

Rating Rationale

Brickwork Ratings assigns ‘BWR BB-’ for the Bank Loan Facilities aggregating ₹ 15.00 Crores of Ambience Facility Management Private Limited.

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the Bank Loan Facilities of Ambience Facility Management Private Limited (AFMPL or “the Company”).

Facility	Amount (₹ Cr)	Tenure	Ratings
Fund Based Overdraft Facility	15.00	Long Term	BWR BB- <i>(Pronounced BWR Double B Minus)</i> Outlook-Stable
Total	15.00	INR Fifteen Crores Only	

BWR has relied upon the audited financial statements up to FY14, projected financial statements of FY16, publicly available information and information/clarifications provided by the Company management.

The rating factors the experience of the Company in managing the Real Estate business, support extended by other Ambience Group Companies and good product mix of Commercial and Residential facilities. The rating is, however, constrained by low profitability of the Company, high gearing levels and dependence on Ambience Group projects.

Company Overview:

Ambience Facility Management Private Limited (AFMPL) was incorporated on 14th September 2010 and is promoted by the Ambience Group. The Company is a wholly owned subsidiary of Ambience Private Limited. The Company is engaged in providing Integrated Facility management services to various completed projects of Ambience Group. The facilities currently managed by the Company include Ambience Mall in Gurgaon (Haryana), Ambience Mall in Vasant Kunj (New Delhi), Lagoon Apartments in Gurgaon (Haryana) and Catriona Apartments in Gurgaon (Haryana).

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

Group Overview:

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 posh plotted Colonies in South Delhi. Later on it started undertaking development of complexes in these colonies. In 1992, the group decided to foray into development of township and construction of multi storeyed complexes and for that purpose acquired 132 acres on Delhi-Haryana border. In 2003, the Group decided to enter into modern mall development under the brand name “Ambience Mall”. The Mall is comprised of 1.8 million sq ft and 1.4 million sq feet. The Group has completed more than 325 such residential and commercial projects covering an area of 12.25 million Sq Ft and over 4 million sq. feet of area is presently under construction apart from a township on 315 acres of land.

Financial Performance:

The total income from operations of the Company increased from ₹ 92.15 crores in FY13 to ₹ 102.91 crores in FY14 on account of addition of Catriona Apartments in the portfolio of the Company. The operating profit margin increased from 3.79% in FY13 to 4.17% in FY14. However, the net profit margin declined from 1.17% in FY13 to 0.76% in FY14 due to significant increase in the interest charges. The Tangible Net worth (TNW) increased from ₹ 3.58 crores in FY13 to ₹ 4.36 crores in FY14 on account of ploughing back of profits. The gearing level, as expressed by Debt to TNW ratio, is significant at more than 4.50 times. Please refer to annexures I and II for key performance figures.

The Banker to the Company has advised that the Company’s account with them is a Standard Asset.

Rating Outlook:

The outlook for the Company’s rating is expected to be stable over the next twelve months. The ability of the firm to improve its profitability and capital structure and effectively manage its working capital and the continuing support of the promoter group remain key rating sensitivities.

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