



RATING RATIONALE

28 Nov 2019

Ambience Facilities Management Private Limited

Brickwork Ratings assigns /reaffirms the ratings for the Long Term Bank Loan Facilities aggregating to ₹ 139.69 Crs and withdraws the rating for short term loan facilities of Ambience Facilities Management Private Limited,

Particulars

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous	Present
Fund based	15.00	15.00	Long Term	BWR BB+ (Stable)	BWR BB+ (Stable) (Reaffirmation)
	-	74.50		-	BWR BB+ (Stable)
	72.94	50.19		BWR BBB- (SO) (Stable)	BWR BBB- (Stable)
	62.00	-	Short Term	BWR A4+	Withdrawal
Total	149.94	139.69	(INR One Hundred Thirty Nine Crores and Sixty Nine Lakhs Only)		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details of Bank facilities in Annexure-I



RATING ACTION / OUTLOOK

The rating has been reaffirmed due to improved financial performance, which to some extent is offset by the company's reliance on Ambience Group projects only limiting the scope for growth. The rating outlook continues to be stable on account of comfort drawn from strong and resourceful promoters, experience of company in managing real estate complexes, support extended by group companies and good product mix of residential and commercial facilities being managed by company and year on year growth in revenue.

Description of Key Rating Drivers

BWR has primarily relied upon the audited financials up-to FY19, Projections upto FY 21, publicly available information and the information/clarifications provided by the company.

Key Rating Drivers:

Healthy Mix of Projects: The company is providing facility management services to various projects (residential and commercial) of the Ambience Group. However, since the maintenance charges received from the residential projects are relatively lower as compared to the commercial projects, the company is majorly focussing on commercial projects. Presently, 28% of the area managed by the company belongs to the residential category. Average realization in case of residential area has remained around Rs. 7-8/Sq. Ft., while average realization in case of commercial projects vary between Rs. 17/Sq. Ft. to Rs. 38/Sq. Ft.

Support from and Dependence on Ambience Group: The group/promoters have supported the company by consistently infusing equity till FY16. Also, unsecured loans from the promoters amounting to Rs. 10.50 Crs which are to remain invested in the company till the term of rated debt. Also, being a part of the Ambience Group, the company gets the facility management contracts for all the group's projects, however, due to challenging scenario in the real estate sector, the group has not launched any new project over the last three to four years. Since, the company relies only on group's projects, their own revenue stream has not been able to grow accordingly.

Improved Financial Performance Operating Income improved to Rs 153.03 crores in FY 19 compared to Rs 130.76 crores due to revision of CAM charges in FY 19. EBITDA of Company improved to Rs 8.96 crores in FY 19 compared to (Rs 0.13 crores) in FY 18. PAT improved marginally to Rs 0.64 crores in FY 19 compared to Rs 0.54 Crores in FY 18.

Thin Profit margins : Company's Operating Profit margins improved to 5.85 % in FY 19 Compared to (-0.1 %) in FY 18 but margins are still thin due to slowdown in the real estate industry.



High Gearing Position Total Debt /TNW (Analysed) Stood at 5.58 x in FY 19 compared to 6.61 x in FY 18 .

Analytical Approach and Applicable Rating Criteria

BWR BBB- rating for the Term loan of Rs 50.19 crores from PNB Housing Finance and IL&FS reflects the support derived from the defined receivables being escrowed in the favour of lenders and DSRA maintained by the Company.

RATING SENSITIVITIES

Positive: BWR may revise the ratings upward, if the company's Scale of Operations , Net profit ,EBITDA improves as compared to present level , with other metrics such as gearing and debt protection metrics also favoring an upgrade.

Negative: BWR may revise the ratings downwards, if the company's scale of Operations , Net profit ,EBITDA and receivables position deteriorates .

LIQUIDITY POSITION - (Stretched)

Current ratio stood at 0.71 x in FY 19 compared to 0.99 x in FY 18 .Working capital utilisation for last one year is almost 90- 100 % . Major Sources of funds in FY 19 :Rs 4.38 crores of Cash accruals , Cash and cash equivalents of Rs 0.36 crores , Current investments of Rs 2.48 crores , Usage of funds in FY 19 : Rs 23.39 crores of Current portion of long term debt . Significant amount given to group companies as short term loans and advances .

About the Company

Ambience Facilities Management Private Limited (AFMPL) was incorporated on 14th September 2010. The Company is engaged in providing Integrated Facility Management Services to various completed projects of Ambience Group. The properties currently managed by the Company include Ambience Mall in Gurgaon (Haryana), Ambience Mall in Vasant Kunj (New Delhi), Catriona Apartments in Gurgaon (Haryana), Ambience Corporate Office Tower II in Gurgaon (Haryana), Commercial Complex in Rohini (New Delhi), Commercial Complex in Shalimar Bagh (New Delhi) and Commercial Complex in Vasant Kunj (New Delhi).

Company Financial Performance

Key Parameters	Units	2018	2019
Result Type		Audited	Audited
Operating Revenue	Rs (Crs)	130.76	153.03
EBITDA	Rs (Crs)	-0.13	8.96

PAT	Rs (Crs)	0.54	0.64
Tangible Net worth (Analysed)*	Rs (Crs)	27.1	27.74
Total Debt/Tangible Net worth (Analysed)	Times	6.61	5.58
Current Ratio	Times	0.99	0.71

*Considering unsecured loans as part of quasi equity

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED -There are no Key covenants

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY - Not applicable

Rating History

Sl. No.	Facility	Current Rating (Nov 2019)		Rating History					
		Type	Amount (Rs Crs)	Rating	Sep 2019	2018	2017	2016	2015
1.	OD Limit	Long Term	15.00	BWR BB+ (Stable) (Reaffirmation)	Rating Not reviewed	BWR BB+ (Stable)			
2.	Term Loans		74.50	BWR BB+ (stable)		-	-	-	-
3.	Term Loans		50.19	BWR BBB- (Stable)		BWR BBB- (SO) (Stable)	BWR BBB- (SO) (Stable)	BWR BBB- (SO) (Stable)	Provisional BWR BBB- (SO) (Stable)
4	Term loans	Short Term	-	Withdrawal		BWR A4+	NA	NA	NA
Total			139.69	INR One Hundred Forty Nine Crores and Ninety Four Lakhs Only					

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information , visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

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

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Ambience Facilities Management Private Limited-ANNEXURE I -Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term {(₹ Cr)}	Short Term (₹ Cr)	Total (₹ Cr)
1	OBC	Overdraft	15.00	-	15.00
2	PNB Housing Finance	Term Loans	25.81		25.81
3	IL&FS Financial Services	Term Loans	24.38		24.38
	Capital India Finance	Term Loans	74.50		74.50
TOTAL					139.69

(INR One Hundred Thirty Nine Crores and Sixty Nine Lakhs Only)



For print and digital media

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