

S.N.R. Sons Charitable Trust

December 16, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	14.60	CARE A; Stable	Assigned
Short-term bank facilities	67.00 (Enhanced from 47.00)	CARE A1	Upgraded from CARE A2+

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in ratings assigned to bank facilities of S.N.R. Sons Charitable Trust (SNR) considers consistent growth in income backed by steady revenue stream from hospital and educational institutions and improved liquidity profile marked by healthy liquid investments, strong cash accruals, and negligible debt obligations. Ratings continue to derive strength from vast experience of trustees and the trust's long-track record in the healthcare and education space, diversified revenue streams from hospital and educational institutions, and comfortable capital structure and debt coverage metrics. However, ratings are constrained by geographically concentrated revenues, dependence on scarcely available medical professionals, relatively moderate occupancy levels in the hospital, and growing competition in the industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Ability to scale up operations with total income over ₹1000 crore, while maintaining surplus before interest and depreciation (SBID) margin above 18%.
- Ability to expand the hospital across geographies and diversify the hospital revenue stream.

Negative factors

- Large debt-funded capex leading to deterioration in capital structure with overall gearing above 0.5x.
- Drop in occupancy levels of the hospital to below 50% on a sustained basis.
- Decline in profitability with SBID margin below 15% on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects that the trust is expected to maintain a stable credit profile considering a diversified stream of income and a comfortable capital structure with majority capital expenditure expected to be funded from cash accruals in the medium term.

Detailed description of key rating drivers:

Key strengths

Vast Experience of trustees

SNR was founded in 1970 by four brothers as a non-profit organisation. The trust is managed by the founders' third and fourth generations, with each trustee serving a five-year term. Currently, R Sundar, an industrialist with 15 years of experience in education and healthcare, is the Managing Trustee. Soundararaj Narendran, with nearly two decades of experience in the same sectors, is the Joint Managing Trustee. Day-to-day operations are overseen by C.V. Ramkumar, the CEO, who has been with the trust for ~40 years.

Long track record of the trust in healthcare and education space

The trust has been active in education and medical services for over 55 years. It oversees 16 institutions, including colleges and schools, serving 15,000 students with a faculty of 3,000. It manages a 1,000-bed multi-specialty hospital. The flagship institution, Sri Ramakrishna Hospital, started in 1975 with 100 beds and has expanded to a 950-bed facility over 49 years.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Consistent growth in scale of operations

SNR's operating income improved from ₹539.92 crore in FY23 to ₹595.76 crore in FY24 by 10% y-o-y growth. Growth in scale of operations is primarily attributed to significant contribution from education institution over the years and improved patient flow with advanced treatment procedures in the hospital. The trust's profitability stood moderate with SBID margin at 14.83% in FY24 (PY: 19.19%). The trust has booked total income of ₹331.0 crore in H1FY25.

Diversified stream of revenue with hospital and other educational institutions

The trust derives major portion of its income from the hospital, which accounts for ~59% of the total income including pharmacy sales. The next major source of revenue contributor is Ramakrishna Engineering College followed by Ramakrishna College of Arts and Science, which together stood at 19.87% (PY: 19.57%) in FY24. Average enrolment levels of all institutions stood at 82% in AY2024-25. Average occupancy levels of the hospital stood moderate in the range of 55%-59% in the last two years ended FY24 and improved to 59% in H1FY25.

Comfortable capital structure and debt coverage metrics

Capital structure remained comfortable with overall gearing at 0.05x as on March 31, 2024 (PY: nil). The trust is undergoing capex of total project cost is estimated at ₹90.0 crore. The project is funded by term loan of ₹17.90 crore and remaining cost is incurred from internal accruals. Total debt availed for capex being proportionately small, CARE Ratings expects capital structure to be comfortable in the medium term. Debt coverage metrics remains comfortable with total debt to gross cash accruals (TD/GCA) of 0.25x as on March 31, 2024 against nil as on March 31, 2023.

Key weaknesses**Single location regional player and growing competition**

Despite the long track record and continued patronage of the local population, SNR operates through single location at Coimbatore. Being a single location player limits its reach to this geographical region. SNR faces competition from existing players in the region, providing tertiary care services, regional private hospitals giving primary care and secondary care services, and large number of private clinics.

Dependence on scarcely available qualified professionals

Presence of qualified medical professionals, such as doctors, paramedical staff and support staff is one of the important requisites of a hospital to be successful and get continued patronage from local population. SNR highly depends on these scarcely available qualified medical professionals. However, given the increasing competition and scarcity of medical specialists, CARE Ratings notes that the hospital's ability to retain its current pool would be important.

Liquidity: Strong

Liquidity is marked by strong accruals against minimal repayment obligations of ₹4.97 crore in FY25 with free cash balance and liquid investments of ₹190.86 crore as on March 31, 2024. Due to the cash and carry nature of business and healthy accruals, the trust's liquidity has been healthy and dependence on working capital borrowings has been negligible. The trust has fund-based working capital limits of ₹62.0 crore and non-fund-based limit of ₹5.0 crore and the average utilisation of the fund-based limit stood minimal at 23.32% for 12-months ended November 2024. Debtors include receivables from insurance companies, corporates, and government schemes. The hospital accepts state government health schemes, which form ~10% of the total income, are collected normally within 30 days. Receivables from insurance companies and corporates, which form ~30% of total hospital receipts, are collected within 60–80 days. The current ratio stood healthy at 2.10x as on March 31, 2024.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Education](#)

[Hospital](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Healthcare services	Hospital

SNR was established in 1970 by four brothers, Late Chinnasamy Naidu, Late Prof P.R. Ramasamy Naidu, Late R. Doraiswami Naidu, and Late R. Venkatesalu Naidu, as a non-profit organisation to serve the society. The trust's flagship institution is the Sri Ramakrishna Hospital, which was established in 1975 as a 100-bed facility and has grown to a 950-bed healthcare institution in the last 49 years. The trust also runs 16 educational institutions comprising engineering colleges, schools, pharmacy and dental college among others.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	538.67	595.77	331.00
SBID	101.30	87.61	NA
Surplus	68.28	63.05	NA
Overall gearing (times)	-0.03	0.05	NA
Interest coverage (times)	2,260.08	188.59	NA

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	May 2027	14.60	CARE A; Stable
Fund-based - ST-Bank Overdraft		-	-	-	62.00	CARE A1
Non-fund-based - ST-Bank Guarantee		-	-	-	5.00	CARE A1

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (07-Apr-21)
2	Fund-based - LT-Cash Credit	LT	-	-	-	-	-	1)Withdrawn (07-Apr-21)
3	Non-fund-based - LT-Letter of credit	LT	-	-	-	-	-	1)Withdrawn (07-Apr-21)
4	Non-fund-based - ST-Bank Guarantee	ST	5.00	CARE A1	-	1)CARE A2+ (06-Dec-23)	1)CARE A2+ (22-Dec-22) 2)CARE A2+ (05-Apr-22)	1)CARE A2 (07-Apr-21)
5	Fund-based - ST-Bank Overdraft	ST	62.00	CARE A1	-	1)CARE A2+ (06-Dec-23)	1)CARE A2+ (22-Dec-22) 2)CARE A2+ (05-Apr-22)	1)CARE A2 (07-Apr-21)
6	Fund-based - LT-Term Loan	LT	14.60	CARE A; Stable				

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - ST-Bank Overdraft	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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