

Rating Rationale

Ambience Developers & Infrastructure Pvt Ltd

April 6, 2018

Brickwork Ratings reaffirms ratings for the Bank Loan Facilities amounting to Rs. 1398.13 Crores of Ambience Developers & Infrastructure Pvt Ltd

Particulars:

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based Limits	1396.75	1348.13	Long Term	BWR BBB (Pronounced BWR Triple B) Outlook: Stable	BWR BBB (Pronounced as BWR Triple B) Outlook: Stable (Reaffirmation)
Non-Fund Based Limits	50.00	50.00	Short Term	BWR A3+ (Pronounced BWR A Three Plus)	BWR A3+ (Pronounced BWR A Three Plus) (Reaffirmation)
Total	1446.75	1398.13	INR One Thousand Three Hundred Ninety Eight Crores and Thirteen Lakhs 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 up to FY17, projected financial statements of Ambience Developers & Infrastructure Pvt Ltd (ADIPL), publicly available information and information/clarifications provided by the company.

The ratings continue to factor positively the experienced & resourceful promoters, established track record of the group in the real estate sector, operational track record of the mall & its brand value, increase in the leased area leading to higher revenue, escrow of lease rentals & cash flows from parking, kiosks/signage with a waterfall mechanism and expected improvement in cash generation in the coming years on account of better occupancy & revision in rental charges of the existing tenants. BWR has also taken note that the company will be creating a DSRA of Rs. 48 Crs during FY19.

The ratings, however, continue to remain constrained by relatively high gearing levels, significant intragroup transactions and inherent risks associated with the sector.

Going forward the ability of the company to achieve the projected growth in the revenue & profitability indicators, mobilize additional security deposits for creation of DSRA and ensure timely debt servicing shall remain key rating sensitivities.

Key Rating Drivers:



Operational Track Record of the Mall: The Ambience Mall, Gurgaon has been in operations for over a decade and is considered to be one of the most popular malls of Delhi/NCR. The mall houses some of the most reputed brands such as H&M, Arvind Lifestyle, Future Group, PVR, Zara, Fab India and Trent etc. The mall also has adequate recreational/entertainment facilities including PVR Cinemas, PVR BluO (Bowling Alley), Fun City, Kids Play Area, OK Play, Xtro Games and ISkate (Ice skating zone) which attract major footfalls in the mall.

Increase in the Leased Area: During FY18, the company has leased out additional area of 1 Lakh Sq. Ft. Total leased area increased from 13.13 Lakhs Sq. Ft. (78% of the total area) to 14.13 Lakhs Sq. Ft. (84% of the total area). Further the negotiations are going on with various prospective tenants for leasing the remaining area.

Escrow Account with Waterfall Mechanism: The company is maintaining an escrow account with IDBI Bank. The tenants have given an undertaking that the rental income and other charges will be directly deposited in the escrow account by them. The amount collected will be first used for debt repayment and then the surplus will be transferred to the company for their operational expenses.

High Gearing: The Gearing continues to remain high at 5.19 times as on March 31, 2017. The same increased from 3.69 times as on March 31, 2016. The company, however, is generating sufficient revenue to meet its debt obligations on time.

Analytical Approach: BWR has assessed the company on a standalone basis. Please refer to applicable criteria at the end.

Rating Outlook: Stable

BWR believes that Ambience Developers & Infrastructure 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 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:

Incorporated in 1991 at New Delhi, Ambience Developers and Infrastructure Private Limited (ADIPL) is a part of the Ambience group. ADIPL owns and operates the 'Ambience Mall' located at Ambience Island on NH 8 Delhi-Haryana border in Gurgaon. The mall is a part of the Ambience Group's township project, Ambience Island, which houses a five star deluxe hotel, two office towers and two premium residential apartments' complexes. The construction and development of the mall commenced in Feb 2004 and completed in March 2007. Thereafter the lessees occupied during Aug/Sep 2007.

The total Leasable Super Area in the Mall is 16.75 Lakhs Sq. Ft of which 14.13 Lakhs Sq. Ft is currently leased. There are approx. 250 lessees in the mall.

Company's Financial Performance:

The company shows the electricity, water & gas charges collected from the tenants as part of the operating income as well as operating expenses, since, the amount is collected from the tenants and then paid to the respective authorities.

Key Financial Highlights are given in the table below:

Key Financial Figures			
Particulars	Unit	FY16 (A)	FY17 (A)
Operating Income	Rs. Crores	208.95	229.04
EBITDA	Rs. Crores	145.05	161.89
Net Profit	Rs. Crores	22.20	6.19
TNW	Rs. Crores	260.30	266.48
Total Debt	Rs. Crores	959.38	1382.49
Total Debt : Equity	Times	3.69	5.19

Rating History for the last three years (including withdrawn/suspended ratings):

Sl. No	Facility	Current Rating (April 2018)			Rating History		
		Type	Amount (Rs Crs)	Rating	2017	2016	2015
1.	Term Loan	Long Term	1348.13	BWR BBB (Stable)	BWR BBB (Stable)	Rating Withdrawn	BWR B (Stable)
Non-Fund Based							
1.	Bank Guarantee	Short Term	50.00	BWR A3+	BWR A3+	Rating Withdrawn	BWR A4
Total			1398.13	INR One Thousand Three Hundred Ninety Eight Crores and Thirteen Lakhs Only			

Status of Non-Cooperation with Previous CRA: NA

Any Other Information: NA

Hyperlink/Reference to Applicable Criteria:

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



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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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