

Press Release

Saroj Gupta Cancer Centre & Research Institute (SGCCRI)

February 18, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs.6.12 Cr
Long Term Rating	SMERA BBB- (Assigned)

**Refer Annexure for details*

Rating Rationale

SMERA has assigned long term rating of '**SMERA BBB-**' (read as **SMERA triple B minus**) on the above mentioned bank facility of Saroj Gupta Cancer Centre & Research Institute (SGCCRI). The outlook is '**Stable**'.

Established in 1973, SGCCRI is a 311-bed super speciality hospital for the treatment of cancer. The hospital provides a range of facilities including diagnostic, therapeutic services and OPD.

List of key rating drivers and their detailed description

Strengths:

Experienced and qualified management: Established in 1973, SGCCRI is one of the oldest cancer hospitals in Kolkata. The day-to-day operations are managed by Mr. Arnab Gupta (Director and ex-officio member) and Mr. Anjan Gupta (Secretary).

Dedicated research wing: The institute has a cancer research wing and has entered into an MOU with IICB (Indian Institute of Chemical Biology) for collaborative research.

Healthy financial risk profile: The financial risk profile is marked by comfortable interest coverage, gearing levels and high net worth base. The interest coverage ratio stood at 21.55 times in FY2016 as compared to 11.20 times in FY2015. The company has long term debt obligations of around Rs. 5.05 crore, the repayment of which is expected to commence from April 2017. The gearing levels are marked by debt-equity of 0.03 times in FY2016 as compared to 0.10 times in FY2015. The net worth base is at Rs. 31.26 crore as on March 31, 2016.

Weaknesses:

Increasing competition: SGCCRI faces intense competition from several hospitals and medical institutes in Kolkata which specialise in cancer research and treatment.

Highly regulated industry: The healthcare sector is highly regulated and the changing policies may have a bearing on SGCCRI.

Analytical approach: SMERA has considered the standalone business and financial risk profiles of the company.

Applicable Criteria

- Service Entities - <https://www.smera.in/criteria-services.htm>
- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Application Financial Ratios and Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Outlook – Stable

SMERA believes that the outlook of SGCCRI will remain stable owing to the experienced and qualified management and healthy financial risk profile. The outlook may be revised to 'Positive' if the company is able to improve its revenue while improving its profitability margins. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues and profitability or if the working capital cycle deteriorates.

About the Rated Entity

Established in 1973, SGCCRI, a 311 bed super speciality hospital for treatment of cancer was founded by Padmashree Dr. Saroj Gupta and assisted by a team of doctors.

For FY2016, SGCCRI reported profit after tax (PAT) of Rs.1.67 crore on total operating income of Rs.49.30 crore, as compared with PAT of Rs.0.40 crore on total operating income of Rs.45.42 crore in FY2015. The tangible net worth stood at Rs.31.26 crore in FY2016 as compared to Rs.27.80 crore in FY2015.

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: None

Rating History for the last three years:

Name of Instrument /Facilities	FY2017			FY2016		FY2015		FY2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Term Loan	Long Term	6.12	BBB- / Stable (Assigned)	-	-	-	-	-	-

*Annexure – Details of instruments rated:

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/ Outlook
Term Loan	1 April 2016	14.15	March 2024	6.12	SMERA BBB-/Stable (Assigned)

Note on complexity levels of the rated instrument:

<https://www.smera.in/criteria-complexity-levels.htm>

Contacts:

Analytical	Rating Desk
Vinayak Nayak, Head – Ratings Operations, Tel: 022-67141190 Email: vinayak.nayak@smera.in Nikhil Tantia, Rating Analyst, Tel: 033-66201200 Email: nikhil.tantia@smera.in	Varsha Bist Sr. Executive Tel: 022-67141160 Email: varsha.bist@smera.in

ABOUT SMERA

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