

Rating Rationale

Brickwork Ratings assigns ‘BWR B+’ for the Bank Loan Facilities aggregating ₹ 7 Cr of Himani Education Society.

Brickwork Ratings has assigned the following **Rating¹** to the Bank Loan Facilities sanctioned by /availed from *UCO Bank* to Himani Education Society (“*The Society*”)

| Facility | Limits (₹ Cr) | Tenure | Rating |
|--------------------------------|------------------|------------------------------|--|
| Term Loan <u>Fund Based</u> | 7.00 | Long Term | BWR B+ (BWR B Plus) (Outlook-Stable) |
| Total | 7.00 | INR Seven Crores only | |

BWR has principally relied upon the audited financials of FY13, provisional financials of FY14, projections for FY15 and FY16 of *Himani Education Society*, publicly available information, and information/clarifications provided by the Society’s management.

The rating assigned to the Bank Loan facilities of *Himani Education Society* factors primarily the management’s experience in running educational institutions in Madhya Pradesh, Society’s future plans for capacity expansion and moderate infrastructure facilities. The rating is however constrained by initial stages of operation, maintaining quality education, capitalizing in a competitive environment, sourcing of quality teaching staff and retaining them will be a challenge for the educational institution.

Background:

Himani Education Society registered on 30th August 2012 under The Society Registration Act, 1973, has its registered office at 204, Juneja House, 5/5, Usha Ganj, Chawani, Indore. The management of the Society comprising of Mr. Sunil Juneja, Mr. Suresh Kumar Betala, Mr. Subhash Singhal, Mr. Sunil Dora, Mr. Arpit Patodi, Mr. Hemant Singhal, Mr. Naveen Juneja, Mr. Rakesh Dora and Mr. Pankaj Betala, is experienced in running schools for more than five years under Rudresh Education Society, based in Ratlam, Madhya Pradesh.

Himani Education Society is running Himalaya International School in Dhamnod, Madhya Pradesh. The school equipped with moderate infrastructure facilities like computer labs, library, sports facilities and has approval to offer courses from Nursery to Class X.

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

The operation of the school started for the academic year 2013-14 with courses from Nursery to Class VIII. For the academic year 2013-14, the school has 28 teachers and 651 students. The student teacher ratio of the school is 23:1. For the academic year 2014-15, it has initiated admissions for courses offered up to Class IX and gradually shall be expanding its courses up to Class X in the coming years. The school offers National Council of Educational Research and Training (NCERT) syllabus approved by Central Board of Secondary Education (CBSE).

Financial Performance:

As per the provisional results for FY14, the society has achieved gross receipts of ₹2.43Cr with a surplus of ₹0.23Cr and financial performance is marked by a moderate tangible net-worth of ₹8.79Cr supported by ₹8.47Cr unsecured loans from the promoters. The tangible net-worth was reported at ₹3.49Cr for FY13.

Rating Outlook:

The outlook is expected to be stable over the current year. Going forward, the ability of the school to sustain in a competitive environment, increase the intake of students, maintenance of quality education, sourcing and retention of quality teaching staff and expansion of its infrastructure facilities appropriately, thereby timely servicing of its debt obligations will remain the key rating sensitivities.

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