

PIMS MEDICAL AND EDUCATION CHARITABLE SOCIETY

January 20, 2017

Rating

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Short-term Bank Facilities	5	CARE A4 (A Four)	Assigned
Total Facilities	5 (Rupees Five crore only)		

Details of instruments/facilities in Annexure-1

Rationale

The rating assigned to the bank facilities of PIMS Medical and Education Charitable Society (PIMS) is constrained by its small scale of operations with cash losses and stressed debt coverage indicators. The rating is further constrained by the geographical concentration risk and regulated & competitive nature of industry. However, the rating derives strength from the experienced & resourceful trustees coupled with competent teaching staff, comfortable capital structure & operating cycle, full enrollment ratio in college along with multi-speciality nature of hospital with strong manpower resource. It also derives comfort from the society's tie-ups with corporate & government organisations and growing demand of healthcare services in India.

Going forward, the ability of the society to maintain full enrollment ratio in the college and the ability to increase the occupancy levels of hospital in a highly competitive scenario would remain the key rating sensitivities.

Detailed description of the key rating drivers

The total operating income of the society increased from Rs. 10.75 crore in FY14 (refers to the period April 01 to March 31) to Rs.45.89 crore in FY16 (Prov.) due to increase in the income generated from college coupled with increase in occupancy level of hospital. However, the scale of operations continued to remain small. The society continued to incur losses at the cash level on account of high operational expenses. Furthermore, The debt coverage indicators of PIMS stood stressed marked by interest coverage ratio of (-)13.00x in FY16 and total debt to GCA of (-)4.94x for FY16.

However, the capital structure of the society stood satisfactory marked by overall gearing ratio of 0.06x as on March 31, 2016. Furthermore, the average operating cycle of the society stood at -14 days for FY16.

PIMS has presence in Jalandhar only, thus exposing it to geographical concentration in its revenue profile

Despite the increasing trend of privatisation of education sector in India, the education sector continues to operate under stringent regulatory control requiring various statutory approvals with specific operational and infrastructure norms from controlling entities like MCI, etc.

PIMS provides secondary and tertiary healthcare services in various fields with 24 hours specialists available exclusively for the hospital. It is providing multiple facilities like nephrology including dialysis, radiology, orthopaedics & neurosurgery with endoscopic surgery, etc. The hospital has entered into tie-ups with many reputed corporate both from the government and the private sector.

Indian healthcare industry is estimated to reach US\$ 160 billion by 2017. The growth drivers of health care such as rise in per capita spending on healthcare, changing demography, transition in diseases profile, increase in health insurance penetration and fast growing medical tourism, are expected to spur the growth of the industry.

The operations of PIMS are managed by Mr Rajan Kashyap (Retired IAS), President, who has experience of more than four decades in the administrative field as the Chief Secretary to the Government of Punjab. He is managing the overall operations of the society and is well supported by Mr Vikramaditya Rajput (Vice President), Mr JS Puri (General Secretary), Mr Mohit Chitkara (Joint Secretary), Mr Bhavdeep Sardana (Treasurer) and other members having vast industry experience. Mr Mohit Chitkara is also Vice President of Chitkara Educational Trust and Mr Bhavdeep Sardana is one of the promoters of The Sukhjit Starch and Chemicals Limited (rated 'CARE A+/CARE A1'). The members of the society infused funds amounting to Rs.148.10 crore during FY14-FY16 period.

Analytical Approach Followed – Standalone

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)
[CARE's policy on default recognition](#)

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

[Criteria for short term rating](#)[Rating Methodology - Service Sector Companies](#)[Financial ratios – Non-Financial Sector](#)**About the Company**

PIMS, based in Jalandhar, Punjab, is a 650-bed teaching hospital in North India. PIMS was set by the Punjab state government in 2009. Subsequently, it decided to carry on the project in a public private partnership (PPP) mode. In 2009, a group comprising NRI Academy of Sciences (Vijayawada), EDS Technologies Pvt Ltd, St. Joseph's Healthcare System Inc and a group of physicians/businessmen were awarded the project of development of PIMS under the PPP mode and the Punjab State Government was paid Rs.131.00 crore upfront amount as rent for leasehold land of 56 hectares for 99 years. In December 2013, new society members took over the trust, namely, The Galaxy Educational Society, Leo Welfare and Educational Society, Himgiri Aayurvigyan Shikshan Sansthan, Aastha Medical Education Foundation, Magical Medical & Management Education Organisation, Healthcare Services Charitable Society and Healthcare & Medical Education Charitable Society.

