CARE Ratings AFRICA

Rating Rationale
CIEL Limited

Ratings

Facility/Instrument	Amount (MUR Million)	Rating	Rating Action
Bond Issue	700.05 (reduced from 1,000.05)	**CARE MAU AA; Stable [Double A; Outlook: Stable]**	**Reaffirmed**
Long/Short term Bank Facilities	180.00	**CARE MAU AA; Stable/ CARE MAU A1+ [Double A; Outlook: Stable/A One Plus]**	**Reaffirmed**
Bond Issue	1,270 (reduced from 1,300)	**CARE MAU AA; Stable [Double A; Outlook: Stable]**	**Reaffirmed**
Short term debt	NIL (reduced from 1,230)	**CARE MAU A1+ [A One Plus)]**	**Withdrawn %**
Proposed Commercial Paper – (earmarked against working capital limit) #	NIL (reduced from 270.00)	**CARE MAU A1+ [A One Plus]**	**Withdrawn &**

 # C.P. was within overdraft facility of MUR 180 million and money market line of MUR 100 million from MCB. & Not placed. % Repaid from the long-term Bond issue.

Rating Rationale

The ratings derives strength from established track record of CIEL group, experienced promoters, professional and highly qualified management team, presence across diverse business verticals, satisfactory performance of major dividend paying verticals, consistent flow of dividend from textile, agro & property and finance verticals, increase in stake in textile subsidiary in August 2017 - which is expected to enhance dividend inflow from textile vertical, huge land bank which can be monetized to reduce debt at group level and comfortable financial profile with low overall gearing, satisfactory debt coverage indicators along with comfortable investment to debt ratio.

The long-term rating is, however, tempered by the major investment and high debt availed in its hotel vertical to finance acquisitions & renovation of the hotels, market & political risks associated with operations in Africa, dip in performance of the agro sector and currency risk associated with textile vertical.

Ability of CIEL Ltd to improve profitability of hotel & textile vertical, reduction of debt at group level and consistent dividend pay-out by textile, agro & property and finance verticals will be the key rating sensitivities.

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. The major companies of the group are CIEL Textile Limited, Alteo Limited, Sun Limited, CIEL Finance Limited, Bank One and CIEL Healthcare Limited.

The operations of CIEL group are deeply etched in the Mauritian soil, with presence in African and Asian continents. The other geographical footprints of the CIEL group clusters are present in Maldives through the hotel industry, Tanzania through the agricultural industry, Kenya, Seychelles, Madagascar, Botswana, South Africa through the finance industry and Madagascar, India and Bangladesh through the textile industry.

CIEL is a professionally managed company. It is governed by a 15-member Board of Directors and a number of eminent industrialists and professionals. The strategic affairs are looked after by Mr. Arnaud Dalais (61 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. They are also assisted by 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 1975 and finance business from 1992. CIEL derives its entire revenue as dividends from the various group companies engaged in diversified sectors like Textile, Agro & Property, Finance, Hotel & Resorts and Healthcare. During FY17 and FY18, dividend received by CIEL Limited was MUR 399 Million and MUR 444 Million respectively. Some of its rated group companies are Bank One [rated CARE MAU A+ (IS); Stable], The Medical and Surgical Centre Limited (MSCL; rated CARE MAU A; Stable/CARE MAU A1), Aquarelle International Limited (rated CARE MAU A; Stable) and Aquarelle India Pvt. Ltd (rated CARE BBB; Stable).

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 such as Textile, Agro & Property, Finance, Hotel & Resorts and Healthcare. The financials of the major group companies are provided hereunder:

MUR Million

Companies (FY18)	Stake (%)	Turnover	PAT	GCA	Total Dividend Pay out	Total Debt	Net worth	Overall gearing	Total debt/ GCA
CIEL Textile Limited	88.48*	10,943	317	591	286	3,901	4,005	0.97	6.6
Alteo Limited	20.96	8,176	702	1,506	248	6,590	17,249	0.38	4.38
Ferney Limited	71.06	27	14	17	40	51	1,280	0.04	3
Ebene Skies	100	43	11	11	14	274	183	1.50	25
CIEL Finance Limited	75.10	2,611	742	908	82	473	3,865	0.12	0.52
The Medical Surgical Centre Ltd	58.6	1,726	(19.6)	102	-	467	404	1.16	4.58
Sun Limited	50.10*	6,774	194	740	87	8,621	8,846	0.97	11.65

