



# Infomerics Valuation And Rating Pvt. Ltd.

Press Release

## Alipore Institute of Management & Technology

October 22, 2018

### Rating

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action
Long Term Bank Facilities – Term Loan	130	IVR BBB- / Stable Outlook (IVR Triple B minus with Stable Outlook)	Assigned
<b>Total</b>	<b>130</b>		

**Details of Facilities are in Annexure 1**

### Detailed Rationale

The aforesaid rating derives comfort from its experienced and qualified Board of Trustee, increase in scale of operation and strong support of the reputed RP-Sanjiv Goenka Group. However, the rating is constrained by relatively nascent stage of operations, loss from operations, limited brand image and susceptibility to regulatory risks. Improvement in number of seats and occupancy rate, growth in operations and profitability and gearing level are the key rating sensitivities.

### Key Rating Drivers

- Experienced and qualified Board of Trustee
- Increase in scale of operation
- Belonging to the reputed RP-Sanjiv Goenka group
- Strong group support
- Relatively nascent stage of operation
- Modest small scale of operations
- Loss from operation
- Limited brand image
- Susceptibility to regulatory risks

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### **Detailed Description of Key Rating Drivers**

#### **Key Rating Strengths**

##### **Experienced and qualified Board of Trustee**

The Board of Trustee of the Institute are highly qualified academicians or professionals (holding senior positions at the RP-Sanjiv Goenka Group companies). The overall administration of the Institute is looked after by Dr. Arindam Banik who is associated with the Institute since long. He is supported by a team of experienced academicians/professionals. The Dean (Academics) of the Institute is Dr. Paramita Mukherjee having 18 years of experience in industry, research and training with stints at ICRA, IBS, Institute of Engineering and Management, etc.

##### **Increase in scale of operation**

The Institute has expanded its operations considerably over the last three years. There has been an increase in the student strength and occupancy rate.

##### **Belonging to the reputed RP-Sanjiv Goenka group**

Kolkata based RP-Sanjiv Goenka group is one of the leading industrial houses of the country with interest in power generation & distribution, coal, carbon black, retailing, entertainment and BPO business with CESC Ltd. being the flagship company. Other major companies of the group are Phillips Carbon Black Ltd., CESC Infrastructure Ltd., Firstsource Solutions Ltd., Haldia Energy Ltd, Noida Power, Saregama India Ltd. and Spencer Retail Ltd. In FY17, the group had a combined turnover of about ~Rs. 200 bn.

##### **Strong group support**

RP-Sanjiv Goenka Group has strong financial profile. IMI Kolkata, having been formed by RP-Sanjiv Goenka Group, is expected to receive continuous support from its Group companies.

#### **Key Rating Weaknesses**

##### **Relatively nascent stage of operation**

IMI Kolkata started functioning in 2011. The Institute is in the process of stabilisation as it has been only seven years since the institute commenced its operation. However, during this short

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span even, the Institute has made a mark of its own and positioned itself as a modest destination for the aspiring youth on the back of IMI brand with about four decades established history.

### **Modest small scale of operations**

The scale of operation of IMI Kolkata is modest with revenue of Rs.15.27 crore in FY18. However, the Institute has projected to achieve a CAGR of 58% in its revenue in the next three years (FY19-FY21) on account of introduction of specialized courses like IAS training programme, interior decoration, etc. and increase in number of seats.

### **Loss from operation**

A management institute with such elaborate infrastructure requires long gestation period to stabilise and to turn profitable with the increasing intake of students. During the last three years, the Institute has incurred both book loss and cash loss; however, in FY18 the cash loss was insignificant. The Institute has projected to earn cash profit from FY19 and book profit from FY21. The significant increase in occupancy reaching 100% level carries a testimony to this. Further, the Institute is likely to continue getting support from the RP-Sanjiv Goenka Group, as in the past, to fund the losses and meet the debt servicing requirements.

### **Limited brand image**

IMI Kolkata offers a variety of courses and moderate placement opportunities; still it has a limited brand image unlike other more renowned universities, due to which its ability is limited in attracting students on pan-India basis.

### **Susceptibility to regulatory risks**

The education sector is highly regulated and compliance with specific operational and infrastructure norms set by regulatory bodies are important. Thus, regular investment in the workforce and infrastructure is needed to conduct the operations efficiently. The institute has been efficiently conforming to such requirements given the group strength with satisfactory financials and highly qualified & experienced Board of Trustee and academicians/professionals.

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### Analytical Approach & Applicable Criteria:

Rating Methodology for Educational Institutes

Financial Ratios & Interpretation (Non-financial Sector)

### About the Institute

International Management Institute, Kolkata (IMI-K) was set up in the year 2010 by the RP-Sanjiv Goenka Group under the aegis of Alipore Institute of Management & Technology (AIMT), a Society registered under the West Bengal Society Registration Act, 1961. IMI came up with its first campus at New Delhi in 1981. IMI - New Delhi was established in collaboration with IMI Geneva (now IMD Lausanne) and carries the title of being the first corporate sponsored B-school in India. During its inception, the Institute was backed by the financial support of big corporate houses, such as Nestle, ITC, SAIL, Tata Chemicals, Linde India (erstwhile British Oxygen) and Williamson Magor, besides RPG Enterprises. In 2010, the RP-Sanjiv Goenka group decided to expand and start two more campuses, one each in Kolkata and Bhubaneswar. IMI - Kolkata started functioning in 2011 with its flagship Post Graduate Diploma in Management Programme after obtaining approval from All India Council for Technical Education (AICTE). Currently IMI – Kolkata is also accredited by the National Board of Accreditation (NBA) and Association of Indian Universities (AIU) valid till June 30, 2019, with renewal clause. The first batch of PGDM students at IMI - Kolkata passed in 2013.

### Financials (Standalone):

For the year ended* / As On	<b>(Rs. crore)</b>	
	31-03-2017	31-03-2018
	Audited	Audited
Total Operating Income	12.91	15.27
EBITDA	-2.43	-1.21
PAT	-7.03	-5.65
Total Debt	0.00	22.35
Tangible Net worth (Corpus Fund)	132.23	148.41
EBITDA Margin (%)	-18.82	-7.90
PAT Margin (%)	-49.41	-35.11
Overall Gearing Ratio (x)	0.00	0.15

\*Classification as per Infomerics' standards.



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**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Nil

**Rating History for last three years:**

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2018-19)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17	Date(s) & Rating(s) assigned in 2015-16
1.	Long Term Fund Based Limits – Term Loan	Long Term	130	IVR BBB- / Stable Outlook	-	-	-

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).

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## Infomerics Valuation And Rating Pvt. Ltd.

### About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Term Loan	-	10-11%	Principal amount shall be repaid by way of 20 quarterly step-up instalments after moratorium period of 36 months from the date of first disbursement, i.e. in March 2018.	130	IVR BBB- / Stable Outlook