



B U S I N E S S P L A N · I N D I A

K-12 School

It cannot lawfully be run for profit

SCHOOLS

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

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This document is confidential and prepared for planning purposes. All financial figures are illustrative model assumptions for an Indian MSME context and must be validated against live quotes, local rates and professional advice before any investment or borrowing decision.

1. Executive Summary

This plan sets out a **K-12 School** in India — a CBSE-affiliated day school from pre-primary to Grade 12, built for 1,800 seats and opened in phases, operated by a registered society or trust on a leased campus, serving a mid-market urban and peri-urban catchment.

The first fact about this business is one most school business plans avoid, and it changes everything downstream: in most of India a K-12 school cannot lawfully be run for profit. It must be established and operated by a society, public trust or Section 8 company of non-proprietary character; surpluses must be applied to the school's own objects; and there is no dividend, no distribution and no share of profits to a founder. A plan that models a promoter's return as a share of the school's surplus is describing a structure that would cost the school its affiliation and its tax exemption, which are the two things the whole enterprise rests on. The lawful routes to a founder's return exist and are used everywhere — campus land and buildings held outside the trust and leased to it, arm's-length service agreements, and salary for genuine work — and this plan uses the first. It also states the limit plainly, because promoters are routinely advised otherwise: a lease at three times market rent, or a management fee set as a percentage of fee income, is a distribution wearing a different name, and Section 13 of the Income-tax Act denies exemption precisely where a trust's income or property is applied for the benefit of specified persons on unreasonable terms. This plan holds related-party payments to 20.9% of receipts falling to 11.6%, benchmarked to an independent valuation from Year 1 and documented.

The second is the arithmetic that decides whether a school survives, and it is a version of the precast plant's problem: the capacity is built before the students arrive, and the teachers are appointed before the admissions close. A section costs one teacher whether twenty-two children sit in it or thirty-eight. Teaching salary is roughly half of everything this school spends, it is committed annually, and enrolment is decided in a single admission window each year — so an under-filled section is not a slow quarter, it is a full year of a teacher's salary against two-thirds of a section's fees. Compounding it, a new K-12 school opens with its lower grades and adds one a year, so it carries the campus, the leadership and the compliance cost of a complete school while earning the fees of a partial one for the better part of a decade. This plan takes seats filled from 34% of built capacity to 61% and section fill from 71% to 89%, and states its break-even where it belongs — in students rather than in rupees: roughly 1,243 on the Year-3 cost base, about 69% of built capacity.

The third follows directly and is the honesty this plan is built on: a K-12 school does not break even in three years, and a projection showing that it does has either overstated its enrolment or understated its teachers. This plan runs deficits of ₹2.24 crore, ₹1.73 crore and ₹98 lakh across its first three years and reaches surplus in Year 5, and it funds that deliberately rather than discovering it. Corpus set aside for the operating deficit is ₹3.80 crore — 43.2% of the project cost and the single largest line in it — which is a strange-looking budget until one accepts what the business actually is. A founder who funds the buildings and the buses but not the first five years has built a school he will have to sell in year three, and that is the commonest way good schools change hands in India.

And the fourth reframes the number this category most likes to advertise. This school's Year-1 pupil-teacher ratio is 16:1, and it will rise to 19:1 by Year 3. A prospectus would present the first figure as a quality commitment. It is not one. It is an under-filled section, it is the largest single cause of the Year-1 deficit, and the movement to 19:1 is not a deterioration in the education — it is what approaching break-even looks like. The genuine quality variables are teacher qualification, teacher retention and training days, all of which this

plan improves while the ratio rises — teachers meeting the prescribed qualification from 78% to 100%, attrition from 28% to 16%, and training days per teacher from three to nine.

This plan models a school requiring **₹8.80 crore in the society** (₹5.20 crore founder corpus + ₹2.40 crore term loan + ₹80 lakh founding-family corpus + ₹40 lakh working-capital facility), **with campus land and building of ₹14.60 crore held separately by the promoter entity and leased to the society at benchmarked rent**, moving from **612 students and a ₹2.24 crore deficit** to **1,098 students and a ₹98 lakh deficit** by Year 3, *reaching surplus in Year 5 at roughly 1,243 students. (CBSE K-12 day school — figures illustrative.)*

2. Institution Description, Vision & Legal Structure

Concept: A phased CBSE K-12 day school run on filled sections, qualified teachers and a documented arm's-length relationship with its founder, funded for the five years it will take to break even.

Vision: To be the school whose published pupil-teacher ratio is the one the auditor found.

Mission: Fill the section before adding the grade; appoint the qualified teacher and keep her; publish what the inspection would find; log the safety concern rather than settle it; and keep the founder's return in the lease, at a rent somebody independent set.

Legal structure — and the constraint that governs it

- **Registered Society, Public Trust or Section 8 Company — not a choice among alternatives but the only permitted forms.** Affiliation bye-laws require non-proprietary character, and a proprietorship, partnership or ordinary private limited company cannot hold a school affiliation.
- **Campus ownership held outside the trust** — land and building owned by the promoter or a promoter company and leased to the society at benchmarked rent, which is the standard and lawful route to a founder's return and the one this plan uses.
- **Service arrangements** — transport, catering, IT or facilities supplied by a related entity at arm's-length rates, permissible but **scrutinised, and correspondingly documented and benchmarked here.**

Regulatory anchor: the heaviest of any business in this library so far, because a school is simultaneously an educational institution, a tax-exempt entity, a workplace and a place where adults are alone with children. **CBSE affiliation bye-laws govern land area, building, playground, laboratories, library, staff qualifications, pupil-teacher ratio and safety, and require a No-Objection or essentiality certificate from the state — and affiliation is not a one-time event but a standing condition that inspection can withdraw. The Right of Children to Free and Compulsory Education Act reserves 25% of entry-level seats for children from economically weaker and disadvantaged groups, prohibits capitation fees and prohibits screening at admission — obligations this plan meets in full and funds rather than assumes reimbursement for. State fee-regulation legislation applies in several states, meaning the fee is not always the school's to set — the cement dealership's finding arriving in an entirely different industry. Income-tax exemption under Section 10(23C) or Sections 12AA/12AB is conditional on non-distribution, and Section 13 denies it where income or property is applied for the benefit of specified persons on unreasonable terms — which is the provision that makes the related-party benchmarking in this plan a survival requirement rather than good practice.** Then, set out in full at section 9: **POCSO obligations with mandatory committees; state school-bus safety rules; fire, building and water certification; FSSAI where a canteen operates; and EPF, ESI, gratuity and POSH across a workforce approaching one hundred and fifty.**

3. Promoter, Trustees & Governance

Led by a founder with education, institutional or professional background, governed by a society or trust board that must be genuinely constituted rather than nominal. Three competences decide outcomes, and the first is unusual. *The willingness to accept that the return is structural rather than distributive*, because a founder who expects a share of surplus will eventually be advised into an arrangement that costs the school its exemption, and by the time the assessment arrives the school has ten years of enrolment depending on it. *Academic credibility in hiring*, since a school is its teachers and a founder who recruits on salary alone will fill sections with people who will leave, which costs more than the saving. And *the patience to fund five years*, which is the plan's central financial requirement and the one most commonly underestimated.

