

Press Release

Ambience Education Society

March 23, 2021

Rating

Facilities	Amount (Rs. crore)	Rating	Rating Action
Long term Bank Facilities	30.42	IVR B/Stable Outlook (IVR Single B with Stable Outlook)	Assigned
Total	30.42 (Thirty Crore and Forty- Two lakhs)		

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of Ambience Education Society derives comfort from experience board of trustee and Advantageous location. These rating strengths are partially offset by weak financial risk profile and exposure to intense competition and stringent regulatory framework for the educational sector in India.

The rating assigned to the bank facilities of Ambience Education Society has been assigned after taking cognizance of the company's application for Restructuring of its bank facilities. The firm has availed moratorium for the period March, 2020 to August, 2020 and the irregularities during this period were not construed as a delay by the lender.

Key Rating Sensitivities

Upward factors

- Significant turnaround in revenue and profitability metrics thereby leading to overall improvement in cash accruals which is significantly higher than Infomerics expectation could lead to a positive rating action.

Downward factors



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- Further, deterioration in operating income and/or profitability impacting the debt coverage indicators or liquidity, subdued industry scenario could lead to a negative rating action.
- Any adverse scenario in the education sector.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experience board of trustee

Ambience group has been in the real estate industry for over three decades. The Group is engaged in the acquiring, developing, and marketing of real estate business. The day-to-day operations of the company are looked after by Mr Raj Singh Gehlot, FCA, founder of the Group having vast experience of over 34 years in business, has registered many awards on his name including Real estate lifestyle leadership award 2011. Company has presence in various real estate segments such as hospitality, education, retail, residential and commercial.

Advantageous location

Ambience Education Society (AES), Gurgaon is located at Safdarjung, Enclave, New Delhi with good connectivity to metro station and Airport. School is located at distance of 5 kms of range from AIIMS. It is located in close proximity to posh residential colonies of south Delhi.

Key Weaknesses

Weak Financial risk profile

AES financial risk profile is weak marked by the weak profitability metrics reflected in the negative PAT reported in FY20. Further, AES has reported the shortfall in gross cash accruals to meet the debt obligations. However, same has been met through fund infusion from personal sources of society members.

Exposure to intense competition and stringent regulatory framework for the educational sector in India:



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The trust faces intense competition from other institutions offering similar courses. Given the competition, the ability of the trust to attract requisite students in tune with its sanctioned intake would be a challenge. Further, the Indian education industry is highly regulated and consequently subject to the stringent regulatory framework, which is to be followed by group operated institutes. Any major change in regulatory framework by the Government of India or change in policy by affiliated boards will have major impact on the revenue, financial and operating performance of the trust.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Educational Sector

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity: stretched

The liquidity position of the company is stretched marked by the limited operations of the school leading to expected shortfall in cash accruals against scheduled debt obligations. Company has proposed to meet the shortfall in debt obligations through infusion into corpus fund by personnel sources of members of society.

About the Company

Ambience Public School was established in the year 1971 in the name of Hill Grove Public School. The school is located in the very heart of New Delhi, Safdarjung Enclave, admeasuring 1.74 acres (75,794.40 sq. ft.). The school building was developed in 1981. School runs on the basis of CBSE curriculum. School addresses the needs of various section of the society such as Pre-Primary, Primary, Middle, Higher secondary, and Senior secondary segments. School provides education in all streams namely science, commerce, humanities, and computer.

Financials (Standalone):

(Rs. crore)

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For the year ended*	31-03-2019	31-03-2020
	Audited	Audited
Total Operating Income	13.79	13.95
EBITDA	0.44	-0.67
PAT	-6.97	0.48
Total Debt	65.80	53.47
Tangible Net worth	-16.52	-3.72
EBITDA Margin (%)	3.16	-4.80
PAT Margin (%)	-50.42	2.04

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Issuer not cooperating by Brickwork, vide press release dated August 19, 2020 due to non-availability of information.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Term loan	Long Term	30.42	IVR B/Stable	-	-	-

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

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Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities-Term Loan	-	-	March, 2024	30.42	IVR B/Stable