

## Rating Rationale

### Brickwork Ratings reaffirms “BWR B+” for the Long Term Bank Loan facilities aggregating ₹569.31 Cr and assigns “BWR A4” for the Short Term Bank Loan Facilities aggregating ₹40 Cr of Ambience Hotels & Resorts Pvt Ltd

Brickwork Ratings (BWR) has reaffirmed/assigned the following **Ratings<sup>1</sup>** for the Bank Loan Facilities of Ambience Hotels & Resorts Pvt Ltd (AHRPL or ‘the company’).

Facility*	Previous Amount (₹ Cr)	Rating Amount (₹ Cr)	Tenure	Rating after Review	Rating History
Fund Based: OD/CC	40.00	<b>40.00</b>	Long Term	<b>BWR B+ (Pronounced BWR B Plus) Outlook: Stable (Reaffirmation)</b>	BWR B+ (Pronounced BWR B Plus) Outlook: Stable
Fund Based: Term Loan	559.00	<b>529.31</b>			
Non-Fund Based: BG/LC	40.00	<b>40.00</b>	Short Term	<b>BWR A4 (Pronounced BWR A Four)</b>	(December 2014)
<b>Total</b>	639.00	<b>609.31</b>	<b>INR Six Hundred Nine Crores and Thirty One Lakhs Only</b>		

BWR has principally relied upon the audited financial results up to FY15 and projected financials up to FY17 of Ambience Hotels & Resorts Pvt Ltd (AHRPL), publicly available information and information/clarifications provided by the company.

The ratings continue to factor the track record of the Ambience group, established brand name “The Leela” and healthy operating margins. The ratings, however, continue to remain 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 1994 at New Delhi, Ambience Hotels & Resorts Pvt Ltd (AHRPL) is operating a five star hotel and serviced Apartments under ‘The Leela’ brand name. The hotel is a 322 key five star property operated under the brand name of Leela. The company also operates a 90 key serviced apartments property in the same premises. Both the five star hotel & services apartments are located at **Ambience Island**, an integrated township consisting of high end residential, corporate offices, institutional spaces and recreational & entertainment facilities besides the 9 hole golf course with Ambience Mall located in the vicinity. The average occupancy of the hotel has remained at 75% over the last three years with an average ARR of Rs. 9300.

The additional services provided for the hotel & serviced apartments includes banquet halls, conference halls, meeting rooms, corporate club, business centres, lounge, bar and restaurants, spa & health club, swimming pool, discotheque and florist shop.

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

### Ownership & Management:

AHRPL is owned and managed by the Delhi based Gehlot family. The Board of Directors include Mr. Aman Gehlot, Mr. Arjun Gehlot and Mrs. Surabhi Gehlot. 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.

### Financial Highlights:

AHRPL recorded Net Revenue of Rs. 192.34 Cr for FY15 as against Rs. 195.81 Cr for FY14. The EBITDA margin was 39.17% for FY15 while the company reported a Net Loss of Rs. 26.03 Cr. The company is suffering losses on account of high interest and finance charges. Tangible Net Worth stood at Rs. 221.60 Cr as on March 31, 2015 with an Overall Gearing of 2.70 times. The lending Bankers have classified the Company’s 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 maintain occupancy levels, improve its capital structure, profitability and liquidity position while ensuring regular debt servicing shall remain key rating monitorables.

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