

February 3, 2012

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF  
SUBHARTI KKB CHARITABLE TRUST**

**Ratings**

<b>Facilities</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities	143.15	CARE BB+ (Double B Plus)	Reaffirmed
Short-term Bank Facilities	45.76	CARE A4 (A Four)	Reaffirmed
<b>Total Facilities</b>	<b>188.91</b>		

**Rating Rationale**

The ratings continue to remain constrained due to SKKB's weak financial risk profile characterized by poor solvency indicators and weak debt protection metrics. The ratings are further constrained by the risk associated with the proposed debt-funded capital expenditure especially in the light of the fact that the same is towards non-revenue generating assets which may put stress on liquidity position of the trust and regulatory challenges involved in the education sector in India.

The constraints are however partially offset by the well-established track record of operations of SKKB primarily driven by its medical and dental colleges, experienced trustees, well-established infrastructure and favorable prospects of higher education in India.

Going forward, SKKB's ability to complete the project undertaken within the estimated cost and time and to improve its financial risk profile would be the key rating sensitivity.

**Background**

Formed in 1995, Subharati KKB Charitable Trust (SKKB) is engaged in operating educational institutions and providing healthcare services. SKKB's educational institutions were granted University status in the name of Swami Vivekananda Subharati University (SVSU) in September 2008. SVSU has nine streams of courses at its campus situated at Subhartipuram near Meerut. These courses have been running at full enrollment for the last three years. SKKB's total strength for Academic Session 2011-12 (AS12) stood at 6837 students.

SKKB also operates Chhatrapati Shivaji Subharati Hospital, a 600-bed super-specialty hospital in the main campus and has started a new 300 bed cancer hospital during FY10.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

During FY11 (refers to the period between April 1 and March 31), SKKB registered an income of Rs.76.99 cr with a surplus of Rs.4.98 cr. During H1FY12, SKKB has registered an income of Rs.79.24 cr.

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