**In August 2017, CIEL Ltd. has increased its stake in CIEL Textile Ltd. from 56.31% to 88.48% and reduced its stake in Sun Limited from 59.80% to 50.10%.*

Investment in group companies

As on June 30, 2018; CIEL had a total investment of MUR 16,165 million (MUR 15,269 million as on June 30, 2017) in its various business verticals. The breakup is as under:

Business Verticals	% of total investment	
	FY17	FY18
Hotels & Resorts	30	30
Agro & Property	28	22
Textile	19	27
Finance	16	16
Healthcare	7	5

Consistent flow of dividends from various group companies

CIEL's entire revenue for last 4 years is generated in the form of dividends from textile, agro & property and finance vertical.

MUR Million

Dividend Income from Companies	Business Verticals	Amount of dividend received			
		FY15	FY16	FY17	FY18
CIEL Textile Limited	Textile	143	186	172	253
Alteo Limited	Agro	53	53	55	52
Ferney Limited & Ebene Skies	Property	67	51	42	42
CIEL Finance Limited	Finance & Banking	109	46	54	54
The Medical Surgical Centre Ltd	Healthcare	-	-	-	-
Sun Limited	Hotels & Resorts	-	-	-	43
Ciel Corporate Services & others		-	-	75	0

Over last few years, 45-55% of its total dividend has been received from Ciel Textile.

Satisfactory performance of the major dividend paying companies (CIEL Textile, Alteo & CIEL Finance)

Textile- CIEL Textile Limited (CTL) is one of the major dividend streams for CIEL. CTL is a world renowned corporate player in the textile and garments industry. It has 20 production units spanning across Mauritius (8), Madagascar (6), India (5) and Bangladesh (1). With production capacities of around 25 million meters of woven and knitted yarns and approximately 34 million garments annually, CIEL Textile's main export clients are from Europe, India, South Africa and USA. CTL offers a variety of products under 3 different clusters – Fine knits, Knitwear and woven. Fine Knits produces quality jersey wear garments, T-shirt, Polo Shirts, Dresses, and Cotton Sweaters. Knitwear produces sweaters and wool spinning. Woven produces formal, casual and ladies Shirts. CTL operates on a back to back order basis. The major customers of Ciel Textile group are various renowned international brands like Levi's, Marks & Spencer, Celio, Woolworths, Esprit, Dillards 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. Capacity utilization (C.U.) of most of the production units have increased in FY18 over FY17 and were more than 85% in FY18. The group's clusters procure their raw materials (cotton, fabrics and wool) from across the world.

In FY18 (refers to the period July 1 to June 30), CTL posted a PAT of Mur 317 million (Mur 562 million in FY17) on a turnover of Mur 10,944 million (Mur 10,509 million in FY17). CTL's profitability weakened in FY18 vis-à-vis FY17 due to a dip in Woven cluster's performance after a year of strong growth in 2017. The cluster was negatively impacted by the removal of Indian export subsidies, while a slide in US dollar has put downward pressures on its results. Knitwear operations (Mauritius and Madagascar; Floreal Knitwear) were under pressure due to ramping up of new automated factory in Madagascar, though Floreal Bangladesh has put in a good performance. Fine Knits operations (Tropic Knits) performed satisfactorily both in Mauritius and Madagascar. However, the performance has improved in Q1FY19 due to significant improvement in the performance of woven segment mainly due to higher volume & margin, stabilization in USD and better performance of Madagascar unit.

Agro -In 2012, through the merger of two neighbouring sugar mills namely Deep River Beau-Champs and Flacq United Estates Limited, a new entity namely Alteo was incorporated. Alteo has the largest private land bank in Mauritius and has the largest sugar production capacity. Currently, CIEL owns 20.96% in Alteo Limited and Mr. Arnaud Dalais is the Chairman of Alteo Limited.

Alteo, listed on the Stock Exchange of Mauritius, is currently the largest producer of sugar in Mauritius (around 150,000 tonnes yearly). Moreover, Alteo has interest in TPC Ltd which produces sugar in Tanzania. The Tanzanian production unit provides for nearly one third of the national Tanzanian sugar production. This apart Alteo has a land bank of 18,000 hectares spread across the island of Mauritius. Around 7,000 hectares of the land bank is in form of forest reserves while the remaining 11,000 hectares are used for cultivation of sugar cane and yields around 90,000 metric tons of sugar yearly. The company procures 50% of the sugar cane required from its own land and balance 50% it procures from out growers.

