

Rating Rationale

Brickwork Ratings assigns 'BWR B+' for the Bank Loan facilities aggregating ₹ 767.09 Cr of Ambience Commercial Developers Pvt. Ltd.

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

Facility	Amount (₹ Cr)	Tenure	Rating
Term Loan (Fund Based)	767.09	Long Term	BWR B+ (Pronounced as BWR B Plus) Outlook : Stable
Total	767.09	INR Seven Hundred Sixty Seven Crores and Nine Lakhs only	

BWR has principally relied upon the audited financial results up to FY14 and projected financials up to FY16 of Ambience Commercial Developers Pvt Ltd (ACDPL), publicly available information and information/clarifications provided by the company.

The rating factors track record of the group with a brand recall in the NCR region and healthy operating margins. The rating is, however, 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 7.45 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. 150 Cr.

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

Ownership & Management:

ACDPL is the wholly owned subsidiary of Ambience Pvt Ltd, the flagship company of the group. The Board of Directors consist of Mr. Raj Singh Gehlot, Mr. Mohan Singh Gehlot, Mr. Arjun Gehlot and Mr. Sumit Choudhary. 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. and over 4 million Sq. Ft. of area is presently under construction apart from a township project on 315 acres of land.

Financial Highlights:

ACDPL recorded Net Revenue of Rs. 125.45 Cr for FY14 as against a revenue of Rs. 153.08 Cr for FY13 consisting of income from lease rentals, common area maintenance charges and advertisement charges. The EBITDA margin and Net Margin increased from 80.04% and - 0.81% in FY13 to 88.19% and 2.52% in FY14 respectively. The net margin of ACDPL is low on account of high interest and finance charges. Tangible Net Worth increased from Rs. 176.07 Cr as on March 31, 2013 to Rs. 179.23 Cr as on March 31, 2014 while Overall Gearing declined from 5.45 times to 4.60 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 and liquidity position shall remain key rating monitorables.

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