Board composition, trustee terms and the arm's-length framework are editable inputs, and should be settled before affiliation is sought rather than after.

4. Market Analysis — India

Indian private-school demand is large, growing and strongly preference-driven — households trade up from state to private and from local to affiliated schooling as incomes rise — but it is also intensely local, since the practical catchment of a day school is the distance a parent will send a seven-year-old on a bus.

Demand drivers

- **Household preference for English-medium affiliated schooling**, which continues to shift enrolment from state to private provision.
- **Peri-urban residential development**, which creates catchments faster than schools are built into them.
- **Board affiliation as a decision factor**, with CBSE carrying particular weight for families expecting transfers or competitive-examination pathways.
- **Rising expectations of facilities, safety and communication**, which raise the fee a school can sustain and the cost of delivering it.
- **Dual-income households**, increasing demand for extended hours, transport and structured activity.
- **Demographic depth** in the age cohort, which makes the constraint local supply rather than national demand.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	School-age children in the district	Demographically defined
SAM	Children within practical bus range whose families can pay this fee	Catchment and affordability bounded
SOM (Yr 1-5)	Enrolment against 1,800 built seats	612 → 1,098 (Yr 3) → ~1,243 break-even (Yr 5)

The single most important market fact for a new school is that its catchment is measured in bus minutes and its demand arrives once a year, and both are more binding than any figure about national enrolment growth. A parent will not put a six-year-old on a bus for fifty minutes each way whatever the school's merits, so the practical catchment is a radius of perhaps eight to twelve kilometres modified by traffic and by where the roads actually go — the concrete plant's time radius, arriving in a completely different industry and behaving the same way. And admission decisions are made in a window of a few weeks; a family that has enrolled elsewhere in March is not available again until March. Three consequences shape this plan: **the marketing**

calendar is inverted, since spending concentrates in the pre-admission months and is largely wasted outside them; growth is limited not by demand but by the willingness of families to place a child in an institution with no results, no seniors and no reputation, which is why the early grades fill first and senior seats are the hardest in the school to sell; and the fee is bounded by what the catchment can pay rather than by what the school costs, so a campus built to a standard the catchment cannot fund is an error that cannot be corrected afterwards — the building is there, and its cost is there, whatever the fee turns out to be.

5. Competition & Position

Landscape: established affiliated schools in the catchment with results, seniors and waiting lists; **newer schools competing on facilities and marketing rather than on outcomes they do not yet have**; branded school chains and franchises bringing recognition and a fee expectation; state and aided schools at the lower fee points; and — increasingly — coaching centres capturing the academic outcome the school would like credit for. **Because a new school has no results to show, competition in its first years runs on facilities, safety, communication and the parents' judgement of its people — and a founder who does not understand that the product being bought is trust rather than infrastructure will over-build and under-hire.**

The school's position

- **Published pupil-teacher ratio that matches the audited one**, in a market where the two routinely differ.
- **Teacher qualification and retention reported**, rather than facilities photographed.
- **Safety concerns logged and closed**, with the log itself offered as evidence.
- **Transport managed to state safety rules in full**, which a large share of the sector does not.
- **Fee heads that describe what they are**, with no capitation and no compulsory purchases dressed as options.
- **A governance structure documented and benchmarked**, which matters to the exemption and therefore to the school's continuity.

The honest difficulty for a new school is that its two strongest claims are ones it cannot yet make, and pretending otherwise is how schools acquire a reputation they then spend a decade correcting. It has no board results, because its first cohort has not sat an examination. It has no alumni, no senior culture and no evidence that a child who enters at five will emerge at eighteen well taught. What it has is a building, a brochure and a set of promises — and the temptation is to fill the gap with claims about pedagogy, international partnerships and outcomes that cannot be substantiated. Parents making a twelve-year decision are unusually attentive to that gap, and a school that oversells in year one is judged against its own prospectus in year four. Three things work instead: **publish what can be verified now — every teacher's qualification profile, the actual ratio in every section, the safety log, the transport record — because these are checkable today and almost no competitor offers them; be specific about what is not yet known, including that the first board cohort is years away and the school will be judged then; and invest in teacher retention above facilities, since the parent who recommends this school in year three will be describing a teacher rather than a laboratory — which is why attrition, at 28% falling to 16%, is a marketing metric as much as an operational one.**

6. Academic Model, Fees & the Section Arithmetic

Element	Character	Economics
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Built capacity / seats filled	Capacity precedes students, as in precast	1,800 seats; 34% → 47% → 61% filled
Section fill (students per section vs sanctioned)	The teacher costs the same either way	71% → 81% → 89%
Pupil-teacher ratio	16:1 is not a benefit, it is an under-filled section	16:1 → 19:1 — and that is progress
Grades operating (phased)	Full campus cost, partial fee income	Pre-primary-8 → -10 → -12
Fee per fee-paying student (net)	Bounded by the catchment, and regulated in several states	₹58,000 → ₹62,000 → ₹66,000
RTE 12(1)(c) seats	A legal obligation and a genuine good — funded, not assumed	100% of mandate filled; reimbursement 41% → 68% of claim
Break-even enrolment	Stated in students, not rupees	~1,243 on the Year-3 cost base = 69% of capacity
Teachers meeting prescribed qualification	The integrity metric of this business	78% → 94% → 100%

The RTE reserved-seat obligation deserves to be modelled honestly rather than optimistically, because the gap between what is notified and what arrives is where a number of schools have run into trouble. Twenty-five per cent of entry-level seats go to children from economically weaker and disadvantaged groups, with the state reimbursing at its own per-child expenditure — a figure that is frequently below the school's fee and is paid late, sometimes by years. A plan that books those seats at the notified rate as a current receivable is booking money it may wait three years for and may partly never see. This plan models them at the rate actually received rather than the rate claimed — 41% of claim in Year 1 rising to 68% — and treats the shortfall as a cost the school carries, because that is what it is. Three positions follow, and the first two matter more than the arithmetic. The mandate is filled completely and not gamed — no screening, no discouragement, no seats quietly left unadvertised — because the obligation is legal, the children are the point of it, and a school evading it has a far larger problem than the fee shortfall. Reserved-seat children are not identifiable within the school by class, section, uniform, activity or fee counter, which is both the law's requirement and the only version of it that means anything. And the shortfall is funded from corpus rather than recovered by raising other families' fees — stated here because the alternative is common and is what fee-regulation committees exist to look at.

7. Admissions, Retention & the Fee That Cannot Be Enforced

Admissions

- **Pre-admission season concentration**, since the window is short and spending outside it influences nothing.
- **Catchment-mapped outreach** along actual bus routes rather than by district-wide advertising.
- **Open days and classroom observation**, which convert far better than brochures for a school without results.
- **Parent referral**, the strongest channel from Year 2 onward and the reason retention is an acquisition metric.
- **Transparent fee disclosure** — every head, every year, no capitation, no compulsory purchase presented as optional.

Retention

- **Teacher continuity**, which parents notice faster than any other variable.

- **Communication that answers**, since a parent's judgement is formed by how a complaint is handled.
- **Predictable fee revision**, disclosed in advance rather than announced.
- **Transport reliability and safety**, the daily experience of the service.

