

Goa Institute of Management: Reaffirmed

| Facilities | Amount (Rs Crore) | Ratings/Outlook |
|----------------|-------------------------------|----------------------------------|
| Term Loan I | 12.05 (Revised from 13.30) | SMERA BBB/Stable (Reaffirmed) |
| Term Loan II | 0.59 (Revised from 0.81) | SMERA BBB/Stable (Reaffirmed) |
| Term Loan III | 7.91 (Revised from 9.16) | SMERA BBB/Stable (Reaffirmed) |
| Overdraft | 3.40 (Revised from 3.00) | SMERA BBB/Stable (Reaffirmed) |
| Bank Guarantee | 3.50 (Revised from 1.18) | SMERA A3+ (Reaffirmed) |

SMERA has reaffirmed the ratings of **‘SMERA BBB’ (read as SMERA triple B)** and **‘SMERA A3+’ (read as SMERA A three plus)** on the Rs.27.45 crore bank facilities of Goa Institute of Management (GIM). The outlook is **‘Stable’**.

The ratings continue to derive comfort from the long track record of operations, qualified and experienced management and healthy business and financial risk profile of GIM. However, the rating is constrained by the small scale of operations, geographical concentration risk, limited number of courses offered and intense competition in the highly regulated education industry.

Update

GIM, established in 1993, is a Goa-based educational society that offers part-time and full-time management courses. For FY2015-16 the institute registered revenue of Rs. 40.17 crore as compared to Rs.38.33 crore for FY2014-15. GIM’s profit margins have declined as opposed to expectations of stable profit margins by SMERA. For FY2015-16, it registered EBIDTA margins of 37.30 per cent as compared to 39.52 per cent for FY2015-16 on account of increase in employee cost for FY2015-16. Further the PAT margins declined to 13.25 per cent in FY2015-16 from 17.59 per cent in FY2014-15. The financial risk profile continued to remain healthy in FY2015-16. The gearing has remained moderate at 1.03 times as on March 31, 2016 (1.34 times as on March 31, 2015). Coverage indicators such as interest coverage ratio remained healthy at 5.16 times for FY2015-16 (4.70 times for FY2014-15) and DSCR of 1.41 times for FY2015-16. The networth increased from Rs.21.86 crore as on March 31, 2015 to Rs.27.24 crore as on March 31, 2016.

Rating Sensitivity Factors

- Increase in sanctioned intake
- Growth in scale of operations while maintaining profit margins
- Debt funded capex plans

Outlook: Stable

SMERA believes that GIM will maintain a stable outlook and benefit from its long standing presence in Goa. The outlook may be revised to ‘Positive’ if the society’s scale of operations increases on the back of further increase in fee receipts, while maintaining its operating profitability and coverage indicators. Conversely, the outlook may be revised to ‘Negative’ if the society fails to achieve scalability amidst intensifying competition in its area of operations or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded capex.

About the Institute

GIM was founded in 1993 by Father Romuald D'Souza, former director, XLRI-Jamshedpur and founder-director of XIM-Bhubaneswar, along with a few senior industry members. The society operates one B-school in Goa under the same name.

The institute offers a full-time (two year) residential Post-Graduate Diploma in Management (PGDM), a three-year part time PGDM and PGDM Healthcare Management (PGDM-HCM). GIM has sanctioned intake of 240 seats for its full time PGDM, 60 seats for PGDM (part time) and 60 for PGDM-HCM. The institute has two campuses in Goa, one at Ribandar for PGDM-HCM and the other at Sanquelim (Goa). The institute also has an active collaboration with the University Of Antwerp (Belgium), Universidade Catolica, Lisbon (Portugal) and the Fancoschule Ingolsta for joint projects and student exchanges.

For FY2015–16, GIM registered a surplus of Rs.5.32 crore on operating income of Rs.40.17 crore, as compared with a surplus of Rs.6.74 crore on operating income of Rs.38.33 crore for FY2014–15.

Rating History

| Date | Facilities | Amount (Rs. Crore) | Ratings | | Rating Outlook |
|---------------|----------------|-----------------------|-------------------------|-------------------------|-------------------|
| | | | Long Term | Short Term | |
| 15 Sept, 2015 | Term Loan I | 13.30 | SMERA BBB (Assigned) | - | Stable |
| | Term Loan II | 0.81 | SMERA BBB (Assigned) | - | Stable |
| | Term Loan III | 9.16 | SMERA BBB (Assigned) | - | Stable |
| | Overdraft | 3.00 | SMERA BBB (Assigned) | - | Stable |
| | Bank Guarantee | 1.18 | - | SMERA A3+ (Assigned) | - |

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ABOUT SMERA

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