C-Care (Mauritius) Ltd ("C-Care")
15 December 2023

Ratings

Facilities/Instruments	Amount (Mur Million)	Rating[1]	Remarks
Term Loan	216 (Reduced from MUR 288 million)	CARE MAU AA-; Stable [Double A Minus; Outlook: Stable]	**Revised from CARE MAU A+; Positive [Single A Plus; Outlook: Positive]**
Term Loan - I	127	CARE MAU AA-; Stable [Double A Minus; Outlook: Stable]	**Revised from CARE MAU A+; Positive [Single A Plus; Outlook: Positive]**
Term Loan - II	355	CARE MAU AA-; Stable [Double A Minus; Outlook: Stable]	**Revised from CARE MAU A+; Positive [Single A Plus; Outlook: Positive]**
Overdraft Facility	50	CARE MAU A1+ [Single A One Plus]	**Reaffirmed**
Total	**748**		

Rating Rationale

The revision in the ratings assigned to the bank facilities of C-Care (Mauritius) Ltd is on account of sustained improved financial performance of the company, ability to generate surplus cash flow for debt repayment and increased occupancy for both clinics, C-Care Darne (FY23: 79%) and Welkin (FY23: 69%).

The ratings continue to factor the in strength from the increasing demand in the healthcare industry of Mauritius, the long-standing reputation of C-Care (Mauritius) Ltd being the market leader in the industry, association with renowned local and foreign medical practitioners further strengthening the brand image, satisfactory occupancy levels across the two clinics contributing to robust top line as well as bottom line results over the past years, consistent improvement in gearing level over the past four years as as well as the strong parentage from the CIEL Group which provides reasonable comfort of promoter support.

The ratings are however constrained by new debt-funded capital expenditure projects which will increase overall gearing level, increasing competition with new players in the private healthcare industry and new government projects in the sector, tendency for Mauritian patients to travel to lower cost and more sophisticated countries to receive treatment, and the rising cost of hospital consumables and higher interest rates are expected to put pressure on margins over the medium to long term.

Rating Sensitivities:

Positive Factors - Factors that could lead to positive rating action/upgrade:

- Increase in occupancy levels at both clinics and leading to sustained profitability.

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[1]Complete definitions of the ratings assigned are available at www.careratingsafrica.com.

- Successful execution and operation of the new cancer facility.
- Significant reduction in debt

Negative Factors - Factors that could lead to negative rating action/downgrade:

- Significant dip in occupancy levels leading to the decline in profitability.
- Delay in the execution/stabilization of the new cancer project.
- Increase in debt levels leading to high gearing levels.
- Rapid rise in competition with new players in the private sector and the government investing in modern medical infrastructure.