Fee arrears in a school behave unlike arrears anywhere else in this library, and the difference is that the school has almost no leverage and should not want much. The cement dealership could stop the lorry; this institution cannot stop teaching a nine-year-old because her parents are three months behind, and in several jurisdictions it is prohibited from withholding results or removing a child mid-session for non-payment. Nor should it wish to — the debtor is not the child. So the school's only genuine point of leverage arrives once a year, at re-admission, and everything else is persuasion. Four disciplines follow. Fee structure and revision published a full session in advance, because most arrears begin with a family that was surprised rather than one that cannot pay. Early, private, non-punitive contact the month an instalment is missed, since a family in temporary difficulty will usually arrange something if approached before the amount becomes frightening. A written, quietly administered hardship process, so a child's continuity does not depend on whether a parent felt able to ask. And re-admission as the point of settlement, applied consistently and without public consequence for the child. Arrears fall from 8.4% of billed fees to 3.1% on those measures — and the plan writes off what remains rather than carrying it, because a school's receivable ledger accumulating four years of uncollectable fees is a governance problem long before it is a cash one.

8. Operations Plan (recruit, fill, teach, transport, protect)

- **Recruitment:** qualification verified at source rather than from a photocopy; **appointment against sanctioned sections rather than against hoped-for enrolment**, since a teacher hired for a section that does not fill is a full year of salary against nothing.
- **Section planning:** a new grade added only when the grade below it is at or near section strength — the plan's core operating rule, because adding a grade to an under-filled school multiplies the deficit rather than the enrolment.
- **Ratio integrity:** the published pupil-teacher ratio computed on the same basis the auditor uses, per grade, every term — and no section run above sanctioned strength, which is measured at 22% in Year 1 and driven to zero.
- **Teacher development:** training days per teacher raised from three to nine, **with retention treated as the outcome measure rather than the training count**.
- **Transport:** speed governors, GPS, first-aid, a trained attendant on every route, driver experience and police verification, and vehicle fitness — **held completely rather than substantially**, because a school bus is where this institution is most likely to injure a child.
- **Child protection:** police verification of every adult on campus including contractors and drivers; POCSO, anti-bullying and internal-complaints committees constituted and trained rather than listed; and concerns **LOGGED**, which is a number expected to rise.
- **Campus safety:** fire, electrical, building and water certification current; laboratory and playground supervision; visitor control.
- **Assessment & academic tracking:** learning progress tracked per child rather than per class average, **so a child falling behind is identified in a term rather than at a board examination**.
- **Fee administration:** heads disclosed, revisions published a session ahead, hardship handled quietly on a written process.
- **Governance:** related-party lease and any service agreement benchmarked to independent valuation, minuted, and disclosed in the annual accounts — **because the exemption depends on it and the school**

depends on the exemption.

Control points

Area	Activity	Control point
The real constraint	Seats filled / section fill against ~1,243 break-even enrolment	34% → 61% / 71% → 89%
Not a benefit — a cost	Pupil-teacher ratio	16:1 → 19:1, and that is progress
The integrity metric	Teachers meeting prescribed qualification / sections above sanctioned strength	78% → 100% / 22% → 0%
Published equals audited	Published PTR matching audited PTR	0% → 100%
Supposed to rise	Safety concerns logged per year / staff police-verified	4 → 18 → 31 / 63% → 100%
The obligation, funded not assumed	RTE seats filled / reimbursement received as % of claim	100% / 41% → 68% (620 → 410 days)
The exemption depends on it	Related-party payments as % of receipts / benchmarked to independent valuation	20.9% → 11.6% / 0% → 100%
People & collection	Teacher attrition · training days per teacher · fee arrears · student retention	28% → 16% · 3 → 9 · 8.4% → 3.1% · 88% → 95%

This vertical's version of the integrity pattern is the gap between what an inspection is shown and what a school runs, and it is worth stating with the same directness this library applied to under-cemented concrete and under-specified cable. Affiliation requires teachers with prescribed qualifications, sections within sanctioned strength, laboratories, a library and safety provision. The shortcut is to satisfy the inspection and operate differently: an under-qualified teacher on a lower salary, a section carrying forty-four children against a sanctioned forty, a laboratory that is equipped for the visit and locked afterwards. It pays immediately and substantially, because teaching salary is about half of everything the school spends. It is invisible to parents, who cannot audit a qualification and cannot count a section they never see. And it is discovered, if at all, either by an inspection years later or by a cohort of children who did not learn what they were supposed to — which is a discovery nobody makes formally and everybody makes eventually. The controls are structural rather than declaratory: qualification verified at source at appointment, not from a submitted photocopy; the pupil-teacher ratio published every term on the same basis the auditor computes it, so the two cannot diverge without somebody noticing; section strength capped in the admission system rather than by instruction, since the pressure to admit one more child arrives exactly when the section is already full and the fee is welcome; and the honest acknowledgement that a competitor running under-qualified staff at 44 to a section has a materially lower cost base than this school does — which is why the deficit years are funded rather than competed away.

9. Affiliation, RTE, Child-Protection & Tax Compliance (India)

- **Society, trust or Section 8 registration of non-proprietary character — a proprietorship, partnership or ordinary company cannot hold a school affiliation.**
- **CBSE affiliation bye-laws** on land, building, playground, laboratories, library, staff qualification, pupil-teacher ratio and safety, with a state No-Objection or essentiality certificate — **a standing condition that inspection can**

withdraw, not a one-time approval.

- **RTE Act Section 12(1)(c) reservation of 25% of entry-level seats, with no capitation fee and no screening at admission;** reimbursement at the state's per-child rate, **modelled here at what is received rather than what is notified.**
- **State fee-regulation legislation where applicable — meaning the fee is not always the school's to set.**
- **Income-tax exemption under Section 10(23C) or 12AA/12AB, conditional on non-distribution — and Section 13, which denies exemption where income or property is applied for the benefit of specified persons on unreasonable terms.**
- **POCSO Act obligations with mandatory child-protection, anti-bullying and internal-complaints committees, and police verification of every adult on campus including contractors and drivers.**
- **State school-bus safety rules** — speed governors, GPS, first aid, a trained attendant, driver experience and verification, vehicle fitness.
- Fire, building and water-sanitation certification; FSSAI where a canteen operates; EPF, ESI, gratuity and POSH obligations across the workforce.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Teachers	38	48	58
Transport (drivers & attendants)	16	20	26
Support, security & housekeeping	14	18	22
Teaching assistants (early years)	8	10	12
Administration, admissions & accounts	6	8	10
Sports, arts & activity staff	4	6	8
Principal & academic leadership	1	2	3
IT & laboratory technicians	2	3	4
Counsellor & special-needs support	1	2	3
Total	90	117	146

Two points about this establishment. Thirty-eight teachers for 612 children is a 16:1 ratio that a prospectus would advertise and this plan treats as a cost — it exists because sections are 71% full, not because a pedagogical choice was made, and it is the largest single contributor to the Year-1 deficit. **And a counsellor from Year 1 in a ninety-person establishment is deliberate:** a school of six hundred children will have children in difficulty whether or not it has anyone qualified to notice, **and the child-protection and wellbeing function reports to the principal and the board rather than to admissions or administration** — the rule this library has applied across every vertical: **a control that reports to the party it constrains is not a control**, and here the constrained party is the one whose enrolment and reputation a logged concern might affect.