Alteo currently owns 3 sugar factories with Alteo Milling Limited in Mauritius (1.4 million tonnes annual crushing capacity), TPC Limited in Tanzania (1.0 million tonnes annual crushing capacity) and Transmara Sugar Company Limited in Kenya (0.6 million tonnes annual crushing capacity). Capacity Utilisation was around 100% during last 3 years.

In FY18, Alteo posted a PAT of Mur 702 million (Mur 988 million in FY17) on a turnover of Mur 8,176 million (Mur 8,929 million in FY17).

Alteo's turnover and profitability in FY18 was impacted by challenges faced by the Kenyan and Mauritian operations, despite profitable Tanzanian activities. The lack of sugar cane in Kenya affected the results in FY18 over FY17 as the company had a back-log of over-mature sugar cane. The adverse sugar prices have also affected its performance. However, a higher sugar cane availability and better market conditions will benefit the Kenyan sugar operations in FY19.

The sugar cluster in Mauritius were negatively affected by falling sugar cane price levels which have reduced revenues. The world market (mainly the EU market) is envisaged to 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. Tanzanian sugar operations achieved good results though slightly lower than prior year with lower production and sales.

In Q1FY19, group revenue rose by 25% on account of better sales achieved by East African sugar operations. EBITDA and profit after tax dropped by 4% and 14% respectively as the Mauritius sugar operations remained under pressure.

Alteo has MUR 510 million of working capital limits from MCB. Long term loans of MUR 3,121 million are repayable over a period of next 4 years, with repayment of MUR 418 million in FY19, MUR 238 million in FY20, MUR 1111 million in FY21 and MUR 358 million in FY22.

Property – Ferney Limited, one of the largest agricultural land-owning company in Mauritius, owns 3,063 hectares of land of which 1,087 hectares are under cane cultivation and the rest is mainly forest land. In FY18 and Q1FY19 the company sold a part of its land (100 hectares) for Mur 100 million and paid dividend of Mur 40 million in FY18. The company has non-core land, which can be monetised on need-base as articulated by the company management.

Ebene Skies Limited owns Ebene Skies building – which represents office space of 7,800 Square meters. It is rented to various companies of CIEL group.

Finance – CIEL Finance Limited (CFL) is engaged in banking, fiduciary services, private equity investment and asset management. CFL has 2 banks in its portfolio - Bank One and BNI Madagascar.

In 1992, CIEL ventured into the financial sector by setting up Investment Professionals Limited (IPRO). It is a pioneer in 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 provides fiduciary services, fund administration, international tax and global estate planning. In 2008, the company ventured into banking sector through acquisition of First City Bank Limited (now rechristened as Bank One) in a joint venture with I&M Bank of Kenya. Bank One offers financial solutions at private, retail and corporate levels and currently operates 15 branches throughout Mauritius. In 2014, CFL acquired controlling stake on BNI Madagascar, which runs 34 modern branches, including 15 in Antananarivo and its surroundings, and a network of 50 ATMs.

CFL also owns 50% stake in KIBO Capital Partners and 39.7% stake in KIBO Fund LLC (KIBO 1). The fund, created in 2008, had seven investments. The fund has already exited two such investments, (one of in FY18), and proposes to exit balance investments by 2019/2020 due to maturity of the funds.

In FY18, CFL posted a PAT of Mur 742 million (Mur 648 million in FY17) on a turnover of Mur 2,611 million (Mur 2,346 million in FY17).

Hotel –Sun Limited is one of the leading hotels, leisure and real estate company in Mauritius. During 1983-2016, the group has added 5 hotels in its portfolio through organic and inorganic growth. CIEL owns 50.10% in Sun Limited. In 2013, CIEL Board decided to re-visit their Hotel business model in the face of declining profitability due to extremely competitive tourism environment, rapid evolution in hospitality industry, limited growth potential in existing model and low growth in tourist arrivals in the local industry. Based on the findings, the company decided for renovation of its existing hotels partnering with international hotel operators for its high-end resorts, providing professional hospitality services (IT, laundry, linen, retail stores selling souvenirs), reduction of group debt through equity issue, setting up in-house tour operators and cost cutting by centralizing various support functions for all hotels.

