

## Rating Rationale

**Brickwork Ratings assigns Rating of ‘BWR B+’ for the Bank Loan Facilities aggregating ₹ 1794.79 Cr for Ambience Private Limited (APL).**

Brickwork Ratings (BWR) has assigned the **Rating<sup>1</sup>** of ‘BWR B+ (Outlook- Stable)’ (Pronounced as BWR B Plus) for the Long term Bank Loan Facilities of Ambience Private Limited (APL) of ₹ 1794.79 Crores.

Facility	Limits (₹ Cr)	Tenure	Rating
<b>Fund based/Non Fund Based (TL/CC/ODP/BG)</b>	<b>1794.79</b>	<b>Long Term</b>	<b>BWR B+</b> (BWR B plus) <b>(Outlook- Stable)</b>
<b>Total</b>	<b>1794.79</b>	<b>(INR One Thousand Seven hundred Ninety Four Crores and Seventy Nine Lakhs Only)</b>	

The rating, inter alia, reflects experience of the promoter and management of Ambience Private Limited (APL) in premium and ultra-premium segment in real estate sector in residential and commercial Projects in the National capital region.. APL has completed more than 300 residential and commercial projects covering an area of 11.25 million square feet and over 4 million square feet area is presently under construction in Noida, Gurgaon and Panipat . The rating also takes into account diversified development mix in portfolio of APL (residential, Commercial, township), Use of mixed revenue model ie sales and leasing model. However the rating is constrained by the highly leveraged Balance sheet, Project risk in ongoing projects (at present three out of four projects are in construction phase in APL), and slowdown in real estate sector.

### Profile of APL

Ambience Private Limited (APL) is a real estate development company in the national capital region with in-house construction capabilities, focused on premium developments. 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. Ambience group was founded by Mr.Raj Singh Gehlot , a professional Chartered accountant, in 1986 to undertake construction and development of premium residential apartments in posh plotted Colonies in south Delhi. Later on it also started undertaking development of complexes

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

in these colonies. In 1992 the group decided to foray into development of township and construction of multi storeyed complexes and for that purpose acquired 132 acres on Delhi - Haryana boarder. In 2003, The group decided to enter into modern retail mall development under the brand name “ Ambience Mall”. The Mall is comprised of 1.8 Million Sq. feet and 1.4 Mllion sq. feet.

Presently there are four ongoing projects under ambience Private Limited (APL). The latest Status of the Projects is mentioned below:

**Caitriona ( 240 residential apartment)-**

- The project started in 2009 . Entire Equity requirement of Rs.731 Crs. for the project has been Infused by the company, Project is fully complete. 75% of Sales have been achieved till date for the project.

**Noida residential Project (285 residential apartment)-**

- The Project Started in Nov 2013 and is expected to be completed by December of 2017. Entire Proposed Equity of Rs. 125 Crs have already been infused by the company.
- Project land was acquired from NOIDA Authority. Land is fully paid and registered in the name of the company.
- Project architect, services consultant and structural consultant of national repute have been appointed for the project.
- The building plans for the project have been got approved and other requisite permissions for the development of the project are already in place.
- The technical and administrative staff for the subject project has been appointed before the commencement of construction. Marketing staff has also been appointed.
- Requisite plant & machinery have been mobilized at site for carrying out development activities.
- Construction and development of the project is in full swing.

**Ambience City Panipat –**

- The project started in Dec 2012 and is expected to be fully complete by July of 2018. Out of proposed Equity infusion of Rs.425 Crores , Rs. 400 Crs have already been infused .
- The entire 314.808 acres of land for the development of Ambience City, Panipat has been acquired in the name of 100% subsidiaries Companies of Ambience Private Limited in compliance of Land Ceiling Act as applicable to Haryana.
- The entire land is fully paid and has been registered.
- Licence No.6 of 2010 dated 15.01.2010 had been obtained from The Director Town & Country Planning (DGTCP), Haryana, and Chandigarh for 314.808 acres of land.
- Licence fee, conversion charges, security charges etc. have been paid in compliance to the terms of licence.
- Layout plan for the development of Ambience City, Panipat colony on 314.808 acres of land has already been approved by DTCP, Haryana Chandigarh.
- The necessary development approval for the project has been obtained.
- Well known Project Architect, Town Planners and Services Consultants have been appointed for the project.

- Technical & administrative staff has been appointed for the development of the project. Marketing staff has also been appointed.
- Requisite plant & machinery including JCB, Tractors with Trolley, Water Tanker, Gen Sets, RMC Plant etc. have been mobilized at site for carrying out development activities
- The main contract for the development of the project has been given to M/s Gammon India Limited, the Indian renowned EDC Contractor.
- The development of the project is in full swing.

#### **Corporate office Tower in Noida-**

- The Project started in December 2010 and is expected to be fully complete by March-2015 . Entire proposed Equity Infusion of Rs. 129 Crs is already been infused in the project.
- The structure of the project is near completion. This corporate office tower would be leased to MNCs & reputed Indian corporate. Presently APL is at advance stage of negotiation for the lease of about two lac sq.ft. of area to Panasonic

#### **Financial Performance**

APL revenues have reduced (about 14.25% ) from ₹ 598.91 Crores in FY 12 to ₹ 513.52 Crores in FY 13. APL registered a profit of ₹27.43 Crores in FY12 as compared to the net profit of ₹39.46 Crores in FY12. The operating profit before depreciation, interest and taxes has decreased from ₹92.38 Crs In FY 12 to ₹ 88.36 Crs in FY13, The interest and finance charges have gone up from ₹ 29.48 Crs in FY12 to ₹ 43.95 Crs in FY13. APL has Operating margin of ~20% .However, due to high interest and finance cost Profit, PAT margin is reduced to about 9% . The Company has a high inventory and receivable due to ongoing projects. APL has Net worth of ₹488.44 Crs in FY13. The Company has a high Leverage of 4.66 in FY13 and the current Debt and interest servicing matrices for APL are weak and requires stringent monitoring from the Company to ensure timely servicing of debts. As per Provisional financials till 30th September 2013, APL has achieved a sales of Rs. 267 Crores with PAT of Rs.19.93 Crs.

#### **Rating Outlook**

The ability of the Company to improve liquidity by reducing inventory and achieving projected sales, tying up adequate funds for projects on hand and timely completion of the projects within estimated cost would influence its performance and will be the key rating sensitivities.

<b>Analyst Contact</b>	<b>Relationship Contact</b>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone</b>	<b>Media Contact</b>
<b>1-860-425-2742</b>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

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