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
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Setup	Month 0-18	Society or trust registered with a genuinely constituted board, campus lease executed at independently benchmarked rent, state NOC and CBSE affiliation obtained, building and safety certification complete, principal appointed a full session before opening, teachers recruited against sanctioned sections with qualifications verified at source
Year 1	Session 1	612 students (34% of capacity), pre-primary to Grade 8; ₹4.02cr receipts, ₹2.24cr deficit; PTR 16:1; qualified teachers 78%; police verification 63%; safety log opened
Year 2	Session 2	840 students (47%); Grades to 10; section fill 81%; qualified teachers 94%; over-strength sections down to 8%; ₹5.78cr receipts, ₹1.73cr deficit
Year 3	Session 3	1,098 students (61%); Grades to 12; ₹7.96cr receipts, ₹98L deficit; PTR 19:1; qualified teachers 100%; over-strength sections zero; published PTR matches audited; police verification 100%; attrition 16%; arrears 3.1%
Years 4-5	Sessions 4-5	Enrolment through ~1,243 break-even to surplus in Year 5; first board cohort sits its examination and the school is judged on it for the first time

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions for an Indian context, shown so the founder can replace them with live rates. **Enrolment and section fill are the levers. Fee is only partly one — it is bounded by the catchment and regulated in several states — and surplus is not a return, because it cannot lawfully be distributed.**

12.1 Project cost & means of finance

Two balance sheets, stated separately and deliberately.

Capital requirement — IN THE SOCIETY	₹
Corpus for operating deficit, Years 1-5	3,80,00,000
School buses (8)	1,12,00,000
Furniture, fixtures & classroom fit-out	96,00,000
Laboratories, library, ICT & digital infrastructure	84,00,000
Working capital (fee cycle & RTE receivable)	48,00,000
Playground, sports & activity infrastructure	46,00,000
Pre-opening staff, recruitment & training	38,00,000
Affiliation, approvals, legal & registration	34,00,000
Books, teaching aids & academic setup	22,00,000
Technology (ERP, LMS, communication, transport tracking)	20,00,000
Total — society	8,80,00,000
Founder corpus contribution	5,20,00,000
Term loan (buses, equipment & fit-out)	2,40,00,000
Founding-family corpus donations	80,00,000
Working-capital facility	40,00,000

SEPARATELY — held by the promoter entity and leased to the society: campus land and building, ₹14.60 crore, at independently benchmarked rent of ₹84 lakh rising to ₹92 lakh. This is the lawful route to the founder's return and it is stated openly rather than buried.

12.2 Projected Income & Expenditure (3 years)

Particulars	Year 1	Year 2	Year 3
ENROLMENT (of 1,800 built seats) — of which RTE 12(1)(c)	612 (34%) — 49	840 (47%) — 84	1,098 (61%) — 121
Tuition fees (fee-paying students)	3,27,00,000	4,69,00,000	6,45,00,000
RTE reimbursement RECEIVED (not claimed)	7,00,000	13,00,000	19,00,000
Transport, activities, admission & ancillary	68,00,000	96,00,000	1,32,00,000
TOTAL RECEIPTS	4,02,00,000	5,78,00,000	7,96,00,000
Teaching salaries	2,04,00,000	2,58,00,000	3,16,00,000
Campus lease to promoter entity (independently benchmarked)	84,00,000	88,00,000	92,00,000
Non-teaching salaries (admin, support, security, housekeeping)	62,00,000	76,00,000	94,00,000
Transport operating (fuel, drivers, attendants, maintenance)	48,00,000	62,00,000	78,00,000
Depreciation (furniture, labs, ICT, buses, fit-out)	42,00,000	48,00,000	56,00,000
Utilities, maintenance & housekeeping	38,00,000	46,00,000	56,00,000
Finance cost (term loan on buses, equipment & fit-out)	34,00,000	32,00,000	28,00,000
Academic materials, laboratories, library & digital licences	26,00,000	34,00,000	44,00,000
Marketing & admissions	22,00,000	26,00,000	30,00,000
Affiliation, inspection, audit, legal & compliance	16,00,000	18,00,000	22,00,000
Insurance, administration & general	14,00,000	18,00,000	22,00,000
Teacher training & professional development	14,00,000	20,00,000	28,00,000
Child protection, verification, drills & counselling	12,00,000	16,00,000	20,00,000
Fee arrears written off	10,00,000	9,00,000	8,00,000
TOTAL EXPENDITURE	6,26,00,000	7,51,00,000	8,94,00,000
SURPLUS / (DEFICIT)	(2,24,00,000)	(1,73,00,000)	(98,00,000)
Deficit as % of receipts	(55.7%)	(29.9%)	(12.3%)

BREAK-EVEN ENROLMENT (Year-3 cost base) / as % of built capacity	~1,243 students / 69% — reached in Year 5. Each further section adds a teacher, so the practical figure is nearer 1,280.		
Cost per student / receipts per student	₹1,02,300 / ₹65,700	₹89,400 / ₹68,800	₹81,400 / ₹72,500
Teaching salary as % of receipts	50.7%	44.6%	39.7%
SEATS FILLED / SECTION FILL / pupil-teacher ratio	34% / 71% / 16:1	47% / 81% / 17.5:1	61% / 89% / 19:1
TEACHERS MEETING PRESCRIBED QUALIFICATION / sections above sanctioned strength	78% / 22%	94% / 8%	100% / 0%
PUBLISHED PTR MATCHING AUDITED PTR	0%	100%	100%
Teacher attrition / training days per teacher	28% / 3	21% / 6	16% / 9
SAFETY CONCERNS LOGGED (supposed to rise) / staff police-verified	4 / 63%	18 / 89%	31 / 100%
RTE seats filled as % of mandate / reimbursement received as % of claim / days outstanding	100% / 41% / 620	100% / 56% / 490	100% / 68% / 410
RELATED-PARTY PAYMENTS as % of receipts / benchmarked to independent valuation	20.9% / 0%	15.2% / 100%	11.6% / 100%
Fee arrears at year-end (% of billed) · student retention year on year	8.4% · 88%	5.2% · 92%	3.1% · 95%

12.3 Unit economics & break-even

- Break-even belongs in students, not rupees: roughly 1,243 on the Year-3 cost base, about 69% of built capacity, reached in Year 5. Because each further section adds a teacher in a step rather than a slope, the practical figure is nearer 1,280 — and a plan that computes break-even as a smooth turnover number has modelled a cost base this business does not have.
- Cost per student falls from ₹1,02,300 to ₹81,400 while receipts per student rise only ₹6,800. Three-quarters of the improvement is filling sections that already exist, not raising fees — which is the whole economic argument of the plan in one comparison.
- Teaching salary is 50.7% of receipts in Year 1 and 39.7% by Year 3, and the absolute figure rises throughout. Nothing about that ratio improves by paying teachers less; it improves by putting more children in front of the same teacher, up to the sanctioned strength and no further.
- The Year-1 pupil-teacher ratio of 16:1 costs this school approximately ₹58 lakh a year against the same establishment at 19:1. That is the price of under-filled sections, and it is why the ratio rising is progress rather than decline.
- Deficits total ₹4.95 crore across three years and continue into Years 4 and 5. Corpus for the deficit is 43.2% of the society's project cost — the largest line — and a founder who funds the buildings and the buses but not the first five years has built a school he will have to sell.

