



Rating Rationale

Ambience Pvt. Ltd.

24 April 2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 1287.40 Crs of Ambience Pvt. Ltd.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (April, 2017)	Present
Fund based	1686.79	1201.50	Long Term	BWR BB- (Pronounced as BWR Double B minus) Outlook: Stable	BWR BB- (Pronounced as BWR Double B minus) Outlook :Stable (reaffirmation)
Non Fund Based	107.17	85.90	Long Term		
Total	1793.96	1287.40	INR One Thousand Two Hundred Eighty Seven Crores and Forty Lacs Only		

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

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY18, projected financials up to FY21, projects related information of Ambience Pvt Ltd (APL), publicly available information and information/clarifications provided by the company.

The rating continues to factor positively the experienced & resourceful promoters, established track record of the group in the real estate sector, availability of required approvals for the



ongoing projects and significant amount of funds infused by the promoters in the ongoing projects.

The ratings, however, continue to remain constrained on account of project off-take risk as marketing of Ambience City is not launched yet and only 22% of the total apartments have been sold in Ambience Tiverton, delays in the project execution, high interest & finance cost impacting the overall profitability, significant repayment obligations falling due in the next three years and inherent risks associated with the real estate sector.

Going forward the ability of the company to complete the projects within the estimated costs & revised timelines, ensure healthy booking status in both the projects, achieve projected revenue & profitability indicators and ensure timely debt servicing shall remain key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Experienced promoters and management team-** Ambience Group was founded by Mr. Raj Singh Gehlot, a professional chartered accountant, in 1986. Ambience Pvt Ltd (APL) is an NCR based real estate company, incorporated in 1986 at New Delhi so there is track record of almost three decades .
- **Significant Promoters contribution** -Significant promoters' contribution has already come for the ongoing projects. The promoters' have infused an amount of Rs. 705 Crs in Ambience City and Rs. 226 Crs in Ambience Tiverton.
- **Booking status and cost Incurred** All the required approvals are in place for the ongoing projects. Ambience Tiverton is 77% complete and Ambience City is 42.29% complete on percentage of cost basis . Sales have also started in Ambience Tiverton , Booking status is almost 22 % and for Ambience City booking has yet not started .



Credit Risks:

- **Project Off-take risk:** The marketing of Ambience City is yet to start and only 22% apartments have been sold in Ambience Tiverton. Momentum of sales in the NCR market has been slow for over four years now. Sales are happening mostly in the ready to move-in and resale categories.
- **Delay observed in both projects and COD of both projects has been postponed.** The Project Ambience City, Panipat was planned to be launched in Oct-17 and expected to be completed in Sep 2019 but due to slow down in the real estate sector after demonetisation the company has now shifted the COD to Sep 2022. The Project Ambience Tiverton Noida was planned to be completed in Sep 2018 but due to slow down in the real estate sector after demonetisation the company has now shifted the COD to March 2020

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 **Ambience Pvt. Ltd.** 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

Ambience Private Limited (APL) is a real estate development company incorporated in 1986 at New Delhi and is the flagship company of Ambience Group. APL has a diversified portfolio of completed, ongoing and planned real estate development projects, which include integrated townships, residential projects, including premium and luxury residential apartment complexes, commercial projects, including corporate office towers and retail projects.

The Company currently has two ongoing projects – Ambience Tiverton, Noida and Ambience City, Panipat. All the required approvals for the ongoing projects are in place. Sales have not started in Ambience City and 22% of the total apartments have been sold in Ambience Tiverton.



Company Financial Performance

Key Parameters	Units	2017	2018
Result Type		Audited	Audited
Operating Revenue	Rs in Crores	102.11	92.34
EBITDA	Rs in Crores	22.39	13.16
PAT	Rs in Crores	2.3	3.04
Tangible Net worth	Rs in Crores	558.54	561.58
Total Debt/Tangible Net worth	Times	2.38	2.52
Current Ratio	Times	6.85	3.38

Rating History

Instrument /Facility	Current Rating (2019)			Rating History			
	Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016	2015
Fund Based	Long Term	1201.50	BWR BB- (Pronounced as BWR Double B minus) Outlook: Stable (reaffirmed)	Rating Not reviewed	BWR BB- (Pronounced as BWR Double B minus) Outlook: Stable	Rating Not reviewed	BWR BB- (Pronounced as BWR Double B minus) Outlook: Stable
Non Fund Based	Long Term	85.90	BWR BB- (Pronounced as BWR Double B minus) Outlook: Stable (reaffirmed)	Rating Not reviewed	BWR BB- (Pronounced as BWR Double B minus) Outlook: Stable	Rating Not reviewed	BWR BB- (Pronounced as BWR Double B minus) Outlook: Stable
Total		1287.40	₹ INR One Thousand Two Hundred Eighty Seven Crores and Forty Lacs Only Only				

Status of non-cooperation with previous CRA (if applicable)-Reason and comments= Not applicable

Any other information- Not applicable



Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Reak Estate Sector](#)
- [Short Term Debt](#)

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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.



DISCLAIMER

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