



Rating Rationale

Alankar Apartments Pvt Ltd

November 17, 2017

Brickwork Ratings assigns rating for the Bank Loan Facilities amounting to Rs.1020.00 Cr of Alankar Apartments Pvt Ltd.

Particulars:

Facilities Rated*	Amount (Rs. Crs)	Tenure	Rating *
Fund Based	1020.00	Long Term	BWR BBB+ (SO) [Pronounced BWR Triple B Plus (Structured Obligation)] Outlook: Stable
Total	1020.00	INR 1020.00 Crores (INR One Thousand Twenty Crores Only)	

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Rating Sensitivities:

BWR has principally relied upon the audited financial results of the company up to FY17, projected financial statements up to FY19, publicly available information and information/clarifications provided by the company.

The rating draws strength from Ambience Group's experience & operational track record in the real estate sector, availability of qualified & experienced management team and no project execution risk as the construction of the corporate tower is already complete & entire area has been leased out. The 'Structured Obligation (SO)' rating has been assigned due to maintenance of DSRA & escrow account with a pre-defined waterfall mechanism. The rating, however, is constrained by significant intragroup transactions by way of investments, low Networth and average debt protection indicators.

Going forward the ability of the company to timely receive the rental/advertisement/CAM charges from the tenants and ensure regular servicing of debt shall remain key rating sensitivities.

Key Rating Drivers:

Established Track Record of Ambience Group: Ambience Group was founded by Mr. Raj Singh Gehlot, a professional chartered accountant, in 1986 and the Group is a leading player in real estate segment primarily in NCR. The Group has completed more than 325 residential and commercial projects covering an area of 13.75 million sq. ft. and over 4 million sq. ft. of area is under construction. In addition the Group is developing an Integrated Township on 314 acres of



land at Panipat in Phase-II. The Group owns about 1000 acres of developable land at Delhi, Gurgaon, Noida, Panipat, Sonapat, Vizag and Udaipur. The group has completed multiple residential and commercial projects including Ambience Island at Gurgaon, Ambience Malls at Gurgaon, Vasant Kunj & Rohini, Caitriona & Lagoon residential apartment complexes at Gurgaon, Corporate Office Towers at Gurgaon, Shalimar Bagh & Vasant Kunj and five star deluxe hotels viz. The Leela Ambience at Gurgaon & Surajmal Vihar.

Maintenance of DSRA & Escrow Account: The Company will maintain an escrow account and the tenants will directly deposit the rent in the said account as per the undertaking given them to Banks. The withdrawals from the account will be as per the pre-defined waterfall mechanism giving first priority to statutory dues followed by debt obligations and last to operational expenses. AAPL also has to maintain a DSRA equivalent to one quarter's principal and interest. The DSRA shall be built up over a period of one year out of the accumulated lease rentals and deficit, if any has to be funded by the promoters.

No Project Related Risks: The corporate office tower located at Ambience Island, Gurgaon has a total leasable area of 10.68 lakhs Sq. Ft. The construction of the tower got completed during FY16 and the company has leased out the entire area during the current financial year. The tenants include some of the reputed multinationals such as Panasonic, Amazon, Sabic India and Markit India etc.

Significant Intragroup Transactions: The Company has declared amount invested in the projects of group companies as current investment in the audited financial statements for FY17 amounting to Rs. 330.33. The same is likely to go up to Rs. 563.33 Crs during FY18.

Analytical Approach: The rated instrument is a Lease Rental Discounting facility sanctioned by a consortium of Banks. Please refer to the applicable criteria at the end.

Rating Outlook: Stable

BWR believes that Alankar Apartment Pvt Ltd's 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 company is able to report significant improvement in its profitability and increase its capital base. The rating outlook may be revised to 'Negative' if the profitability deteriorates leading to consequent reduction in the already low Networth.

About the Company:

Incorporated in 1989 at New Delhi, Alankar Apartments Private Limited (AAPL) is a part of the Ambience group. The company has constructed and is operating a corporate office tower in Gurgaon. The office tower is a part of the Ambience group's township project, Ambience Island, which houses a five star hotel, mall and residential apartments. The office tower is



also near to the commercial hub of Gurgaon. The construction of the tower started in 2010-11 and was completed during 2015-16.

The tower comprises ground plus eleven floors i.e. 12 levels with three level basements and stilt floor. The total leasable area in the tower is 10.68 lakhs sq. ft. and the same has been fully leased out. The tower has been provided with all the modern amenities, facilities & services. There is also a car parking space of 1100 cars for the lessees in the three level basements, stilt and open car parking spaces.

Company's Financial Performance:

Till FY17 approx. 40% of the total leasable area was generating revenue. The company has signed the lease agreements for the remaining area during the current financial year.

Key Financial Figures			
Particulars	Unit	FY16 (A)	FY17 (A)
Operating Income	Rs. Crores	23.67	44.72
EBITDA	Rs. Crores	21.67	34.44
Net Loss	Rs. Crores	3.34	0.62
Tangible Networth	Rs. Crores	7.89	10.34
Total Debt	Rs. Crores	710.07	787.05
Current Ratio	Times	5.99	4.93

Rating History for the last three years:

Sl. No.	Facility	Current Rating (Nov 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
1.	LRD	Long Term	1020.00	BWR BBB+ (SO)	NA	NA	NA
Total		1020.00 One thousand twenty Crores only					

Hyperlink/Reference to Applicable Criteria:

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

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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 ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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