12.4 Projected Cash Flow — Year 1 (quarterly, illustrative)

Particulars (₹)	Q1 Apr-Jun (session opens)	Q2 Jul-Sep	Q3 Oct-Dec	Q4 Jan-Mar (admissions)
Opening balance	3,80,00,000	2,96,00,000	2,34,00,000	1,84,00,000
Fee collections & receipts	1,52,00,000	88,00,000	74,00,000	1,04,00,000
Salaries, lease, transport, utilities, interest & overheads	2,36,00,000	1,50,00,000	1,24,00,000	1,46,00,000
Closing balance	2,96,00,000	2,34,00,000	1,84,00,000	1,42,00,000

A school's cash year has a shape that no trading business in this library shares, and misreading it is how well-enrolled schools run out of money in October. Fees arrive in termly instalments weighted heavily to the start of the session, while salaries, lease and transport run at a flat rate for twelve months — so the institution is at its richest in April and its poorest in the winter, at exactly the point in the year when its annual results are least visible and its cash position is least understood by anyone outside the accounts office. Layered on that is the corpus drawdown: this school consumes ₹2.38 crore of its opening corpus in Year 1 alone, which is not a working-capital swing but a permanent transfer into operations that will not come back. Three consequences deserve stating. The corpus must be held and drawn as a plan rather than watched as a balance — a founder looking at a healthy April bank figure is looking at a year's fees already committed to a year's salaries. The RTE receivable is a contingent recovery rather than a current asset: at 620 days outstanding and 41% realisation it is not working capital, and a school funding operations against it will find out slowly. And the admission quarter is the only one in which next year's revenue is decided, so a cash squeeze that cuts January admissions marketing is the most expensive economy available here — it converts a temporary shortage into a permanently smaller cohort that will be in the school for twelve years.

12.5 Key Performance Indicators to Monitor

- **The real constraint:** enrolment against break-even enrolment; seats filled against built capacity; section fill by grade; cost and receipts per student.
- **Integrity:** teachers meeting prescribed qualification with source verification; sections above sanctioned strength; published PTR against audited PTR; laboratory and library use as against provision.
- **Child protection —** metrics that are supposed to rise: safety concerns logged and closed; police verification coverage including contractors and drivers; committee meetings held; drills completed; transport compliance by route.
- **People:** teacher attrition by grade and subject; training days per teacher; time-to-fill for teaching vacancies; leadership stability.
- **Obligation & governance:** RTE seats filled and reimbursement received against claimed with ageing; related-party payments as % of receipts with benchmarking currency; fee arrears and write-offs; student retention year on year.

13. Funding Requirement & Bankability

Total ask into the society: **₹2.40 crore term loan and a ₹40 lakh working-capital facility** against ₹6.00 crore of founder and founding-family corpus, **with campus land and building of ₹14.60 crore held and funded separately by the promoter entity.** Four points. **First, a lender should understand that it is lending to a non-distributing entity whose surplus cannot be paid out — which is a protection rather than a weakness, since it means the cash stays in the institution, but it also means there is no dividend stream and repayment comes from operating**

surplus that begins in Year 5. Second, the security position is genuinely limited: buses and equipment are realisable, fit-out is not, and the campus is not the society's to charge — so this is a lend against enrolment, and enrolment is the only thing worth diligencing. Third, the diagnostic question is break-even enrolment against current enrolment, and nothing else comes close. A founder who can state his break-even student count, his section fill by grade and his teaching salary as a share of receipts is running the school; one who quotes built capacity and projected fee growth is quoting a brochure. Fourth, and specific to this sector: verify the corpus commitment and the related-party benchmarking before lending. A school under-funded for its deficit years will meet the shortfall by cutting teachers or inflating sections, which damages the thing being financed; and a related-party lease that has not been independently benchmarked is a threat to the tax exemption, which is a threat to the entire cost structure the repayment depends on.

13.1 Funding utilisation (society)

Use of funds	₹	% of total
Corpus for operating deficit, Years 1-5	3,80,00,000	43.2%
School buses (8)	1,12,00,000	12.7%
Furniture, fixtures & classroom fit-out	96,00,000	10.9%
Laboratories, library, ICT & digital infrastructure	84,00,000	9.5%
Working capital (fee cycle & RTE receivable)	48,00,000	5.5%
Playground, sports & activity infrastructure	46,00,000	5.2%
Pre-opening staff, recruitment & training	38,00,000	4.3%
Affiliation, approvals, legal & registration	34,00,000	3.9%
Books, teaching aids & academic setup	22,00,000	2.5%
Technology (ERP, LMS, communication, transport tracking)	20,00,000	2.3%
Total	8,80,00,000	100%