Hotels & Resorts

Sl. No.	Name of the Hotel	Location	No. of keys	Occupancy in 2017 (%)	Occupancy in 2018 (%)
1.	La Pirogue	West Coast of Mauritius	248	78	80
2.	Sugar Beach	West Coast of Mauritius	258	83	84
3.	Long Beach	East Coast of Mauritius	255	77	73
4.	Ambre Resorts & Spa	East Coast of Mauritius	297	82	80
5.	Kanuhara Resorts & Spa	Maldives	80	38	34
6.	Le Touessrok Resort & Spa	East Coast of Mauritius	203	73	68
7.	Four Seasons Resorts Anahita	East Coast of Mauritius	36	70	70
Average Occupancy of Rooms				**77.1**	**74.6**

Sun Limited operates and manages the first five Resorts. However, as a part of the strategy to partner with International Hotel operators, Le Touessrok Resort & Spa is managed by Shangri-la and Four Seasons Resorts by Four Season's group.

SUN has completed the renovation of all its hotels and has started to reap the benefits of the rate positioning as well as the full year availability of Shangri La's Le Touessrok, Four Seasons Anahita luxury resorts and Kanuhura Resort and Spa, Maldives in FY18. This coupled with relaunch of La Pirogue, sustained performance in sugar beach and successful rate repositioning strategy of long beach led to 18% growth in Average Daily Rate (ADR) and 75% occupancy rate.

Financial Performance

MUR million

Sun Limited	FY16	FY17	FY18
Total Income	5,053	6,048	6,774
EBIDTA	778	977	1,290
Interest	457	504	480
PAT	-369	-112	194
GCA	-13	346	740
Total Debt:	9,765	10,504	8,621
Long Term	3,792	9,503	8,516
Short Term	5,973	1,001	105
Tangible Networth	6,119	6,205	8,846
Gearing	1.6	1.69	0.97
Total Debt/GCA	-	30.36	11.65

In FY18, SUN's total income increased by 12% due to an 18% growth in average rates and occupancy at 75%. All the resorts posted improved turnover in FY18, with Long Beach and Ambre resorts' revenue experiencing growths of 14% and 13% respectively. Higher tariff and lower non-recurring closure, restructuring and branding costs led to improvement at EBIDTA level. 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.

In August 2017, SUN Limited raised MUR 1.86 billion through rights issue and the proceeds were utilized to reduce debt. Accordingly, the debt level has reduced from Mur 10.5 billion as on June 30, 2017 to MUR 8.5 billion as on June 30, 2018.

Going forward, bookings are on the rise, with growing revenues for resorts in Mauritius and an encouraging increase in occupancy for Kanuhura. SUN is expected to post better profitability given no deteriorations in operating conditions, the increase in occupancy being a positive contributing factor towards performance.

Healthcare - CIEL Healthcare owns, operates and manages assets in the healthcare sector in Mauritius and across Sub-Saharan Africa. Its main investments are controlling stakes in The Medical and Surgical Centre Limited (which owns Fortis Clinique Darné & Wellkin in Mauritius), International Medical Group Limited (leading provider of private healthcare services in Uganda) and Hygeia Nigeria Limited (Nigeria's leading private healthcare company).

In FY18, MSCL posted a loss of Mur 20 million (loss of Mur 24 million in FY17) on a turnover of Mur 1,737 million (Mur 1,227 million in FY17). MSCL's year-on-year increase in revenue can be primarily attributed to the consolidation of Wellkin Hospital in Fortis Clinique Darné's operations. Wellkin is earning positive EBIDTA since May 2018 and is expected to be profitable on standalone basis by FY19. Wellkin is operating between 60- 65% occupancy and improvement in performance will depend on the management's ability to increase occupancy and cost control in line with the process followed in FCD.

Comfortable financial performance with low overall gearing, satisfactory debt coverage indicators and high investment to debt ratio

Dividend from various group companies are the major source of income of CIEL Limited. In FY18 CIEL Textile, Alteo and CIEL Finance were the major contributors to revenue. In FY18, Sun Limited has become profitable and paid dividends of MUR 44 million to CIEL Limited. While Alteo's dividend payment to Ciel Limited remained stable at Mur 52 million for FY18 (Mur 55 million in FY17), CTL paid 47% higher dividends of Mur 253 million to CIEL Limited in FY18 compared to FY17, retaining its place as the major dividend-paying segment.

