

Rating Rationale

Brickwork Ratings assigns ‘BWR B’ for the Bank Loan Facilities aggregating ₹ 45.00 Crores of Ambience Education Society.

Brickwork Ratings (BWR) has assigned the following **Ratings¹** for the Bank Loan Facilities of Ambience Education Society (AES or “the Society”).

Facility	Amount (₹ Cr)	Tenure	Ratings
<u>Fund Based</u>			BWR B <i>(Pronounced BWR Single B)</i>
Term Loan	45.00	Long Term	Outlook-Stable
Total	45.00	INR Forty five Crores Only	

BWR has relied upon the audited financial statements up to FY14, projected financial statements of FY16, publicly available information and information/clarifications provided by the Society’s management.

The rating factors 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 ratings are, however, constrained by negative Tangible Net worth due to accumulated losses of the Society and intense competitive education sector in Delhi & NCR and the Society’s very high dependence on the promoter’s financial support to meet its debt obligations.

Overview:

Ambience Education Society (erstwhile Hillgrove Education Society) was started in 1971 and is registered under the Societies Registration Act, 1860. It is running and operating a school in the name of Ambience Public School (erstwhile Hillgrove Public School) in New Delhi. The school is run by Management Committee comprised of eminent members. The name of the society was changed w.e.f 10th January 2011.

Ambience Public School is a senior secondary school and has 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) and affiliation has recently been renewed in October 2014 and is valid till 31st March 2019. The school has built up a good reputation and at present, the school has 952 students.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

The school is spread over an area of 1.74 acres and is equipped with very modern infrastructure. The school has completed construction of new building within the same premises in April 2013.

Management Committee:

The Management Committee of the School has well respected persons from various walks of life such as Educationists, Doctors, Eminent Ex-Banker, Chartered Accountants, and Management Graduates etc. and is headed by Mr. Raj Singh Gehlot (an educationist and Chairman of the Ambience Group) as the Chairman. All the committee members are well-qualified and experienced.

Financial Performance:

The total income from operations of the School increased from ₹ 2.78 crores in FY13 to ₹ 5.75 crores in FY14 on account of increase in tuition fees and income from other activities. The School has reported operating loss of 0.62 crores in FY14, as compared to a loss of ₹ 0.17 crores in FY13. The net loss of the School increased from ₹ 0.12 crores in FY13 to ₹ 11.29 crores on account of high interest and finance charges. As a result, the Tangible Net worth of the School is in negative by ₹ 1.54 crores. The total debt in the School increased from ₹ 57.27 crores in FY13 to ₹ 61.05 crores in FY14 a substantial portion of which is the unsecured loans provided by the promoters which has largely helped the society tide over its financial constraints. (Please refer to annexure I and II for key performance figures).

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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