14. Risk Analysis & Mitigation

Risk	Mitigation
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The school cannot lawfully be run for profit	OPENS THE SCHOOLS VERTICAL AND SETS ITS ANCHOR CONVENTION: IN MOST OF INDIA A K-12 SCHOOL MUST BE ESTABLISHED AND OPERATED BY A SOCIETY, PUBLIC TRUST OR SECTION 8 COMPANY OF NON-PROPRIETARY CHARACTER; SURPLUSES MUST BE APPLIED TO THE SCHOOL'S OWN OBJECTS; AND THERE IS NO DIVIDEND, NO DISTRIBUTION AND NO SHARE OF PROFITS TO A FOUNDER. A PLAN MODELLING A PROMOTER'S RETURN AS A SHARE OF SURPLUS IS DESCRIBING A STRUCTURE THAT WOULD COST THE SCHOOL ITS AFFILIATION AND ITS TAX EXEMPTION — THE TWO THINGS THE WHOLE ENTERPRISE RESTS ON. THE LAWFUL ROUTES EXIST — CAMPUS HELD OUTSIDE THE TRUST AND LEASED TO IT, ARM'S-LENGTH SERVICE AGREEMENTS, SALARY FOR GENUINE WORK — BUT THE LIMIT MUST BE STATED BECAUSE PROMOTERS ARE ROUTINELY ADVISED OTHERWISE: A LEASE AT THREE TIMES MARKET RENT, OR A MANAGEMENT FEE SET AS A PERCENTAGE OF FEE INCOME, IS A DISTRIBUTION WEARING A DIFFERENT NAME, AND SECTION 13 DENIES EXEMPTION PRECISELY WHERE A TRUST'S INCOME OR PROPERTY IS APPLIED FOR THE BENEFIT OF SPECIFIED PERSONS ON UNREASONABLE TERMS → the founder's return taken through a campus lease held outside the society, INDEPENDENTLY BENCHMARKED FROM YEAR 1, minuted and disclosed in the annual accounts (related-party payments 20.9%→11.6% of receipts; benchmarking 0%→100%); board genuinely constituted rather than nominal; and the structure settled BEFORE affiliation is sought rather than after
The teacher is hired before the child arrives	A SECTION COSTS ONE TEACHER WHETHER TWENTY-TWO CHILDREN SIT IN IT OR THIRTY-EIGHT. TEACHING SALARY IS ROUGHLY HALF OF EVERYTHING THIS SCHOOL SPENDS, IT IS COMMITTED ANNUALLY, AND ENROLMENT IS DECIDED IN A SINGLE ADMISSION WINDOW EACH YEAR — SO AN UNDER-FILLED SECTION IS NOT A SLOW QUARTER, IT IS A FULL YEAR OF A TEACHER'S SALARY AGAINST TWO-THIRDS OF A SECTION'S FEES. THIS IS THE PRECAST PLANT'S PROBLEM IN A DIFFERENT INDUSTRY — CAPACITY BUILT BEFORE THE CUSTOMERS ARRIVE — COMPOUNDED BY PHASING, SINCE A NEW K-12 SCHOOL OPENS WITH ITS LOWER GRADES AND ADDS ONE A YEAR, CARRYING THE CAMPUS, LEADERSHIP AND COMPLIANCE COST OF A COMPLETE SCHOOL WHILE EARNING THE FEES OF A PARTIAL ONE FOR THE BETTER PART OF A DECADE → break-even stated in STUDENTS rather than rupees (~1,243 on the Year-3 cost base, 69% of built capacity, AND NEARER 1,280 IN PRACTICE BECAUSE EACH FURTHER SECTION ADDS A TEACHER IN A STEP RATHER THAN A SLOPE); teachers appointed against SANCTIONED sections rather than hoped-for enrolment; AND A NEW GRADE ADDED ONLY WHEN THE GRADE BELOW IS AT OR NEAR SECTION STRENGTH, BECAUSE ADDING A GRADE TO AN UNDER-FILLED SCHOOL MULTIPLIES THE DEFICIT RATHER THAN THE ENROLMENT (seats filled 34%→61%; section fill 71%→89%)
It does not break even in three years, and a plan saying it does is wrong	THIS PLAN RUNS DEFICITS OF ₹2.24 CRORE, ₹1.73 CRORE AND ₹98 LAKH AND REACHES SURPLUS IN YEAR 5 — A PROJECTION SHOWING YEAR-3 SURPLUS HAS EITHER OVERSTATED ENROLMENT OR UNDERSTATED TEACHERS. CORPUS SET ASIDE FOR THE OPERATING DEFICIT IS ₹3.80 CRORE, 43.2% OF THE SOCIETY'S PROJECT COST AND THE SINGLE LARGEST LINE IN IT, WHICH IS A STRANGE-LOOKING BUDGET UNTIL ONE ACCEPTS WHAT THE BUSINESS ACTUALLY IS. A FOUNDER WHO FUNDS THE BUILDINGS AND THE BUSES BUT NOT THE FIRST FIVE YEARS HAS BUILT A SCHOOL HE WILL HAVE TO SELL IN YEAR THREE — AND THAT IS THE COMMONEST WAY GOOD SCHOOLS CHANGE HANDS IN INDIA → the deficit funded deliberately rather than discovered, drawn as a PLAN rather than watched as a balance; AND THE ADMISSION QUARTER PROTECTED ABSOLUTELY, SINCE A CASH SQUEEZE THAT FORCES A CUT IN JANUARY ADMISSIONS MARKETING IS THE MOST EXPENSIVE ECONOMY AVAILABLE TO THIS INSTITUTION — IT CONVERTS A TEMPORARY SHORTAGE INTO A PERMANENTLY SMALLER COHORT THAT WILL BE IN THE SCHOOL FOR TWELVE YEARS

A 16:1 ratio is not a benefit — it is an under-filled section	A PROSPECTUS WOULD PRESENT THIS SCHOOL'S YEAR-1 PUPIL-TEACHER RATIO AS A QUALITY COMMITMENT. IT IS NOT ONE. IT EXISTS BECAUSE SECTIONS ARE 71% FULL, IT COSTS APPROXIMATELY ₹58 LAKH A YEAR AGAINST THE SAME ESTABLISHMENT AT 19:1, AND IT IS THE LARGEST SINGLE CONTRIBUTOR TO THE YEAR-1 DEFICIT. THE MOVEMENT TO 19:1 IS NOT A DETERIORATION IN THE EDUCATION — IT IS WHAT APPROACHING BREAK-EVEN LOOKS LIKE → the genuine quality variables measured and improved instead: teachers meeting prescribed qualification 78%→100%, attrition 28%→16%, training days per teacher 3→9; AND COST PER STUDENT FALLING ₹1,02,300→₹81,400 WHILE RECEIPTS PER STUDENT RISE ONLY ₹6,800 — THREE-QUARTERS OF THE IMPROVEMENT IS FILLING SECTIONS THAT ALREADY EXIST RATHER THAN RAISING FEES, WHICH IS THE WHOLE ECONOMIC ARGUMENT OF THE PLAN IN ONE COMPARISON
What the inspection sees and what the school runs	THIS VERTICAL'S VERSION OF THE INTEGRITY PATTERN. AFFILIATION REQUIRES QUALIFIED TEACHERS, SECTIONS WITHIN SANCTIONED STRENGTH, LABORATORIES, A LIBRARY AND SAFETY PROVISION — AND THE SHORTCUT IS TO SATISFY THE INSPECTION AND OPERATE DIFFERENTLY: AN UNDER-QUALIFIED TEACHER ON A LOWER SALARY, A SECTION CARRYING FORTY-FOUR AGAINST A SANCTIONED FORTY, A LABORATORY EQUIPPED FOR THE VISIT AND LOCKED AFTERWARDS. IT PAYS IMMEDIATELY BECAUSE TEACHING SALARY IS HALF OF EVERYTHING THE SCHOOL SPENDS; IT IS INVISIBLE TO PARENTS, WHO CANNOT AUDIT A QUALIFICATION OR COUNT A SECTION THEY NEVER SEE; AND IT IS DISCOVERED BY AN INSPECTION YEARS LATER OR BY A COHORT OF CHILDREN WHO DID NOT LEARN — A DISCOVERY NOBODY MAKES FORMALLY AND EVERYBODY MAKES EVENTUALLY → qualification verified AT SOURCE at appointment rather than from a submitted photocopy; THE PUPIL-TEACHER RATIO PUBLISHED EVERY TERM ON THE SAME BASIS THE AUDITOR COMPUTES IT, SO THE TWO CANNOT DIVERGE WITHOUT SOMEBODY NOTICING (0%→100% match); section strength capped IN THE ADMISSION SYSTEM rather than by instruction, since THE PRESSURE TO ADMIT ONE MORE CHILD ARRIVES EXACTLY WHEN THE SECTION IS ALREADY FULL AND THE FEE IS WELCOME (over-strength sections 22%→0%); and the honest acknowledgement that A COMPETITOR RUNNING UNDER-QUALIFIED STAFF AT 44 TO A SECTION HAS A MATERIALLY LOWER COST BASE THAN THIS SCHOOL DOES — WHICH IS WHY THE DEFICIT YEARS ARE FUNDED RATHER THAN COMPETED AWAY
A place where adults are alone with children	THE ADVENTURE-TOURISM CONVENTION IN THE MOST SERIOUS SETTING THIS LIBRARY HAS MET: THE PEOPLE THIS INSTITUTION SERVES CAN BE HARMED, AND THE HARM IS FREQUENTLY INVISIBLE UNTIL IT IS SEVERE. AND THE MEASUREMENT PROBLEM IS THE ONE THE ADVENTURE AND PILGRIMAGE PLANS IDENTIFIED — A SCHOOL REPORTING ZERO SAFETY CONCERNS IS NOT SAFE, IT IS NOT RECORDING, BECAUSE LAGGING OUTCOME DATA IN CHILD PROTECTION CARRIES NO SIGNAL UNTIL IT IS FAR TOO LATE → police verification of EVERY adult on campus including contractors and drivers (63%→100%); POCSO, anti-bullying and internal-complaints committees CONSTITUTED AND TRAINED rather than listed; transport held to state rules COMPLETELY rather than substantially — speed governors, GPS, first aid, a trained attendant on every route, driver experience and verification, vehicle fitness; a counsellor from Year 1 in a ninety-person establishment because A SCHOOL OF SIX HUNDRED CHILDREN WILL HAVE CHILDREN IN DIFFICULTY WHETHER OR NOT IT HAS ANYONE QUALIFIED TO NOTICE; AND CONCERNS LOGGED AS A METRIC THAT IS SUPPOSED TO RISE — 4 TO 31 A YEAR — WITH THE CHILD-PROTECTION FUNCTION REPORTING TO THE PRINCIPAL AND BOARD RATHER THAN TO ADMISSIONS, SINCE A CONTROL THAT REPORTS TO THE PARTY IT CONSTRAINS IS NOT A CONTROL

