

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹.19.20 Crores of Gyan Mandir Foundation (‘GMF’ or the ‘Society’).

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (November 2016)	Present (March 2018)
Fund based Term Loan	19.20	19.20	Long Term	BWR BBB- Outlook: Stable	BWR BBB- Outlook: Stable (Reaffirmed)
Total	19.20	19.20	INR Nineteen Crore Twenty Lakh Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
The aforesaid Bank loan facilities is availed from State Bank of India

Rating: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the financials upto Dec 2017 and projections for FY19 onwards of Gyan Mandir Foundation (‘GMF’ or ‘the Society’), publicly available information and information /clarifications provided by the management.

The rating derives strength from the promoters’ experience in the field of education, established presence of the group in the North-East region, brand name of Delhi Public School, favourable location of the school being at Jorhat, Assam and commencement of its first batch from April 2017, apart from the banker’s feedback. The key concerns for the rating shall be optimum enrolment of students so as to increase the operating income and consistently focus on quality educators, their training and development without impacting the profitability thereby ensuring timely servicing of the debt and interest obligation. The interest cost is presently capitalised and repayment to begin from FY20 onwards

Description of Key Rating Drivers

Credit Strengths:

- **Promoters experience and management:** The members of the society are Mr. Amit Agarwal, Mrs. Priyanka Agarwal, Mrs. Prema Devi Agarwal, Mr. Nitesh Jain, Mr. Nishant Jain, Mrs. Priya Jain and Mrs. Malavika Jain. Mr. Amit Agarwal, son of Ram Awtar Agarwalla, is aged 32 years and is a Post Graduate in Business Administration. He is actively involved in all business activities of Ram Awtar Agarwalla Group and has business experience of around a decade. He is



the Chairman of Gyan Mandir Foundation. Mr. Nitesh Jain , son of Narendra Kumar Jain, is aged 33 years and is the Vice-Chairman of Gyan Mandir Foundation. Mr. Nishant Jain is the Secretary of Gyan Mandir Foundation. The Jain family, being Jorhat-based, will oversee the project implementation.

- **Locational Advantage:** The project is in Jorhat, having a number of renowned tea gardens and having high literacy rate
- **Reputation of Delhi Public School:** GMF is running a franchisee-based educational institution, under the brand name of Delhi Public School, one of the largest chain of private schools established in India and abroad.

Credit Risks:

- **Intense Competition from other similar entities:** GMF is likely to face competition from other educational institutions in the States of Assam and Meghalaya.
- **Highly regulated education sector:** GMF remains exposed to the inherent risk associated with education sector in terms of affiliation and accreditation.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes the **Gyan Mandir Foundation** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Gyan Mandir Foundation (GMF) is a society, established in Oct'2015 under Societies Registration Act, 1860. GMF is founded by the Agarwal Group of Guwahati and Jain Group of Jorhat. The main object of the society is to establish and maintain schools, for imparting basic education to children from entry level to higher secondary level. The Society has set up school in Jorhat, Assam under the brand name of Delhi Public School. The total land area of the school is around 15 acres. The civil construction work of the project is underway and the school is already operational upto Class VII from the current academic session 2017-18, with present student strength of 120. The estimated cost of the project is ₹ 29.58 Crores.

Financial Performance

The school is expected to post operating income of ₹ 4.12 Crores and ₹ 4.48 Crores in FY19 and FY20 respectively. The total cost of the project is estimated to be ₹ 29.58 Crores, which is funded by way of term loan of ₹ 19.20 Crores and promoters' contribution of ₹ 10.38 Crores. The school is expected to have 71% enrolment in FY19. It has informed of generating an operating income of ₹ 1.36 crore upto Dec

31, 2018. The Bank has informed of the account being standard with satisfactory conduct. The interest cost is capitalised and repayment to begin from FY20 onwards.

Rating History for the last three years

S.No	Instrument /Facility	Rating (21Mar2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	29Nov2016	2015
1	Fund Based Term Loan	Long Term	19.20	BWR BBB- (Outlook: Stable) (Reaffirmed)	--	BWR BBB- (Outlook: Stable)	--
Total			19.20	Rupees Nineteen Crores Twenty Lakh Only			

Status of non-cooperation with previous CRA (if applicable)-Reason and comments
Any other information

Key Financial Indicators: The Society will have full year of financials from FY19 onwards

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)

For any other criteria obtain hyperlinks from website

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.