Rating Rationale
CIEL Limited

Ratings

Facility/Instrument	Amount (MUR Million)	Rating	Rating Action
Bond Issue	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**
Short term Bond issue	1,230 (reduced from 1,500)	**CARE MAU A1+ (A One Plus)**	**Reaffirmed**
Proposed Commercial Paper – (earmarked against working capital limit)#	270.00	**CARE MAU A1+ (A One Plus)**	**Assigned**
Proposed Bond Issue	1,300	**CARE MAU AA; Stable [Double A; Outlook: Stable]**	**Assigned**

 # CIEL Ltd has overdraft facility of MUR 180 million and money market line of MUR 100 million from MCB. CIEL has stated that the Commercial Paper of MUR 270 million will be used within the overall facility of MUR 280 million.

Rating Rationale

The rating derives strength from established track record of CIEL group, experienced promoters, professional and highly qualified management team, presence across diverse business verticals, strong performance with consistent flow of dividend from textile, agro & property and finance verticals, 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 rating also favourably factors the increase in CIEL Ltd's stake in its textile subsidiary in August 2017 which is expected to enhance its dividend inflow; albeit there is some moderation in the profitability of CIEL Textile Ltd during FY17 (refers to the period July 1 to June 30) and Q1FY18.

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

Ability of CIEL Ltd to turnaround the performance of its hotel vertical, improvement in profitability of 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. In 2014, the group merged Consolidated Investment and Enterprises Ltd. into Deep River Investment Ltd. and renamed it CIEL 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 (60 years), - Chairman of the group and his brother Mr. Jean-Pierre Dalais (52 years), appointed as Group Chief Executive from Jan 2017. Mr Arnaud Dalais' son is also actively involved in the family business. They are assisted by Mr. Jerome de Chasteauneuf (Executive Director; appointed as the Group Finance Director from Jan 2017) associated with CIEL group for more than 20 years. They are also assisted by a team of experienced and qualified professionals.

Purpose of the New long-term Bond Issue

In August 2017, CIEL Limited increased its stake in CIEL Textile Limited from 56.31% to 88.48% and participated in the rights issue of Sun Limited at a total outflow of Mur 1,270 million. Higher equity stake in CIEL Textile will enable CIEL to get higher dividends from Textile, the major dividend paying company of the group, which in turn will boost the future cashflow of CIEL. In August 2017, CIEL raised short term debt of MUR 1,230 million for 6 months at 2.70% p.a. (rated CARE MAU A1+) to finance these transactions. The short-term Bond was subscribed by Afrasia Bank (Mur 400 mio), MCB (Mur 350 mio), Bank One (Mur 380 mio) & SBM (Mur 100 mio).

CIEL now proposes to raise a long-term Bond of MUR 1,300 million for a tenure ranging from 3-10 years, repayable in various tranches to repay the short-term debt of MUR 1,230 million (falling due in January 2018).

CREDIT RISK ASSESSMENT

Long track record of the group& experienced promoters

Incorporated in 1948, CIEL is an investment & holding company. 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 FY16 and FY17, dividend received by CIEL Limited was MUR 337 Million and MUR 399 Million respectively. These dividends originated mainly from three business verticals of the group; Textile, Agro & Property and Finance.

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 (FY17)	Stake (%)	Turnover	PAT	GCA	Total Dividend Pay out	Total Debt	Net worth	Overall gearing	Total debt/ GCA
CIEL Textile Limited	88.48*	10,527	562	813	305	3,294	3,834	0.86	4.05
Alteo Limited	20.96	8,929	1,074	1,927	261	5,491	13,101	0.42	2.85
Ferney Limited	71.06	22	(4)	(1)	40	35	1,288	0.03	NM
Ebene Skies	100	50	106	114	14	152	324	0.47	1.33
CIEL Finance Limited	75.10	1,917	648	773	72	436	3,278	0.13	0.56
The Medical Surgical Centre Ltd	31.08	1,227	(24)	62	17	520	88	5.91	8.39
Sun Limited	50.10*	6,048	(104)	404	-	10,694	3,385	3.16	26.47

**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%. NM: Not Meaningful*

Investment in group companies

As on June 30, 2017; CIEL had a total investment of MUR 15,282 million (MUR 13,940 million as on June 30, 2016) in its various business verticals. The breakup is as under:

Company	Investments (MUR Mn)		% of total investment		Stake (%)
Subsidiary Companies	**FY16**	**FY17**	**FY16**	**FY17**	
Sun Limited	4,693	4,507	33.7	29.5	50.10
CIEL Textile Limited Group	2,474	2,867	17.7	18.8	88.48
CIEL Finance Limited Group	2,312	2,549	16.5	16.4	75.10
CIEL Agro & Property Limited (excluding Alteo)	1,720	2,044	12.4	13.4	100.00
The Medical & Surgical Centre Limited (MSCL)	396	612	6.5	6.8	31.08
CIEL Healthcare Limited (excluding MSCL)	508	402			53.03
Associate Companies					
Alteo Limited	1,792	2,256	12.9	14.8	20.96
Anahita Residence & Villas Limited	45	45	0.3	0.3	50.00

Consistent flow of dividends from various group companies

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

MUR Million

Dividend Income from Companies	Business Verticals	Amount of dividend received			
		FY14	FY15	FY16	FY17
CIEL Textile Limited	Textile	98	143	186	172
Alteo Limited	Agro	53	53	53	55
Ferney Limited &Ebene Skies	Property	28	67	51	42
CIEL Finance Limited	Finance & Banking	9	109	45	54
Ciel Corporate Services & others		-	-	2	76

Strong performance of the major dividend paying companies (CIEL Textile, Alteo& CIEL Finance) partially overshadowed by cash loss and high debt in hotel vertical due to ongoing renovation and strategic acquisitions in hotel portfolio

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 spanned 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, ASOS, J.Crew, Next, Markhams, Debenhams, Esprit, TM Lewin, Edgars, Charles Tyrwhitt, 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 FY17 over FY16 and were more than 87% in FY17. The group's clusters procure their raw materials (cotton, fabrics and wool) from across the world.

In FY17, CTL posted a PAT of Mur 562 million (Mur 703 million in FY16) on a turnover of Mur 10,527 million (Mur 10,482 million in FY16). Despite better performance in the woven cluster, the growth in turnover in FY17 was affected by the negative performance of the knitwear sector.

The Woven Cluster posted improved profitability both in Mauritius and India due to solid commercial performance and manufacturing excellence, thus leading to high customer satisfaction. Knits Cluster results were impacted by the financial losses of its operations in India, while the Knitwear Cluster experienced a difficult year on account of lower sales volumes, forex volatility and margins impacted by "Brexit". Restructuring and relocation costs of factory from Mauritius to Madagascar have also negatively affected the Knitwear cluster's results. The current international retail environment and the foreign exchange risks are putting pressure on margins. However, the knitwear cluster's performance has stabilized in Q1FY18. Profitability of Ciel Textile in Q1FY18 was affected by sudden appreciation in USD/Rupee to 32 and Pound/Rupee to 42.

CTL has a working capital limit of MUR 5 billion from MCB, HSBC, Barclays, State Bank of Mauritius (SBM) in Mauritius, HSBC and Canara Bank in India and HSBC in Bangladesh. Avg. working capital utilization during last 12 months was around 55%.

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 is 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. 7000 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 (1.45 million tonnes annual crushing capacity), TPC Limited in Tanzania (1.0 million tonnes annual crushing capacity) and Transmara Sugar Company Limited in Kenya (1.0 million tonnes annual crushing capacity). Capacity Utilisation was around 100% during last 3 years except for Transmara which is assisting out-growers to further expand area under sugar cane.

Alteo has a bagasse based power plant of 40 Megawatt which operates at a PLF of 60% in FY17. The company has a Power Purchase Agreement (PPA) with Central Electricity Board.

In FY17, Alteo posted a PAT of Mur 1,074 million (Mur 800 million in FY16) on a turnover of Mur 8,929 million (Mur 7,850 million in FY16). In FY17, turnover and PAT grew by 14% and 34% respectively driven by the good performance of sugar operations in TPC Ltd in Tanzania. PAT was also enhanced by one time income of Mur 137m - comprising mainly gains realized on disposal of land.