BACKGROUND

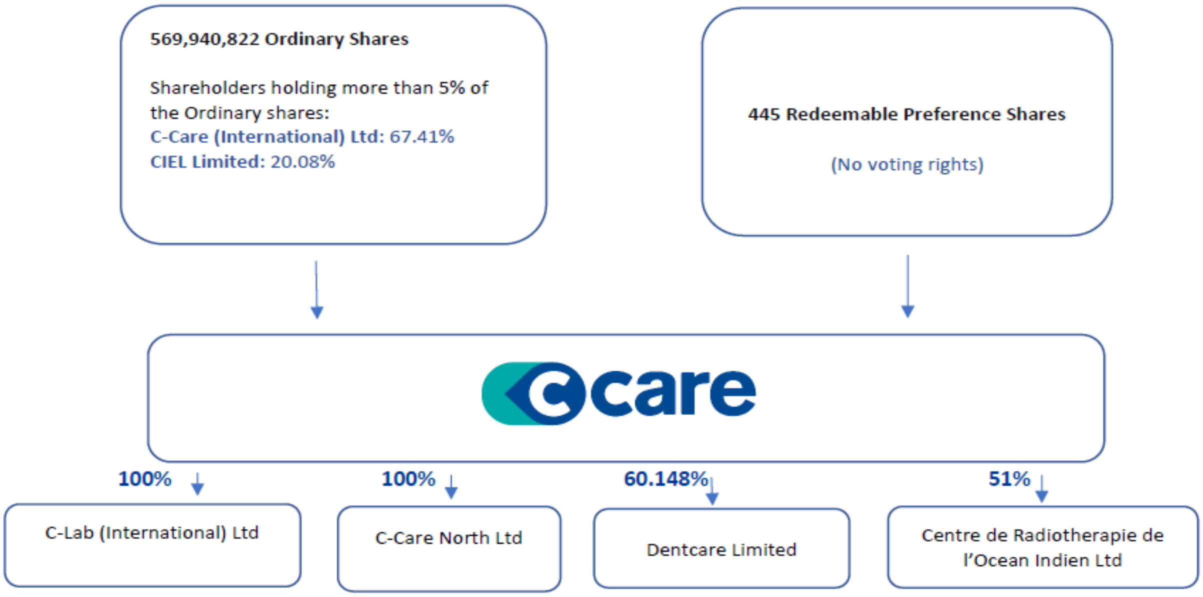
C-Care (Mauritius) Ltd ("C-Care")] was incorporated in July 1972 by a group of leading sugar manufacturers, to take over the Clinique Darne hospital. The Clinique Darné, renamed as C-Care Darné, was founded by Dr. Francois Darné in 1953 with a capacity of 12 rooms and one operation theatre and it is one of the oldest and most renowned private hospitals of Mauritius. In January 2017, C-Care (Mauritius) Ltd acquired the assets of Wellkin hospital (erstwhile Apollo Bramwell Hospital) situated in Moka. In July 2019, Fortis Healthcare Limited, which owned 28.89% of C-Care (Mauritius) Ltd sold its entire stake in the Company to C-Care (International) Ltd (Formerly known as Ciel Healthcare Limited) and Ciel Limited. Subsequent to this acquisition, C-Care (International) Ltd ("CCIL") has its stake increased to 67.41% and Ciel Limited held 20.08%

C-Care Darne strategically located in Floreal, is one of the most modern hospitals in Mauritius with a capacity of 113 beds, 4 operation theatres, 3 Intensive Care Unit (ICUs). C-Care Wellkin (Wellkin) is acknowledged as the largest and most modern private hospital in Mauritius situated in Moka. It has a capacity of 172 beds, 4 operation theatres, 2 ICUs and a pharmacy.

The activities of C-Care (Mauritius) Ltd also span to the west coast of the island with C-Care Tamarin which is another outpatient centre inaugurated in 2020. During FY22, the Company incorporated another wholly owned subsidiary, C-Lab (International) Ltd, which operates a chain of laboratories in 17 locations, 2 central laboratories at C-Care hospitals operating 24/7 and 1 emergency lab in Mauritius.

C-Care (Mauritius) Ltd is listed on the Development & Enterprise Market (DEM) of the Stock Exchange of Mauritius (DEM). It has a market capitalization of MUR 6.5 billion. C-Care (International) Ltd ("CCIL") is in turn a 53% subsidiary of CIEL Limited (rated CARE MAU AA; Stable/ CARE MAU A1+). CCIL is the holding company of healthcare cluster of CIEL Limited which, apart from its Mauritius operations also conducts healthcare activities in Uganda.

As at 30 June 2023, the group structure of C-Care (Mauritius) Ltd was as under:



Management: C-Care (Mauritius) Ltd is a professionally managed company which is governed by a 9-member Board of Directors, all combined, having significant expertise in Healthcare, Financial Services, Legal, Food Sciences and Technology, Tourism planning and Insurance. Mr. Guillaume Dalais is the Chairperson of C-Care (Mauritius) Ltd since November 2022. Mr. Dalais overseas all the activities under C-Care (Mauritius) Ltd.

Each of the two main hospitals of C-Care (Mauritius) Ltd have a chief operating officer (COO) to whom the day-to-day management is delegated to. Mr. Clive Chung is the COO of C-Care Darne while Mr. Thomas Mathew was the COO of Wellkin till June 2022. During July 2022, Mr. Rudi Clarke has taken over as COO of Wellkin.

Debt funded Capital Expenditures with satisfactory progress

Given the increase in demand for advanced healthcare services in Mauritius, C-Care (Mauritius) Ltd has embarked on new development projects to cater for the new demand and further strengthen its position as the leading healthcare provider in the country. These new projects involve (i) the acquisition of a 51% stake in the *Centre De Radiotherapie de L'Ocean Indien Ltd,* which will own and operate a radiotherapy equipment. C-Care (Mauritius) Ltd has been sanctioned MUR 65 million and the project is schedule for 2024. (ii) The construction of a new oncology centre situated on the property of C-Care Darne in Floreal. C-Care (Mauritius) Ltd has been sanctioned MUR 326 million for this project. As at the end of October 2023, around 56% of the project was completed and only MUR 38 million was drawdown and the rest was funded with the internal accruals. The building shall be completed by the end of December 2023 and the official launch is scheduled for March 2024. According to management, draw down of the funds sanctioned will depend on the cash position of C-Care (Mauritius) Ltd.