The obligation that is funded rather than assumed	RTE SECTION 12(1)(c) RESERVES 25% OF ENTRY-LEVEL SEATS, WITH THE STATE REIMBURSING AT ITS OWN PER-CHILD EXPENDITURE — A FIGURE FREQUENTLY BELOW THE SCHOOL'S FEE AND PAID LATE, SOMETIMES BY YEARS. A PLAN BOOKING THOSE SEATS AT THE NOTIFIED RATE AS A CURRENT RECEIVABLE IS BOOKING MONEY IT MAY WAIT THREE YEARS FOR AND MAY PARTLY NEVER SEE → modelled at what is RECEIVED rather than claimed (41%→68%; 620→410 days), THE SHORTFALL TREATED AS A COST THE SCHOOL CARRIES AND FUNDED FROM CORPUS RATHER THAN RECOVERED BY RAISING OTHER FAMILIES' FEES — STATED HERE BECAUSE THE ALTERNATIVE IS COMMON AND IS WHAT FEE-REGULATION COMMITTEES EXIST TO LOOK AT; the mandate filled COMPLETELY and not gamed, with NO SCREENING, NO DISCOURAGEMENT AND NO SEATS QUIETLY LEFT UNADVERTISED; and reserved-seat children NOT IDENTIFIABLE by class, section, uniform, activity or fee counter, WHICH IS BOTH THE LAW'S REQUIREMENT AND THE ONLY VERSION OF IT THAT MEANS ANYTHING. Also: THE FEE IS NOT ALWAYS THE SCHOOL'S TO SET — THE CEMENT DEALERSHIP'S FINDING IN AN ENTIRELY DIFFERENT INDUSTRY
Catchment, arrears, reputation & cash shape	THE CATCHMENT IS MEASURED IN BUS MINUTES — A PARENT WILL NOT PUT A SIX-YEAR-OLD ON A BUS FOR FIFTY MINUTES EACH WAY WHATEVER THE SCHOOL'S MERITS — WHICH IS THE CONCRETE PLANT'S TIME RADIUS IN A COMPLETELY DIFFERENT INDUSTRY, BEHAVING THE SAME WAY; AND DEMAND ARRIVES ONCE A YEAR, SO A FAMILY THAT ENROLLED ELSEWHERE IN MARCH IS NOT AVAILABLE AGAIN UNTIL MARCH → catchment-mapped outreach along actual bus routes; marketing concentrated in the admission window. A NEW SCHOOL'S TWO STRONGEST CLAIMS ARE ONES IT CANNOT YET MAKE — NO RESULTS AND NO ALUMNI — AND A SCHOOL THAT OVERSELLS IN YEAR ONE IS JUDGED AGAINST ITS OWN PROSPECTUS IN YEAR FOUR → publish what is checkable today (qualification profile, actual ratio, safety log, transport record) and be specific about what is not yet known. FEE ARREARS BEHAVE UNLIKE ARREARS ANYWHERE ELSE: THE DEALERSHIP COULD STOP THE LORRY, BUT THIS INSTITUTION CANNOT STOP TEACHING A NINE-YEAR-OLD, AND SHOULD NOT WISH TO — THE DEBTOR IS NOT THE CHILD → fees and revisions published a session ahead, early private non-punitive contact, a written quiet hardship process, and re-admission as the point of settlement (arrears 8.4%→3.1%, with the remainder WRITTEN OFF rather than carried). And THE INSTITUTION IS RICHEST IN APRIL AND POOREST IN WINTER, SO A FOUNDER WATCHING A HEALTHY APRIL BANK FIGURE IS WATCHING A YEAR'S FEES ALREADY COMMITTED TO A YEAR'S SALARIES

15. SWOT Analysis

Strengths A published pupil-teacher ratio that matches the audited one, in a market where the two routinely differ; teacher qualification, retention and training reported rather than facilities photographed; a safety log offered as evidence, with concerns treated as a number that should rise; transport held to state rules completely; a governance structure benchmarked and documented, protecting the exemption the cost base depends on; five years of deficit funded from the outset.	Weaknesses No results, no alumni and no senior culture for the better part of a decade; break-even at 69% of built capacity, reached in Year 5; a cost base committed annually against enrolment decided in one window; a fee bounded by the catchment and regulated in several states; a competitor running under-qualified staff at 44 to a section has a materially lower cost base; no distributable return, and security limited to buses and equipment.
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Opportunities Continuing household shift from state to private affiliated schooling; peri-urban residential development creating catchments faster than schools are built into them; parents increasingly attentive to safety, communication and teacher quality — exactly what this plan measures and publishes; dual-income households raising demand for transport and extended hours; demographic depth making local supply rather than national demand the constraint.	Threats Established schools in the catchment with results and waiting lists; a child-protection or transport incident, which is a catastrophe rather than a setback; loss of tax exemption through a related-party arrangement that was never benchmarked; fee-regulation orders capping revisions the plan assumed; an under-funded deficit forcing cuts in teaching or admissions; a first board cohort that performs poorly and defines the school for a decade.
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16. Recommended AiSevak Tools for This Institution

This school would use AiSevak's Schools vertical tools in operations:

- **The real constraint:** enrolment against computed break-even enrolment, seats filled against built capacity, section fill by grade with add-a-grade gating, cost and receipts per student.
- **Integrity:** teacher qualification register with source verification, section-strength cap enforced in the admission system, published-versus-audited PTR reconciliation by term, appointment-against-sanctioned-section control.
- **Child protection:** concern log with closure tracking (a metric that should rise), police-verification register covering contractors and drivers, committee constitution and training records, drill calendar, route-level transport compliance with GPS and attendant checks.
- **People:** attrition by grade and subject, training days per teacher, time-to-fill for teaching vacancies, leadership continuity.
- **Obligation & governance:** RTE seat register with reimbursement claimed, received and aged; related-party payment monitor with benchmarking currency; fee-head disclosure and revision calendar; arrears with hardship-process tracking; corpus drawdown against plan.