The operations of PIMS are managed by Board of Governance including Mr Rajan Kashyap (Retired IAS), President, Mr Vikramaditya Rajput (Vice President), Mr JS Puri (General Secretary), Mr Mohit Chitkara (Joint Secretary), Mr Bhavdeep Sardana (Treasurer) and other members having vast industry experience.

The institution provides healthcare facilities to its patients. The hospital was established by the name of PIMS in 2009. Medical care to general public was started being provided from July 2010. In 2011, a full-fledged MBBS college by the name- PIMS was formed. The society is duly recognised by Medical Council of India for the MBBS course. The college is affiliated to the Baba Farid University of Health Sciences, Faridkot, Punjab. The institute offers MBBS with an annual intake of 150 students in the field of Anesthesia, Biochemistry, Physiology, Pathology, Pharmacology, Medicine, among others.

In FY16 (based on provisional results), PIMS has achieved a total operating income (TOI) of Rs.45.89 crore with surplus of -15.34 crore as against total operating income of Rs.34.38 crore with surplus of -17.31 crore in FY15. In 7MFY17 (Provisional), the company has achieved TOI of Rs.45.00 crore.

Status of non-cooperation with previous CRA: CRISIL has suspended the ratings of PIMS in November 2013 on account of its inability to conduct a review of the ratings in absence of the requisite information from PIMS.

Rating History (Last three years): Please refer Annexure-2

Analyst Contact

Name: Mr Achin Nirwani

Tel: 01145-333228

Mobile:

Email: achin.nirwani@careratings.com

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

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over nearly two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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.

Annexure 1Details of Instruments/Facilities :-

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - ST-Bank Overdraft	-	-	-	5.00	CARE A4

Annexure 2Rating History for last three years :-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings (November 28, 2016)			Chronology of Rating history for past three years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
1.	Fund-based - ST-Bank Overdraft	ST	5.00	CARE A4	NA	NA	NA

CONTACT**Head Office Mumbai****Mr. Amod Khanorkar**

Mobile: + 91 9819084000

E-mail: amod.khanorkar@careratings.com**Mr. Saikat Roy**

Mobile: + 9198209 98779

E-mail: saikat.roy@careratings.com**CREDIT ANALYSIS & RESEARCH LIMITED**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com**AHMEDABAD****Mr. Mehul Pandya**

32, Titanium, Prahaladnagar Corporate Road,

Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com**BENGALURU****Mr. Deepak Prajapati**

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,

No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: deepak.prajapati@careratings.com**CHANDIGARH****Mr. Sajan Goyal**

SCF No. 54-55,

First Floor, Phase 11,

Sector 65, Mohali - 160062

Chandigarh

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com**CHENNAI****Mr. V Pradeep Kumar**

Unit No. O-509/C, Spencer Plaza, 5th Floor,

No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com**COIMBATORE****Mr. V Pradeep Kumar**

T-3, 3rd Floor, Manchester Square

Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com**HYDERABAD****Mr. Ramesh Bob**

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,

Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

E-mail: ramesh.bob@careratings.com**JAIPUR****Mr. Nikhil Soni**

304, PashupatiAkshatHeights, Plot No. D-91,

Madho Singh Road, NearCollectorateCircle,

Bani Park, Jaipur - 302 016.

Cell: +91 - 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: nikhil.soni@careratings.com**KOLKATA****Ms. Priti Agarwal**

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)

10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com**NEW DELHI****Ms. Swati Agrawal**

13th Floor, E-1 Block, Videocon Tower,

Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com**PUNE****Mr. Pratim Banerjee**

9th Floor, Pride KumarSenate,

Plot No. 970, Bhamburda, SenapatiBapat Road,

ShivajiNagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: pratim.banerjee@careratings.com

CIN - L67190MH1993PLC071691