Stable financial performance of C-CARE (Mauritius) Ltd in FY23:

C-Care (Mauritius) accommodated more patients in FY23 at both C-Care Darne and Welkin with 79% & 69% occupancy respectively. As a result, total income grew by 7% in comparison to FY22. However, EBITDA decreased marginally from MUR 681 million to MUR 630 million because of a significant decrease of covid related treatment in FY23. Furthermore, C-Care (Mauritius) Ltd achieved a Profit after tax of MUR 316 million in FY23 (FY22: MUR 384 million), indicating a decline of 18%. The decrease in PAT is mainly due to the lower EBITDA and increase of interest charges as well as higher depreciation charges. EBITDA margin and PAT margin were 19.99% (FY22: 23.22%) and 10.03% (FY22: 13.04%) respectively. Overall Gearing Ratio was 0.44 times in FY23 in comparison to 0.49 times in FY22 and Interest Coverage Ratio was comfortable at 10 times. Revenue and EBITDA for Q1FY24 were MUR 826 million and MUR 174 million against MUR 724 million and MUR 163 million respectively in Q1FY23.

Annexure I

Rating Symbols

Long /Medium-term Instruments

Symbols	***Rating Definition***
CARE MAU AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry very low credit risk.
CARE MAU A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry moderate credit risk.
CARE MAU BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE MAU AA to CARE MAU C. The modifiers reflect the comparative standing within the category.

Rating Outlook

The rating outlook can be 'Positive', 'Stable' or 'Negative'.

A 'Positive' outlook indicates an expected upgrade in the credit ratings in the medium term on account of expected positive impact on the credit risk profile of the entity in the medium term.

A 'Negative' outlook would indicate an expected downgrade in the credit ratings in the medium term on account of expected negative impact on the credit risk profile of the entity in the medium term.

A 'Stable' outlook would indicate expected stability (or retention) of the credit ratings in the medium term on account of stable credit risk profile of the entity in the medium term.

Short term Instruments

Symbols	**Rating Definition**
CARE MAU A1	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU A2	Instruments with this rating are considered to have strong degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU A3	Instruments with this rating are considered to have moderate degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry higher credit risk as compared to instruments rated in the two higher categories.
CARE MAU A4	Instruments with this rating are considered to have minimal degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry very high credit risk and are susceptible to default.
CARE MAU D	Instruments with this rating are in default or expected to be in default on maturity.

Modifier {"+" (plus} can be used with the rating symbols for the categories CARE MAU A1 to CARE MAU A4. The modifier reflects the comparative standing within the category.

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CARE Ratings (Africa) Private Limited (CRAF) is the first credit rating agency to be licensed by the Financial Services Commission of Mauritius in May 2015. It is also recognized by Bank of Mauritius as External Credit Assessment Institution (ECAI) from May 2016. CRAF is also licensed by Capital Markets Authority of Kenya to operate as a Credit Rating Agency in Kenya. CRAF intends to expand across other geographies in Africa with Mauritius as its hub of operations. With an equitable position in the Mauritius capital market, CARE Ratings (Africa) Private Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.
CRAF's shareholders are CARE Ratings Limited, African Development Bank, MCB Equity Fund and SBM (NFC) Holdings Limited.
CRAF gets its technical support in the areas such as rating systems and procedures, methodologies, etc. from CARE Ratings Limited on an ongoing basis. CARE Ratings Limited, with an established track record of rating companies over almost three decades, follows a robust and transparent rating process that leverages its domain and analytical expertise backed by the methodologies congruent with the international best practices.
CRAF’s Rating Committee consist of full-time members comprising of Senior Rating officials from CARE Ratings Limited and a panel of experienced professionals from Mauritius and African Development Bank.
CRAF has had a pivotal role to play in developing bank debt and capital market instruments including MMIs, corporate bonds and structured credit.