

Rating Rationale

Brickwork Ratings reaffirms “BWR B+” for the Bank Loan facilities aggregating ₹704.92 Cr of Ambience Commercial Developers Pvt Ltd

Brickwork Ratings (BWR) has reaffirmed the following **Ratings**¹ for the Bank Loan Facilities of Ambience Commercial Developers Pvt Ltd (ACDPL or ‘the company’).

Facility*	Previous Amount (₹ Cr)	Rating Amount (₹ Cr)	Tenure	Rating	Rating History
Fund Based: Term Loan O/S	767.09	704.92	Long Term	BWR B+ (Pronounced BWR B Plus) Outlook: Stable (Reaffirmation)	BWR B+ (Pronounced BWR B Plus) Outlook: Stable (December 2014)
Total	767.09	704.92	INR Seven Hundred Four Crores and Ninety Two Lakhs only		

BWR has principally relied upon the audited financial results up to FY15, provisional financial highlights for 9M FY16, projected financials up to FY16 of Ambience Commercial Developers Pvt Ltd (ACDPL), publicly available information and information/clarifications provided by the company.

The rating continues to factor in the track record of the group with a brand recall in the NCR region and healthy operating margins. The rating, however, continues to remain constrained by relatively high gearing levels with weak debt protection indicators, high interest cost leading to low profitability and weak liquidity position of the company.

Background:

Incorporated in 1984 at New Delhi, Ambience Commercial Developers Pvt Ltd (ACDPL) is operating a mall under the brand name of ‘**Ambience Mall**’ at Vasant Kunj, New Delhi. Ambience Mall is one of the most vibrant mall in NCR and is located at the strategic location of Nelson Mandela Road en-route to Indira Gandhi International Airport. The structure of the Shopping Mall is Lower Ground Floor + Ground Floor + Three Floors with two level basements for car parking services. Some of the area is also provided at Ground Level for car parking. The total leasable area of the mall is 12.20 lakhs sq. ft. of which an area of 7.67 lakhs sq. ft. has been leased out and the mall is operational since 2010. The management has informed that they are in discussions with various other prospective tenants for the remaining area. The mall has well defined zones for retail, anchors, entertainment & recreation. It consists of 4 anchor stores, retail shopping area on Ground, First and Second Floor for top end brands, 4-screen Gold Class multiplexes, food courts, specialty restaurants, recreation zone cum book shop, kids play zone, family entertainment zone on third floor coupled with kiosk & café and allied areas. The approx. annual income out of the mall (including lease rentals, share in maintenance services and advertisement income) is Rs. 125 Cr.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Ownership & Management:

ACDPL was earlier a wholly owned subsidiary of Ambience Pvt Ltd (APL), the flagship company of the group. During FY15, APL has sold its stake to Aman Growth Fund Pvt Ltd, Aman Holdings Pvt Ltd, Nutan Growth Fund Pvt Ltd and Raj Sheela Growth Fund Pvt Ltd. All the entities now hold 25% stake each in the company.

The Board of Directors consist of Mr. Raj Singh Gehlot, Mr. Arjun Gehlot and Mrs. Surabhi Gehlot. All the directors are well qualified and experienced in the Real Estate industry and are also assisted by a team of well qualified professionals.

Profile of Ambience Group:

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 South Delhi. Later on it also started undertaking development of commercial complexes in these colonies. In 1992 it 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, it decided to enter into modern retail mall development under the brand name “Ambience Mall”. The Group has completed more than 325 such residential and commercial projects covering an area of 12.50 million Sq. Ft.

Financial Highlights:

ACDPL recorded Net Revenue of Rs. 121.50 Cr for FY15 as against a revenue of Rs. 125.45 Cr for FY14 consisting of income from lease rentals, common area maintenance charges and advertisement charges. The EBITDA margin increased from 88.29% in FY14 to 89.64% in FY15. ACDPL reported a Net Loss of Rs. 5.33 Cr for FY15 on account of high interest and finance charges. Tangible Net Worth declined from Rs. 179.23 Cr as on March 31, 2014 to Rs. 173.88 Cr as on March 31, 2015 while Overall Gearing declined from 4.60 times to 4.25 times during the same period. The Company’s Bankers have classified the accounts as standard assets. The company has provided an adequate security cover for the borrowings.

Rating Outlook:

The outlook is expected to be stable over the next one year. Going forward, the ability of the company to lease out the remaining area of the mall, improve capital structure, profitability and liquidity position while ensuring regular debt servicing shall remain key rating monitorables.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.