

## Rating Rationale

### Brickwork Ratings reaffirms 'BWR B' for the Bank Loan Facilities aggregating ₹44.44 Cr of Ambience Education Society

Brickwork Ratings (BWR) has reaffirmed the following **Ratings<sup>1</sup>** for the Bank Loan Facilities of Ambience Education Society (AES or “the Society”).

Facility	Previous Amount (₹ Cr)	Rating Amount (₹ Cr)	Tenure	Rating after Review	Rating History
Fund Based: Term Loan	45.00	44.44	Long Term	<b>BWR B (Pronounced BWR B) Outlook: Stable (Reaffirmation)</b>	BWR B (Pronounced BWR B) Outlook: Stable (December 2014)
<b>Total</b>	45.00	44.44	<b>INR Forty Four Crores and Forty Four Lakhs Only</b>		

BWR has relied upon the audited financial statements up to FY15, projected financial statements of FY17, publicly available information and information/clarifications provided by the Society’s management.

The rating continues to factor positively, the financial and managerial support of the promoters of the Society, quality infrastructure and facilities at the school, its reputation, growth in the number of students and maintenance of escrow account with the Bank. The rating, however, continues to remain constrained by negative Tangible Net worth due to accumulated losses of the Society and intensely competitive education sector in Delhi & NCR and the Society’s very high dependence on the promoter’s financial support to meet its debt obligations.

#### Background:

Ambience Education Society (erstwhile Hillgrove Education Society) was started in 1971 and is registered under Section 25 of the Company Act, 1956. It is running and operating a school in the name of Ambience Public School (erstwhile Hillgrove Public School) in New Delhi. The Society/school has been promoted by Ambience Group’s chairman Sh. Raj Singh Gehlot and his family. The name of the society was changed w.e.f 10<sup>th</sup> January 2011.

Ambience Public School is a senior secondary school and has classes from Nursery to 12<sup>th</sup> Standard. The School is recognized by Directorate of Education: Delhi and is affiliated to Central Board of Secondary Education (C.B.S.E) and affiliation has recently been renewed in October 2014 and is valid till 31<sup>st</sup> March 2019. The school has built up a good reputation and at present, the school has 952 students and 71 teaching staff.

The school is spread over an area of 1.74 acres and is equipped with modern infrastructure facilities such as smart classes, technology lab, science laboratories, auditorium, library, conference room, sports facilities, teaching learning centre, counselling room, art room, music room, medical clinic and cafeteria.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

### Management Committee:

The Executive Management Committee of the Society has 13 members and is headed by Mr. Mohan Singh Gehlot (an educationist) as the President of the Society. The other members are Mrs. Sheela Gehlot, Mr. Raj Singh Gehlot, Dr. Priyanka Giroti, Mr. Ramesh Shah, Mr. S.S. Kohli, Mr. Shekhar Singh, Mr. Aman Gehlot, Dr. Deepak Yadav, Ms. Surabhi Gehlot, Mr. Vinay Chaudhary, Mr. Vinod Garg and Mrs. Shahista Gehlot. All the committee members are well-qualified and experienced.

### Financial Performance:

The total income from operations of the School increased from ₹ 5.75 crores in FY14 to ₹ 8.34 crores in FY15 on account of increase in tuition fees, late payment charges and income from other activities. The School has also reported Operating Profit of ₹ 0.09 crores in FY15, as compared to an Operating loss of ₹ 0.62 crores in FY14. The Net loss of the School declined from ₹ 11.29 crores in FY14 to ₹ 7.71 crores in FY15 on account of fall in depreciation. As a result, the Tangible Net worth of the School is in negative by ₹ 6.07 crores. The total debt in the School increased from ₹ 61.05 crores in FY14 to ₹ 66.18 crores in FY15, including unsecured loans of ₹ 21.04 crores provided by the promoters which has largely helped the society manage its financial constraints.

The Banker to the Society has confirmed that the Society's account is a Standard Asset.

### Rating Outlook:

The Rating outlook over the next twelve months is assessed Stable essentially keeping in view the support being provided by the promoters of the Society. The ability of the Society to improve its capital structure, profitability, and continuing financial and managerial support from the promoters are crucial rating sensitivities.

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