

## Press Release

**PIMS Medical and Education Charitable Society**

June 25, 2019



### Rating Reaffirmed

<b>Total Bank Facilities Rated*</b>	Rs. 49.20 Cr.
<b>Long Term Rating</b>	ACUITE B/ Outlook: Stable (Reaffirmed)
<b>Short Term Rating</b>	ACUITE A4 (Reaffirmed)

\* Refer Annexure for details

### Rating Rationale

Acuité has Reaffirmed the long term rating of '**ACUITE B** (read as **ACUITE B**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.49.20 cr. bank facilities of PIMS Medical and Education Charitable Society (PIMS). The outlook is '**Stable**'.

The Jalandhar-based PIMS, a medical college cum hospital was established by the Punjab government in 1999. The hospital commenced operations in 2010. Subsequently, it was converted into a public private partnership society and taken over by a professional board in 2013. The college began functioning from 2011.

### Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the PIMS to arrive at this rating.

### Key Rating Drivers

#### Strengths

- **Established presence**

PIMS has an established presence as a medical college cum hospital in Jalandhar for the last two decades with 150 MBBS seats. It has around 750 beds and 15 operation theatres. The institution also derives revenue from pharmacy on revenue-sharing basis and rental income from shops set-up within the hospital premises. PIMS reported net receipts of Rs.62.40 crore for FY2019 (Provisional) as against Rs.52.25 crore in the previous year, thereby reporting positive PAT margins for the FY2019 (Provisional).

- **Healthy Financial Risk Profile**

The financial risk profile of the society is healthy marked by tangible net worth of Rs. 69.18 crore as on 31 March 2019 (Provisional) as against Rs.66.59 crore in the previous year. Gearing (debt-equity) of the society stood at 0.01 times as on 31<sup>st</sup> March 2019 (Provisional) as against 0.13 times as on 31<sup>st</sup> March 2018. The interest coverage ratio stood at 6.14 times for FY2019 (Provisional) as against 1.11 times for FY2018. DSCR stood at 7.29 times for FY2019 (Provisional) as against 2.27 times in the previous year. Total outside liabilities to tangible net worth (TOL/TNW) stood at 0.24 times as on 31 March 2019 (Provisional) as against 0.29 times as on 31 March 2018.

#### Weaknesses

- **Geographical concentration risk**

The operations of the institution are limited to Jalandhar (Punjab). As a result, PIMS is exposed to geographical concentration risk.

- **Unfavorable regulations**

The society operates in the education as well as healthcare sector which are highly regulated. Any change in policies in the above mentioned sectors are likely to impact the operations of the society.

### Liquidity position

The society has adequate liquidity position marked by net cash accruals to its maturing debt obligation. PIMS generated net cash accruals of Rs.5.94 crore for the FY2019 (Provisional) with maturing debt obligation of Rs.0.10 crore for the same period. The cash and cash equivalents stood at Rs.5.95 crore for FY2019 (Provisional) as against Rs.1.61 crore for FY2018. The current ratio of PIMS stood at 3.03 times for the FY2019 (Provisional) and 2.40 times for the FY2018. The operations of the society stood moderately working capital intensive in nature marked by Gross Current Assets (GCA) of 79 days in FY2019 (Provisional) as against 67 days for the FY2018.

### Outlook: Stable

Acuité believes that PIMS will maintain a 'Stable' outlook over the medium term on account of its established presence and funding support by the trustees. The outlook may be revised to 'Positive' if improvement in receipts and operating margins lead to improvement of the capital structure of PIMS. Conversely, the outlook may be revised to 'Negative' in case of steep decline in revenue and profitability margins, or deterioration in the financial risk profile due to major debt funded capex plan.

### About the Rated Entity - Key Financials

	Unit	FY19 (Provisional)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	62.40	52.25	49.27
EBITDA	Rs. Cr.	4.82	(1.33)	(11.14)
PAT	Rs. Cr.	0.85	(5.62)	(15.34)
EBITDA Margin	(%)	7.72	(2.54)	(22.61)
PAT Margin	(%)	1.37	(10.76)	(31.14)
ROCE	(%)	2.77	(5.82)	(18.21)
Total Debt/Tangible Net Worth	Times	0.01	0.13	0.17
PBDIT/Interest	Times	6.14	1.11	(7.93)
Total Debt/PBDIT	Times	0.07	7.00	(1.58)
Gross Current Assets (Days)	Days	79	67	52

### Status of non-cooperation with previous CRA (if applicable)

CARE, vide its press release dated May 1, 2019 had denoted the rating of PIMS Medical & Education Charitable Society as 'CARE A4 (ISSUER NOT COOPERATING)' on account of lack of adequate information required for monitoring of ratings.

### Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Entities in the service sector - <http://acuite.in/view-rating-criteria-8.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

### Note on complexity levels of the rated instrument

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

### Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
16-April-18	Secured Over Draft	Long term	10.00	ACUITE B/Stable (Assigned)
	Term Loan	Long term	1.90	ACUITE B/Stable (Assigned)
	Bank Guarantee	Short Term	31.00	ACUITE A4 (Assigned)
	Proposed Secured	Short Term	6.30	ACUITE A4

	Overdraft			(Assigned)
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**\*Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Secured Over Draft	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE B/Stable (Reaffirmed)
Term Loan	Not Applicable	Not Applicable	Not Applicable	1.90	ACUITE B/Stable (Reaffirmed)
Proposed Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	6.30	ACUITE B/Stable (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	31.00	ACUITE A4 (Reaffirmed)

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**About Acuité Ratings & Research:**

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