

December 28, 2015

CARE ASSIGNS 'CARE BB+' RATINGS TO BANK FACILITIES OF SRI SHANKARA CANCER FOUNDATION

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	35.98	CARE BB+ (Double BB Plus)	Assigned
Total Facilities	35.98 (Rupees Thirty Five crore and Ninety Eight lakhs only)		

Rating Rationale

The rating assigned to the bank facilities of Sri Shankara Cancer Foundation is constrained by its small scale and limited track record of operations, implementation risk associated with ongoing expansion, growing competition in the healthcare industry with scarce availability of medical professionals.

However, the rating derives strength from stable operational track record, continuous equity inflow in the form of donations and unsecured loans from trustees to support its operations, financials characterized by remarkable turnaround in FY15 (refers to the period April 1 to March 31), high profitability margins and moderate levels of gearing. Going forward, scaling up of operation, sustenance of profitability margins with stabilisation of operation of the additional bed capacity and consistent inflow of equity would remain the key rating sensitivities.

Background

Sri Shankara Cancer Foundation (SSCF) is a public charitable trust, incorporated in April 2008, as a not-for-profit organization with a core purpose of providing cancer treatment to all, especially the poor. The trust runs a hospital by the name Sri Shankara Cancer Hospital and Research Center in joint venture with Sri Sringeri Sharada Peetham Charitable Trust, Sringeri. The construction of the hospital was started in October 2010 and it started operations in August 2012, currently having 265 beds under operation in 6 floors. The foundation is currently in the process of expanding the facility to a 600 bedded hospital with 9 floors. The hospital provides healthcare services in radiotherapy, radiology, day-care-chemotherapy, nuclear medicine, and brachytherapy. SSCF has 10 trustees having experience in various fields, and is currently managed by Dr B S Srinath, Managing trustee.

The company's revenue grew by 107% to Rs.40.2 crore in FY15 (FY14: Rs.19.4 crore). The company registered a PAT of Rs.7 crore in FY15 (FY14: Rs -0.6 crore).

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¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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