EBIDTA level & margin has increased consistently due to low operating expenses (management/director & legal fees). Finance cost increased in FY18 due to Bond issue of MUR 1,270 million for investment in Ciel Textile and subscribing to right issue of Sun Limited. The company uses majority of its accruals to pay dividend to its shareholders. Gearing and Debt/GCA was comfortable during last 3 years. CIEL Ltd. has not provided any corporate guarantee for debt raised in any of its group companies.

CIEL has raised new bond of MUR 1,270 million to repay the short-term debt of Mur 1,225 million (raised in August 2017 to acquire stake in CIEL Textile & invest in rights issue of Sun Limited). The acquisition of higher stake in Ciel textile was part funded by debt and share issue. In FY18, the company has received Mur 154 million from redemption of KIBO fund. 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, and sale of investments in IPRO Growth fund. The company proposes to utilize cash flow from operations for repayment of Bond and payment of dividends.

In Q1FY19, CIEL at the consolidated level achieved EBIDTA of Mur 616 million (Mur 387 million in Q1FY18) on a turnover of Mur 6,085 million (Mur 5,539 million in Q1FY18).

Industry Risk

Textile Industry– The textile industry, being an important pillar of the Mauritian economy that 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 with a value added of MUR 15.6 billion in 2017. 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 because of its highly fragmented nature which caters for large number of organized and unorganized manufacturers resulting in limited pricing power, in addition to heavy competition from countries like China, Bangladesh, India and Sri Lanka.

Globally, the growth for 2018 is expected to reach 3.7%, about 0.1% higher than 2017 and 0.6% higher than 2016. Depreciation of the Pound Sterling, difficult economic situation in South Africa as well as the depreciation of the US dollars had a negative impact on margins of textile companies in 2017. However, with appreciation of USD vis-a-vis Mur in CY18 and stable USD & Rand (South African currency) for major part of the year, has enabled textile companies to post better performance in Q1FY19 and the trend is expected to continue in FY19.

Hotel Industry - As per GOM, the tourism sector contributed 8% to GDP, provided 10% of active employment and attracted 8% of investments in 2017.

Hotel industry of Mauritius has witnessed 12.7% increase in room revenue in FY17 and 38% cumulative growth since 2014. Since 2014, the number of tourists arriving in Mauritius has increased by more than 300,000 (29% increase). The average length of stay, was 10.9 nights in 2018 (10.8 nights in 2017). There were 114 hotels, with a capacity of 29,656 bed places.

In FY17, Europe continued to be main source of arrivals with an overall increase of 6.2%. France remains at the top of the list with 58% of arrivals. With the introduction of KLM flights, Netherlands recorded the largest increase with 31.6%. Arrivals from Africa, which accounts for 22.5%, showed a modest growth of 3.4%.

Room revenue for five-star hotels increased by 6.4% in 2017, buoyed by an 8.3% rise in guest nights and a 7.5% increase in Average Daily Rate (ADR). The increase in overall guest nights in 2017 was largely concentrated among five-star hotels. Five-star hotels are expected to continue to outperform the overall market in the coming years. Guest nights will remain steady in 2018, and PWC expects improvement in 2020–21 as ADR growth moderates.

Agro Sector- Sugarcane is presently cultivated on 72,000 hectares, representing 85% of the cultivable land in Mauritius. According to the Mauritius Sugarcane Industry Research Institute (MSIRI), over 500,000 tons of sugar is manufactured by more than 10 sugar factories in Mauritius annually. Most of the sugar in Mauritius generate around 30 kWh surplus electricity per ton of sugarcane byproducts such as wet bagasse and dried fibers. Domestic consumption of sugar is about 40,000 tonnes per year from imports. Sugar industry contributes to around 5% of the total GDP of the country. The success of the sugar industry in Mauritius was due to the preferential trade agreements with UK and European Union (EU). However, Sugar production quotas for the European Union market were abolished as from September 30, 2017. Post abolition of European sugar quotas from October 2017, the sugar prices have witnessed reduction.

