

## Rating Rationale

**Brickwork Ratings Upgrades the rating to ‘BWR B’ for the long term Bank Loan Facilities & Reaffirms ‘BWR A4’ for short term Bank Loan Facilities aggregating ₹ 1135.56 Cr of Ambience Developers & Infrastructure Pvt Ltd, New Delhi.**

On a review, Brickwork Ratings (BWR) has assigned the following **Ratings<sup>1</sup>** for the Bank Loan Facilities of Ambience Developers & Infrastructure Pvt Ltd (**ADIPL or ‘the company’**), New Delhi.

Facility*	Previous Amount (₹ Cr)	Amount for rating review (₹ Cr)	Tenure	Rating after review	Rating History
Fund Based: <b>Term Loan O/S</b>	1159.41	<b>1072.10</b>	<b>Long Term</b>	<b>BWR B</b> (Pronounced BWR Single B)  <b>Outlook: Stable (Upgrade)</b>	BWR B- (Pronounced BWR Single B Minus)  Outlook: Stable (May 2014)
Non Fund Based: <b>BG</b>	63.46	<b>63.46</b>	<b>Short Term</b>	<b>BWR A4</b> (Pronounced BWR A Four) <b>(Reaffirmed)</b>	BWR A4 (Pronounced BWR A Four)
<b>Total</b>	1222.87	<b>1135.56</b>	<b>INR One Thousand One Hundred Thirty Five Crores and Fifty Six Lakhs only</b>		

BWR has principally relied upon the audited financial results up to FY14, provisional financials for FY15 and projected financials up to FY17 of Ambience Developers & Infrastructure Pvt Ltd (AHPL), publicly available information and information/clarifications provided by the company.

The rating upgrade factors the improved financial performance and liquidity position of the company as per the provisional financials for FY15 and the likelihood of the remaining area to be leased out in the current financial year. The ratings continue to derive support from the experience of the promoters and locational advantage for the mall being located in Gurgaon. The ratings, however, continue to remain constrained by relatively high gearing levels, significant intragroup transactions and high interest & finance cost leading to relatively lower net profits.

### Background:

Incorporated in 1991 at New Delhi, Ambience Developers and Infrastructure Private Limited (ADIPL) is a part of the Ambience group.

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

ADIPL was initially incorporated as HLF Enterprises Private Limited and was later renamed as Ambience Infrastructure Private Limited and then ADIPL in 2006. ADIPL owns and operates '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 hotel, office tower and residential apartments.

The mall is also near to the commercial hub of Gurgaon. 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 16.90 Lac Sq. Ft of which 14.42 Lac Sq. Ft is currently leased. There are approx. 230 lessees in the mall.

Currently the company is under negotiations with various prospective tenants for the leasing of remaining area.

### **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:**

ADIPL recorded Net Revenue of Rs.207.06 Cr for FY14 as against Rs.203.98 Cr for FY13. The company reported EBITDA Margin & Net Margin of about 79.98% & 6.81% respectively. Tangible Net Worth (TNW) of the company stood at Rs.220.18 as on March 31, 2014 with an Overall Gearing of 5.22 times. The liquidity position of the company improved on account of reduced Days Receivables. The day's receivables declined from 59 days in FY13 to 33 days in FY14.

On a provisional basis, the Operating Income of the company stands at Rs.215 Cr after adjusting for electricity charges and Rs.189.23 Cr without adjusting for electricity charges for FY15. As per the provisional statements, the EBITDA Margin and Net Margin were 86.43% and 9.55% respectively with a TNW of Rs.238.09 Cr for FY15.

### **Rating Outlook:**

The Outlook is expected to be Stable over the next twelve months.

Going forward the ability of the company to improve its net margin and capital structure while maintaining timely servicing of the debt obligations shall remain key rating monitorables.

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