However, in Q1FY18, Alteo's turnover and EBIDTA dropped by 21% and 27% respectively driven by lower sugar cane availability in Kenya (Q1FY17 benefited from a backlog of over-mature sugar cane), delay in the harvest in Mauritius (adverse climatic conditions), lower sucrose level and lower offtake in energy cluster (planned maintenance shutdown at the power plant). However, TPC Limited achieved commendable results over the quarter. Alteo has MUR 510 million of working capital limits from MCB. Avg utilization of such working capital limits were around 25-30% during last 12 months ending Nov 2017.

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 mainly forest land. In FY15, the company sold a part of its land holding and made a profit of MUR 168 million. The same was utilized to pay dividends in FY17 (MUR 40 million), FY16 (MUR 50 million) andFY15 (MUR 75 million). In Q1FY18, the company sold a part of its land (70 hectares) for Mur 60 million. The company has non-core lands, which can be monetised.

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 more than 50 ATMs.

CFL also owns 50% of stake in KIBO Capital Partners, which manages a private equity fund (KIBO Fund LLC owned 39.7% by CFL) with a capital of EUR 29 Million (MUR 1.1 billion). The fund, created in 2008, had made seven investments. In 2015, KIBO Fund LLC exited from two investments and made a profit of MUR 224 million. The fund proposes to exit balance investments by 2017-2019 due to maturity of the funds. The fund is already at a profit of around MUR 300 million.

In FY17, CFL posted a PAT of Mur 648 million (Mur 730 million in FY16) on a turnover of Mur 1,917 million (Mur 1,740 million in FY16).

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 (started in CY2015 and all rooms to be operational by CY2016), 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 2016 (%)	Occupancy in 2017 (%)
1.	La Pirogue	West Coast of Mauritius	248	85	78
2.	Sugar Beach	West Coast of Mauritius	258	85	83
3.	Long Beach	East Coast of Mauritius	255	80	77
4.	Ambre Resorts & Spa	East Coast of Mauritius	250	84	82
5.	Kanuhara Resorts & Spa	Maldives	100	23	38
6.	Le Touessrok Resort & Spa	East Coast of Mauritius	203	56	73
7.	Four Seasons Resorts Anahita	East Coast of Mauritius	136	65	70
Average Occupancy of Rooms				**78.6***	**77.1**

**Avg occupancy of Mauritius Hotel Industry 67%*

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 and Four Seasons Anahita luxury resorts. The re-opening of Kanuhura Resort and Spa, Maldives in December 2016 and the two-month closure of La Pirogue have however slowed down SUN's progress during the FY17.

Sun Limited centralized various services ranging from tour operating, laundry, linen rental, management of hotel retails, supply chain, logistics, finance, IT, HR and admin function by incurring one time expenditure.

Operational Performance of all Hotels & Resorts

Particulars	FY16 - 12 Mths	FY17 – (12 Mth)
Room Revenue (MUR million)	2,460	3,274
% of Total Revenue	49%	54%
Occupancy (%)	78.6%	77.1%
Average Daily Room Rate (ADR) (MUR)	6,464	8,155
Revenue Per Available Room(Rev Par)	5,080	6,287

MUR million

Particulars	FY16 - 12 Mths	FY17 - 12 Mths
Room Revenue	2,460	3,274
Food & Beverage	1,922	2,041

In FY17, Sun Limited posted a PAT of Mur (104) million (Mur (369) million in FY16) on a turnover of Mur 6,048 million (Mur 5,053 million in FY16) due to full operational of the Shangri-La's Le Touessrok and Four Seasons Anahita luxury resorts for the entire financial year and re-opening of

Kanuhura in mid-December 2016. Higher ADR and lower non-recurring closure, restructuring and branding costs led to improvement at PAT level; albeit it still continued to incur loss. In November 2016, SUN Limited successfully completed bond issue of MUR 5 billion at cheaper rate (5-6%) to be repaid in FY21, FY22 and FY24. The proceeds have been utilized to repay short term debt. 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 10.7 billion as on June 30, 2017 to MUR 9.0 billion as on Sept 30, 2017.

Going forward, the company is expected to post better profitability due to full operational of all the hotels, rising occupancy & ADR, lower finance cost and around 6% growth in tourist arrival in Mauritius in January-October 2017 vis-à-vis last year.

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 (MSCL; CARE MAU A; Stable/CARE MAU A1), which owns Fortis Clinique Darné in Mauritius and International Medical Group Limited, leading provider of private healthcare services in Uganda and more recently an associate's stake in Hygeia Nigeria Limited, Nigeria's leading private healthcare company. In January 2017, MSCL acquired the assets of Apollo Bramwell Hospital (renamed as Wellkin Hospital), a 200 bed multi-specialty Hospital (150 beds are operational) with operational losses.

