

## Press Release

### Goa Institute of Management

21 March, 2018



### Rating Withdrawn and Assigned

<b>Total Bank Facilities Rated*</b>	Rs.27.45Cr.
<b>Long Term Rating</b>	SMERA BBB+/Outlook: Stable

\* Refer Annexure for details

SMERA has withdrawn the long term rating of '**SMERA BBB**' (**read as SMERA triple B**) and short term rating of '**SMERA A3+**' (**read as SMERA A three plus**) on the Rs. 27.45 crore bank facilities and assigned rating of '**SMERA BBB+**' (**read as SMERA triple B plus**) on the Rs. 27.45 crore bank facilities of Goa Institute of Management (GIM). The outlook is '**Stable**'.

GIM was founded in 1993 by Father Romuald D'Souza, Former Director, Xavier School of Management-Jamshedpur and Founder-Director of Xavier Institute of Management-Bhubaneshwar, along with a few senior industry members. The society currently operates a B-school in Goa under the said 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 Technical University Ingolstadt (Germany) for joint projects and student exchanges.

### Key rating drivers

#### **Strengths**

##### **Established track record and experienced management**

GIM is governed by a reputed board of governors headed by Mr. R. Gopalakrishnan. The other members include Mr. Romuald D'Souza, Mr. Srinivas V. Dempo, P. G. Kakodkar, Mr. Naseer Monjee among others.

GIM has a reputed senior faculty, Mr. Arindam Das Gupta (Professor of Economics), Mr. Anand Teltumbde (Professor for BDA), Mr. Krish Ladha (Professor for General Management) renowned in their field of expertise. GIM, backed by its experienced faculty, enjoys 100 percent occupancy rate. The college has been able to attract reputed companies viz. Cognizant, Infosys, Schulke, Sutures India, Philips Healthcare among others for campus placement and has 100 percent placement record.

## Healthy financial risk profile

GIM has a healthy financial risk profile marked by net worth of Rs. 34.82 crore as on 31 March, 2017 compared to Rs. 27.24 crore as on 31 March, 2016, mainly due to increase in the corpus fund. The gearing improved to 0.78 times as on 31 March, 2017 from 1.03 times as on 31 March, 2016. The total debt of Rs. 27.27 crore mainly comprises term loan of Rs. 21.80 crore unsecured loans of Rs. 0.54 crore and working capital borrowings of Rs. 4.93 crore as on 31 March 2017. The Interest Coverage Ratio stood healthy at 8.96 times in FY2017 as against 5.16 times in FY2016.

## Weaknesses

### Intense competition and stringent regulatory framework for the educational sector in India

Various agencies such as the All India Council for Technical Education (AICTE), National Assessment and Accreditation Council (NAAC), University Grants Commission (UGC), etc. under the State and Central government prescribe regulatory frame work depending on the professional courses offered. The institution faces intense competition from other institutes offering similar courses. Given the competition, the ability of the institute to attract requisite students in tune with its sanctioned intake could be a challenge.

## Analytical approach

SMERA has considered the standalone business and financial risk profiles of GIM to arrive at the rating.

## Outlook - Stable

SMERA believes that GIM will maintain a Stable outlook over the medium term owing to its long standing presence in Goa. The outlook may be revised to 'Positive' if the 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 capital expansion plans.

## About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	42.81	40.17	38.33
EBITDA	Rs. Cr.	16.99	14.99	15.15
PAT	Rs. Cr.	7.48	5.32	6.74
EBITDA Margin	(%)	39.69	37.30	39.52
PAT Margin	(%)	17.48	13.25	17.59
ROCE	(%)	16.01	15.55	19.59
Total Debt/Tangible Net Worth	Times	0.78	1.03	1.34
PBDIT/Interest	Times	8.96	5.16	4.71
Total Debt/PBDIT	Times	1.59	1.84	1.90
Gross Current Assets (Days)	Days	13	20	12

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

None

**Any other information:**

Not Applicable

**Applicable Criteria**

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

**Note on complexity levels of the rated instrument**

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

**Rating History (Upto last three years)**

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
20-Dec, 2016	Term Loan	Long Term	12.05	SMERA BBB/ Stable (Reaffirmed)
	Term Loan	Long Term	0.59	SMERA BBB/ Stable (Reaffirmed)
	Term Loan	Long Term	7.91	SMERA BBB/ Stable (Reaffirmed)
	Secured Overdraft	Long Term	3.40	SMERA BBB/ Stable (Reaffirmed)
	Bank Guarantee	Short Term	3.50	SMERA A3+ (Reaffirmed)
15-Sept, 2015	Term Loan	Long Term	13.30	SMERA BBB/ Stable (Assigned)
	Term Loan	Long Term	0.81	SMERA BBB/ Stable (Assigned)
	Term Loan	Long Term	9.16	SMERA BBB/ Stable (Assigned)

	Secured Overdraft	Long Term	3.00	SMERA BBB/ Stable (Assigned)
	Bank Guarantee	Short Term	1.18	SMERA A3+ (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
Overdraft	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA BBB+/ Stable (Assigned)
Term loans I	Not Applicable	Not Applicable	Not Applicable	10.30	SMERA BBB+/ Stable (Assigned)
Term loans II	Not Applicable	Not Applicable	Not Applicable	7.50	SMERA BBB+/ Stable (Assigned)
Dropline Overdraft	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA BBB+/ Stable (Assigned)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	1.65	SMERA BBB+/ Stable (Assigned)
Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	3.40	SMERA BBB/ Stable (Withdrawn)
Term loans I	Not Applicable	Not Applicable	Not Applicable	12.05	SMERA BBB Stable (Withdrawn)
Term loans II	Not Applicable	Not Applicable	Not Applicable	0.59	SMERA BBB/ Stable (Withdrawn)
Term loans III	Not Applicable	Not Applicable	Not Applicable	7.91	SMERA BBB/ Stable (Withdrawn)
Bank guarantee	Not Applicable	Not Applicable	Not Applicable	3.50	SMERA A3+(Withdrawn)

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## ABOUT SMERA

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