17. Key Assumptions & Notes

- K-12 school: CBSE-affiliated day school from pre-primary to Grade 12, built for 1,800 seats and opened in phases, operated by a registered society or trust on a campus leased from the promoter entity, serving a mid-market urban and peri-urban catchment. **ANCHOR PLAN — OPENS THE SCHOOLS VERTICAL AND SETS ITS CONVENTION.**
- **△ GOVERNING CONVENTION FOR THE WHOLE SCHOOLS VERTICAL, SET HERE: (a) A K-12 SCHOOL CANNOT LAWFULLY BE RUN FOR PROFIT IN MOST OF INDIA — society, trust or Section 8 only, surpluses applied to the school's objects, NO DIVIDEND AND NO DISTRIBUTION. The founder's return comes through a campus lease held outside the trust or arm's-length service agreements, BOTH INDEPENDENTLY BENCHMARKED AND DISCLOSED, because SECTION 13 DENIES EXEMPTION WHERE INCOME OR PROPERTY IS APPLIED FOR THE BENEFIT OF SPECIFIED PERSONS ON UNREASONABLE TERMS — so a lease at three times market rent or a management fee set as a percentage of fee income is A DISTRIBUTION WEARING A DIFFERENT NAME. (b) THE TEACHER IS HIRED BEFORE THE CHILD ARRIVES — a section costs one teacher at twenty-two children or thirty-eight, salary is committed annually, and enrolment is decided in ONE window a year; BREAK-EVEN IS STATED IN STUDENTS, NOT RUPEES, and is a STEP function because each section adds a teacher. (c) IT DOES NOT BREAK EVEN IN THREE YEARS — a projection showing that has overstated enrolment or understated teachers; corpus for the deficit is the LARGEST LINE in the project cost, and A FOUNDER WHO FUNDS THE BUILDINGS BUT NOT THE FIRST FIVE YEARS HAS BUILT A SCHOOL HE WILL**

HAVE TO SELL. (d) A LOW PUPIL-TEACHER RATIO IN A NEW SCHOOL IS NOT A BENEFIT, IT IS AN UNDER-FILLED SECTION — and the ratio RISING toward sanctioned strength is progress; the genuine quality variables are qualification, retention and training. (e) THE RTE OBLIGATION IS FILLED COMPLETELY, NOT GAMED, AND FUNDED RATHER THAN ASSUMED — modelled at reimbursement RECEIVED, with reserved-seat children not identifiable by class, section, uniform, activity or fee counter. (f) THE CATCHMENT IS MEASURED IN BUS MINUTES AND DEMAND ARRIVES ONCE A YEAR.

- THE INTEGRITY PATTERN CARRIED FROM BUILD MATERIALS AND NOW ON ITS EIGHTH INSTANCE: THE GAP BETWEEN WHAT AN INSPECTION IS SHOWN AND WHAT A SCHOOL RUNS. ANSWERED STRUCTURALLY — QUALIFICATION VERIFIED AT SOURCE, PTR PUBLISHED ON THE AUDITOR'S BASIS EVERY TERM, SECTION STRENGTH CAPPED IN THE ADMISSION SYSTEM RATHER THAN BY INSTRUCTION — AND WITH THE COST STATED, SINCE A COMPETITOR RUNNING UNDER-QUALIFIED STAFF AT 44 TO A SECTION HAS A MATERIALLY LOWER COST BASE. ALSO CARRIED FORWARD: METRICS THAT ARE SUPPOSED TO RISE (safety concerns logged 4→31, because A SCHOOL REPORTING ZERO IS NOT SAFE, IT IS NOT RECORDING); THE CONTROL-INDEPENDENCE RULE (child protection reports to principal and board, not to admissions); and STATING THE COST OF THE HONEST POSITION IN RUPEES.**
- Economics & cash — THREE-QUARTERS OF THE IMPROVEMENT IN COST PER STUDENT (₹1,02,300→₹81,400) IS FILLING SECTIONS THAT ALREADY EXIST RATHER THAN RAISING FEES, AND NOTHING ABOUT THE TEACHING-SALARY RATIO IMPROVES BY PAYING TEACHERS LESS — IT IMPROVES BY PUTTING MORE CHILDREN IN FRONT OF THE SAME TEACHER, UP TO SANCTIONED STRENGTH AND NO FURTHER (Y1 —₹2.24cr → Y3 —₹98L, surplus in Year 5; receipts 4.02→7.96cr; enrolment 612→1,098 of 1,800 built seats against ~1,243 break-even; teaching salary 50.7%→39.7% of receipts; PTR 16:1→19:1, WHERE THE YEAR-1 RATIO COSTS ~₹58 LAKH A YEAR AGAINST THE SAME ESTABLISHMENT AT 19:1; deficits totalling ₹4.95cr over three years; THE RTE RECEIVABLE TREATED AS A CONTINGENT RECOVERY RATHER THAN A CURRENT ASSET, SINCE AT 620 DAYS AND 41% REALISATION IT IS NOT WORKING CAPITAL AND A SCHOOL FUNDING OPERATIONS AGAINST IT WILL FIND OUT SLOWLY). Regulatory (section 9): non-proprietary society/trust/Section 8; CBSE AFFILIATION AS A STANDING CONDITION INSPECTION CAN WITHDRAW, NOT A ONE-TIME APPROVAL; RTE 12(1)(c); STATE FEE REGULATION, MEANING THE FEE IS NOT ALWAYS THE SCHOOL'S TO SET; EXEMPTION UNDER 10(23C) OR 12AA/12AB, WITH SECTION 13 MAKING RELATED-PARTY BENCHMARKING A SURVIVAL REQUIREMENT RATHER THAN GOOD PRACTICE; POCSO with trained committees and verification of every adult including contractors and drivers; school-bus safety rules; fire, building and water certification; EPF/ESI/gratuity/POSH. Lender note (in full at section 13): THIS IS A LEND AGAINST ENROLMENT — SECURITY IS LIMITED TO BUSES AND EQUIPMENT, THE CAMPUS IS NOT THE SOCIETY'S TO CHARGE, AND REPAYMENT COMES FROM AN OPERATING SURPLUS THAT BEGINS IN YEAR 5. THE DIAGNOSTIC IS BREAK-EVEN ENROLMENT AGAINST CURRENT ENROLMENT, AND BOTH THE CORPUS COMMITMENT AND THE RELATED-PARTY BENCHMARKING MUST BE VERIFIED BEFORE LENDING — A SCHOOL UNDER-FUNDED FOR ITS DEFICIT YEARS WILL MEET THE SHORTFALL BY CUTTING TEACHERS OR INFLATING SECTIONS, AND AN UNBENCHMARKED LEASE THREATENS THE EXEMPTION AND THEREFORE THE WHOLE COST STRUCTURE. ₹8.80cr in the society plus ₹14.60cr campus held separately; enrolment 612→1,098; receipts 4.02→7.96cr; 90→146 staff; surplus in Year 5. Figures illustrative, exclude GST where applicable.**

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