In FY17, MSCL posted a PAT of Mur (24) million (Mur 107 million in FY16) on a turnover of Mur 1,227 million (Mur 994 million in FY16). MSCL's year-on-year increase in revenue can be primarily attributed to the consolidation of Wellkin Hospital in Fortis Clinique Darné's operations. Dip in EBIDTA and losses in FY17 are primarily due to the losses in newly acquired Welkin hospital. Post takeover, by MSCL, the occupancy of Wellkin has gone up from 45% to almost 65%. The management is trying to drive sustainable operational efficiencies at Wellkin by reducing cost and enhancing optimal synergies between Fortis Clinique Darné and Wellkin. Wellkin is expected to breakeven by FY19.

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

Dividend from various group companies is the major source of income for CIEL Limited. In FY15, FY16 and FY17 CIEL Textile, Alteo and CIEL Finance were the major contributors to revenue and CIEL's revenue increased due to strong operational performance of these companies. Ferney Limited made a profit of MUR 168 million by selling a part of its land parcel in FY15. Accordingly, it paid dividend of Mur 75 million in FY15, Mur 50 million in FY16 and MUR 40 million in FY17. In last few years, CIEL Corporate Service has made a profit Mur 45 million. The entire amount was paid as dividend to CIEL Ltd. This apart various other group companies of CIEL paid dividend.

EBIDTA level & margin has increased consistently due to low operating expenses (management/director & legal fees). Finance cost increased in FY15 and FY16 due to issue of Bond of MUR 1.0 billion towards repayment of short term debt and investment in subsidiaries. The same was lower in FY17 due to reduction in working capital borrowings. However, the company uses majority of its cash accruals to pay dividend to its shareholders. Overall gearing and Debt/GCA was very comfortable during last 3 years. CIEL limited has not provided any corporate guarantee to any of its group companies. Average fund based utilization during last 12 months (Nov2016- Oct 2017) was low at 10%. In Q1FY18, CIEL, at the consolidated level, achieved EBIDTA of Mur 402 million (Mur 483 million in Q1FY17) on a turnover of Mur 5,474 million (Mur 4,885 million in Q1FY17).

Industry Risk

Textile Industry– Despite spearheading the Mauritian economy's growth for the past 4 decades, textile sector has witnessed a dip in performance inFY16 and FY17 due to higher cost and volatile exchange rate. Accounting for over a third of the manufacturing sector in Mauritius, textile sector performance is expected to be stable for FY18, post recent fiscal and monetary measures taken by GOM. In Sept 2017, GOM has set up an ERSS for the export oriented enterprises (textiles, seafood, jewellery and emerging exports to Africa) exporting in US dollar. Reference rate of Mur 34.50 to dollar (vis-à-vis prevailing rate of USD/MUR 32 in September 2017) is being used for determining the quantum of the exchange rate support. The Scheme is valid for a period of 6 months.

Hotel Industry - The Mauritian tourism sector is one of the pillars of the economy and recent developments indicate a steady growth. It had direct contribution of 8.4% of total GDP in FY16. The criteria for obtaining hotel licenses by the authorities have become stringent while the influx of tourist is on a steady rise for the past 5 years. Immigration problems and civil unrest in Mediterranean destinations like Morocco, Turkey, Greece, Spain, Italy and Tunisia, coupled with commencement of operations of new Airlines and direct flights is expected to boost the tourist arrivals in next few years (around 6% growth in tourist arrival in Jan –Oct 2017). With fewer hotels being built and almost full occupancy of the hotels during peak tourist season (October – April) has led to increase in tariff by majority of the hotels in the range of 25-30% in CY17. Industry is set on the path for steady growth.

Agro Sector- Sugarcane is presently cultivated on 72,000 hectares, representing 85% of the cultivable land in Mauritius. On average, 400,000 tonnes sugar is produced annually with majority being exported to the European Union. 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. Sugar production nevertheless remains an important contributor to the country's economy with sugar exports still representing about 19% of total export.The success of the sugar industry in Mauritius was due to the preferential trade agreements that the country benefited successively from UK and European Union.