In October 2017, GOM requested the Sugar Insurance Fund Board (SIFB) to provide an assistance of Rs 1,250 per tonne to all producers. Secondly, it waived the global cess payable to the Mauritius Cane Industry Authority (MCIA). In addition to the measures introduced by the Government, the Mauritius Sugar Syndicate (MSS) contracted loans to provide a further support of Rs 1,450 per tonne to all producers.

In August 2017, the Government set up a Joint Technical Committee which submitted its report in May 2018. The two major recommendations included a better remuneration of bagasse at Mur 3,000 per tonne of sugar and an overhaul of the labour laws that would enable the industry to reduce its cost of production. In June 2018, the Government increased the import duty on direct consumption sugars from 15% to 80% to protect its domestic market. In September 2018, the Government decided, in respect of 2018 crop sugars, to provide support to sugar cane planters in the form of a renewed assistance of Rs 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.

Finance Sector- The financial sector contributes to a significant 12% 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. The growth of the sector is expected to decline in FY18 due to renegotiation of the DTAA between India and Mauritius. Nonetheless, the government took 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 the CIEL Group would depend on its ability to turnaround performance of Wellkin, improvement in performance of CIEL Textile and Sun Limited.

FINANCIAL PERFORMANCE

Standalone Financial performance of CIEL Limited *MUR Million*

For the year ended/as on	30-Jun-16	30-Jun-17	30-Jun-18
	Audited		
Turnover	346	402	446
Total Income	347	408	453
EBIDTA	257	334	371
Depreciation	0.0	0.0	0.0
Interest	67	60	98
PBT	315	312	273
PAT	314	311	273
Gross Cash Accruals (GCA)	314	311	273
Dividend paid/proposed	274	305	328
Equity share capital	4,034	4,047	4,877
Tangible networth	12,920	14,307	13,952
Total debt	1,097	1,064	2,310
- Long term debt	*1,000*	*700*	1,993
- Short term debt	*97*	*364*	317
Investment in Subsidiaries/Associates	14,026	15,398	16,208
Key Ratios			
Profitability (%)			
EBIDTA / Total operating income	73.97	81.97	81.82
PAT / Total income	90.49	76.20	60.26
Debt equity ratio	0.08	0.07	0.14
Overall gearing ratio	0.08	0.07	0.17
Interest coverage (times)	3.84	5.58	3.71
Long term Debt/ GCA	3.19	3.22	7.30
Total debt/ GCA	3.49	3.42	8.46

Consolidated financial performance of CIEL group *MUR Million*

For the year ended/ as on	30-Jun-16	30-Jun-17	30-Jun-18
Turnover	18,533	20,258	22,608
Total Income	19,336	21,144	23,358
EBIDTA	2,736	2,820	2,871
Depreciation	750	969	1,166
Interest	555	645	781
PBT	1,335	1,433	1,379
PAT	1,182	1,144	1,090
Gross Cash Accruals (GCA)	1,931	2,114	2,256
Financial Position			
Equity share capital	4,034	4,047	4,877
Tangible networth	17,139	16,925	18,219
Total debt	14,320	16,484	17,931
Key Ratios			
Profitability (%)			
EBIDTA / Total income	14.50	13.68	12.53
PAT / Total income	6.11	5.41	4.67
Debt equity ratio	0.31	0.65	0.74
Overall gearing ratio	0.82	0.97	0.96

For the year ended/ as on	30-Jun-16	30-Jun-17	30-Jun-18
Interest coverage (times)	4.93	4.37	3.68
Long term Debt/ GCA	2.78	5.24	5.69
Total debt/ GCA	7.41	7.80	7.95
Current ratio	1.06	1.01	1.05

Adjustments

1. Tangible networth is calculated by netting off revaluation reserve, leasehold rights 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

Existing Bond

Particulars	Amt. (Mur Million)	Repayment (Mur Million)	Interest Rate
Long term Bond (Issued in FY15)	700.5	FY19 –300.0 FY20 – 400.5	4 yrs – 5.85% p.a. 5 yrs – 5.83% p.a.

Bank Facilities

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

New Long-term Bond

Particulars	Amt. (Mur Million)	Repayment (Mur Million)	Interest Rate
Long term Bond (Issued in Jan. 2018)	1,270	FY21 – 300 FY23 –380 FY25 - 300 FY28 – 290	3 yrs – 3.40% p.a. 5 yrs – 4.00% p.a. 7 yrs – 4.98% 10 yrs – 5.45%

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.