

Ambience Education Society

Brickwork Ratings downgrades the ratings for the Bank Loan Facilities of ₹. 35.11 Crs of *Ambience Education Society*

Particulars:

| Facility** | Amount (₹ Cr) | | Tenure | Rating* | |
|-------------------|---------------|--------------|---|------------------------|--------------------------|
| | Previous | Present | | Previous (March 2018) | Present |
| Fund based | 39.02 | 35.11 | Long Term | BWR B (Stable) | BWR C (Downgrade) |
| Total | 39.02 | 35.11 | INR Thirty Five Crores and Eleven Lakhs Only | | |

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details of Bank facilities in Annexure-I

RATING ACTION / OUTLOOK

The long term rating has been downgraded due to lower than expected growth in enrollment, significant accumulated losses leading to negative net worth, stiff competition in the education sector and reliance on promoters' funds to service its debt obligations. and society's inability to achieve the projected operating income and bottomline for FY 18 and FY 19 .

KEY RATING DRIVERS

Rating Strengths

Quality Infrastructure and Facilities in the School: The school infrastructure includes smart classes with most advanced Digital Teaching System (DTS), technology laboratories, science labs . Other facilities in the school include Library, Conference room, Teaching Learning Center, Art Room, Music room, Medical Clinic and Cafeteria.



Rating Weakness

High dependence on the promoter's financial support to meet debt obligation: The school currently is not self-reliant and is not generating sufficient cash flows to meet its debt obligations. Additional support from the promoters is required to ensure timely debt servicing. Unsecured loans from promoters & related parties stood at Rs. 48.13 Crs in FY19.

Weak Financial Risk Profile -The Society has not achieved the projected operating income of Rs 18.35 crores in FY 18 and Rs 23.52 crores in FY 19 . The society has also not achieved projected PAT of Rs (2.93)crores in FY 18 and Rs 1.73 crores in FY 19 . Tangible Networth (Analysed) stood at Rs (Rs 19.23 crores) in FY 19 and is continuously negative for the past few years due to accumulation of losses

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA : BWR has assessed the society on a standalone basis. Please refer to the applicable criteria at the end. BWR has taken unsecured loans from related parties as quasi equity .

RATING SENSITIVITIES

Positive: BWR may revise the ratings upward, if the society's Scale of Operations , Net profit , EBITDA improves as compared to present level , with other metrics also favoring an upgrade. BWR also notes an increase in student enrollment and capital structure would also be key rating sensitivity

Negative: BWR may revise the ratings downwards, if the Society's scale of Operations , Net profit and EBITDA further deteriorates with other metrics also favoring downgrade . BWR also notes deterioration in capital structure would also be key rating sensitivity

LIQUIDITY POSITION - Poor

The Society's projected fund flow position is poor as society's average net surplus for the next four years is Rs 0.04 crores .

About the Company:

Ambience Education Society (erstwhile Hillgrove Education Society) belongs to the New Delhi based Ambience Group and was started in 1971. It is running and operating a school in the name of Ambience Public School (erstwhile Hillgrove Public School) at Safdarjung Enclave, New Delhi. Ambience Education Society is registered under Section 25 of the Company Act, 1956.



Ambience Education School is a senior secondary school and have classes from Nursery to 12th Standard. The School is recognized by Directorate of Education: Delhi and is affiliated to Central Board of Secondary Education (C.B.S.E). The school presently has 1367 students.

Key Financial indicators

| Key Parameters | Units | FY 18. | FY 19 |
|-----------------------------------|--------------|----------------|----------------|
| Result Type | | Audited | Audited |
| Operating Income | Rs in Crs | 12.59 | 12.46 |
| EBITDA | Rs in Crs | 0.9 | -0.2 |
| Net Profit | Rs in Crs | -7.91 | -8.33 |
| Adjusted Corpus Fund [#] | Rs in Crs | -11.45 | -19.63 |
| Total Debt | Rs in Crs | 62.48 | 68.75 |
| Total Debt : Corpus Fund | Times | -5.46 | -3.5 |

After adjusting for unsecured loans from promoters and related parties

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED -*There are no Key covenants*

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY - **Not applicable**

RATING HISTORY

| Instrument / Facilities | Current Rating | | | Rating History | | |
|-------------------------|--------------------------------|---------------|--|----------------|---------------------|----------------|
| | Tenure (Long Term/ Short Term) | Amount (₹ Cr) | Rating | March 2018 | Oct 2017 | 2016 |
| Fund Based | Long Term | 35.11 | BWR C (Downgrade) | BWR B (Stable) | Rating Not Reviewed | BWR B (Stable) |
| Total | 35.11 | | INR Thirty Five Crores and Eleven Lakhs Only | | | |

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information , visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

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Ambience Education society

ANNEXURE I

Details of Bank Facilities rated by BWR

| Sl. No. | Name of the Bank | Type of Facilities | Long Term {(₹ Cr)} | Short Term (₹ Cr) | Total (₹ Cr) |
|----------------|-----------------------------|---------------------------|-------------------------------|------------------------------|-------------------------|
| 1 | Punjab and Sind Bank | Term Loan | 35.11 | - | 35.11 |
| TOTAL | | | | | 35.11 |

INR Thirty Five Crores and Eleven Lakhs Only

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