	81.97	81.82	73.07
PAT (after defd. tax) / Total income	90.49	76.20	60.26	45.37
RONW	2.41	4.34	2.90	1.83
Debt equity ratio	0.08	0.07	0.14	0.23
Overall gearing ratio	0.08	0.07	0.17	0.23
Interest coverage (times)	3.84	5.58	3.77	2.29
Total Debt/EBIDTA	4.28	3.18	6.23	10.83

Consolidated financial performance of CIEL Limited (Consolidated) *MUR Million*

For the year ended as on June 30	2016	2017	2018	2019	Q1FY19	Q1FY20
	Audited					
Total Income	19,336	21,144	22,985	24,618	6,085	6,273
EBIDTA	2,736	2,820	2,953	3,443	616	728
Depreciation	750	969	1,166	1,216		
Interest	555	645	781	813		
Reported PBT	1,335	1,433	1,379	(753)		
Normalised PBT	1,335	1,433	1,379	1,637*		
Reported PAT	1,182	1,144	1,090	(1,189)		
Normalised PAT	1,182	1,144	1,090	1,307*	129	126
Gross Cash Accruals (GCA)	1,931	2,114	2,256	2,105		
Dividend	274	305	328	347		
Equity share capital	4,034	4,047	5,112	5,139		
Tangible net worth**	17,365	17,029	17,960	17,661		
Cash and Cash Equivalents	5,583	5,430	6,879	6,618		
Cash with Banking Segment	*4,517*	*4,362*	*5,788*	*4,906*		
Cash with Non-banking segment	*1,067*	*1,069*	*1,091*	*1,712*		1,292
Total debt	14,320	15,848	16,801	17,446		17,163
Key Ratios						
EBIDTA / Total income	14.50	13.68	13.06	14.23		
PAT / Total income	6.11	5.41	4.74	5.31		
Debt equity ratio	0.31	0.61	0.65	0.66		
Overall gearing ratio	0.82	0.93	0.94	0.99		
Interest coverage (times)	4.93	4.37	3.78	4.24		
Total debt/ EBIDTA	5.23	5.62	5.69	5.07		
Current ratio	1.06	1.01	1.05	1.09		

** *Reported Networth less Revaluation Reserve less Intangibles*

Adjustments

1. Tangible networth is calculated by netting off revaluation reserve and intangible assets from total equity.
2. Gross Cash Accruals (GCA) is calculated as PAT+ Depreciation + deferred tax+ other non-cash expenditure.
3. Overall Gearing ratio is calculated as total debt (long term and short-term debt)/Tangible Networth.
4. Net Sales includes revenue from Textile, Hotel, Healthcare & Banking.
5. Total operating Income includes revenue from others (Management fees/Interest Income, rental income, etc.)
6. Non-Operating Income excludes Share of profits from JVs & Associates which contribute to the profit line of the group.
7. Equity share capital is calculated by deducting treasure shares and adding back redeemable shares to stated capital.

Details of Instrument

Details of Bank Facilities

Banker / lender	Type of facility	Amount (MUR Million)
The Mauritius Commercial Bank	Overdraft	180.00
Grand Total		**180.00**

Long term Bond I

Particulars	Amount (MUR Million)	Repayment (MUR Million)
Long term Bond (Issued in Jan. 2018)	1,270	FY21 – 300 FY23 –380 FY25 - 300 FY28 – 290

Long term Bond II

Particulars	Amount (MUR Million)	Repayment (MUR Million)
Long term Bond (Issued in July-Sept 2019)	1,530	FY26 - 400 (June 2026) FY27 - 400 (June 2027) FY29 - 300 (June 2029) FY30 - 330 (July 2029) FY34 - 100 (June 2034)

Annexure I

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.

Rating Symbols
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.