Commercially, this sector has evolved from a mono-crop sector producing white sugar to a diversified cane industry producing special sugars, alcohol, molasses and ethanol. With the dismantling of a guaranteed price and abolishing quota with EU on sugar export, this sector is positioning by offering 15 types of special sugars, molasses and alcohol for exports. Post abolition of European sugar quotas from October 2017, the sugar prices have witnessed some reduction. GOM has provided relief measures to Sugar Sector – Suspension of the CESS for Crop Year 2017 and providing Mur 1,250 per metric ton of sugar to the planters and millers.

Finance Sector- Growing at a rate of 5.7% in FY16, 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 FY17 due to renegotiation of the Double Taxation Avoidance Agreement (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-2015	30-Jun-16	30-Jun-17
		Audited	
Total Income	382	347	408
EBIDTA	254	257	334
Depreciation	0.0	0.0	0.0
Interest	54	67	60
PBT	324	315	312
PAT	323	314	311
Gross Cash Accruals (GCA)	323	314	311
Dividend paid/proposed	244	274	305
Financial Position			
Equity share capital	4,023	4,034	4,047
Tangible networth	13,094	12,920	14,307
Total debt	1,442	1,097	1,064
- Long term debt	*1,000*	*1,000*	*700*
- Short term debt	*442*	*97*	*364*
Investment in Subsidiaries/Associates	14,513	14,026	15,398
Key Ratios			
Profitability (%)			

For the year ended/as on	30-Jun-2015	30-Jun-16	30-Jun-17
EBIDTA / Total operating income	66.56	73.97	81.97
PAT / Total income	84.46	90.49	76.20
Solvency			
Debt equity ratio	0.11	0.08	0.07
Overall gearing ratio	0.11	0.08	0.07
Interest coverage (times)	4.70	3.84	5.58
Long term Debt/ GCA	3.10	3.19	2.25
Total debt/ GCA	4.46	3.49	3.42

Consolidated financial performance of CIEL group *MUR Million*

For the year ended/ as on	30-Jun-2015	30-Jun-16	30-Jun-17
Net Sales	16,071	18,118	19,761
Total operating income	16,649	18,868	20,614
Non-operating Income	869	265	530
Total Income	17,518	19,133	21,144
EBIDTA	2,581	2,736	2,820
Depreciation	650	750	969
Interest	326	555	645
PBT	2,435	1,335	1,433
PAT	2,180	1,182	1,144
Gross Cash Accruals (GCA)	2,830	1,931	2,114
Dividend	244	274	305
Financial Position			
Equity share capital	4,023	4,034	4,047
Tangible networth	15,862	17,139	16,925
Total debt	11,416	14,309	16,277
Key Ratios			
Profitability (%)			
EBIDTA / Total operating income	15.69	14.76	14.12
PAT / Total income	13.10	6.26	5.56
Solvency			
Debt equity ratio	0.52	0.61	0.69
Overall gearing ratio	0.72	0.83	0.96
Interest coverage (times)	7.92	4.93	4.43
Long term Debt/ GCA	2.55	2.93	5.30
Total debt/ GCA	5.35	7.99	7.85
Liquidity & Turnover			
Current ratio	1.04	1.00	1.31
Avg collection period (days)	58	58	53
Average inventory period (days)	76	69	68
Average creditors period (days)	31	27	25
Working capital cycle (days)	103	100	96

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 of MUR 244.63 Million in FY15, MUR 203.25 Million in FY16 and 244.3 in FY17 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)	1000.05	FY18 – 300.00 FY19 –300.00 FY20 – 400.05	3 yrs – 5.30% p.a. 4 yrs – 5.85% p.a. 5 yrs – 5.83% p.a.

Bank Facilities

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

Short term Bond

Particulars	Amount (MUR Million)	Repayment (MUR Million)	Interest Rate
Short term Bond (Issued in Aug 2017)	1,230 (reduced from 1500)	Repayable in Jan. 18 out of proceeds of new long-term Bond issue	6 m – 2.70% p.a. 6 m GOM T Bill rate - 2.00% p.a.

New Long term Bond (Indicative Amount and Repayment)

Particulars	Amount (MUR Million)	Repayment(MUR Million)
Proposed Long term Bond (tentatively to be Issued in Dec. 2017)	1,300	FY21 – 300/ FY23 –300 FY25 – 300/FY28 – 400