

## Rating Rationale

**Brickwork Ratings assigns the rating ‘BWR BB-’ for the Proposed Senior Secured & Listed NCD Issue of ₹ 1100 Cr & Upgrades the rating to ‘BWR BB-’ for Long term Bank Loan Facilities aggregating ₹1312.29 Cr of Ambience Private Limited (APL), New Delhi.**

Brickwork Ratings (BWR) has assigned the following **Rating<sup>1</sup>** for the Proposed Senior Secured & Listed NCD Issue and Long term Bank Loan Facilities of Ambience Private Limited (**APL**), New Delhi.

Facility*	Previous Amount (₹ Cr)	Current Rating Amount (₹ Cr)	Tenure	Present Rating	Rating History
Proposed NCD	-	<b>1100.00</b>	<b>Long Term</b>	<b>BWR BB-</b> (Pronounced BWR Double B Minus)  <b>Outlook: Stable</b>	Fresh
<b>Total</b>	-	<b>1100.00</b>	<b>INR One Thousand One Hundred Crores Only</b>		
Fund Based: Term Loan O/S	1535.79	<b>1055.99</b>	<b>Long Term</b>	<b>BWR BB-</b> (Pronounced BWR Double B Minus)  <b>Outlook: Stable (Upgrade)</b>	BWR B+ (Pronounced BWR B Plus) Outlook: Stable (March 2014)
Fund Based: CC/ODP	154.00	<b>128.00</b>			
Non Fund Based: BG	105.00	<b>128.30</b>			
<b>Total</b>	1794.79	<b>1312.29</b>	<b>INR One Thousand Three Hundred Twelve Crores and Twenty Nine Lakhs only</b>		

BWR has principally relied upon the audited financial results up to FY15, projected financials up to FY20 of Ambience Pvt Ltd (APL), publicly available information and information/clarifications provided by the company.

The ratings draw comfort from the experienced promoters and management team, established track record of the Ambience Group in the NCR region, significant amount of funds infused by the promoters in the ongoing projects, that all the required approvals for the ongoing projects are in place and the progress in the projects are as per schedule.

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

The ratings, however, are constrained on account of project off-take risk as the marketing for the ongoing projects is yet to be launched, high gearing level, high interest & finance cost impacting the profitability of the company and slowdown in the real estate segment in the NCR region.

**Background:**

Ambience Private Limited (APL) is a real estate development company incorporated in 1986 at New Delhi. APL has a diversified portfolio of completed, ongoing and planned real estate development projects, which include integrated townships, residential projects, including premium and luxury residential apartment complexes, commercial projects, including corporate office towers and retail projects.

The Company, currently, has three projects in its portfolio – Cairtriona Apartments, Gurgaon (completed); Ambience Tiverton, Noida and Ambience City, Panipat. All the required approvals for the ongoing projects are in place. The construction of Cairtriona Apartments is complete and the Company has sold more than 70% of the apartments in the project.

The company expects the construction of Ambience Tiverton to be completed by September 2017 and Ambience City by 2019.

**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.

**Proposed Terms of the NCD Issue:**

- APL has proposed to raise Senior Secured and Listed NCDs amounting to Rs. 1100 Cr with a tenor of 4 ½ years (54 months).
- The proceeds of the NCDs will be used towards the development of the residential projects, repayment of the existing debt and working capital requirements etc.
- The NCDs are proposed to be repaid in 5 quarterly instalments commencing from 42<sup>nd</sup> month from the date of allotment. The entire amount is to be repaid by 54<sup>th</sup> month from the date of allotment.

- The NCDs will be listed on both BSE & NSE.
- The company will maintain a DSRA account with an amount equal to the amount due on the immediately following Interest Payment Date at all times.

### Financial Performance:

The Company follows the percentage of completion method for revenue recognition. APL recorded a Net Revenue of Rs.689.47 Cr for FY15 as compared to Rs.353.24 Cr in FY14. The revenue increased on account of sales in the Caitriona Project. The company reported EBITDA Margin and Net Margin of 17.02% and 3.54% respectively in FY15. Tangible Net Worth (TNW) stood at Rs.534.92 Cr as on March 31, 2015 with an Overall Gearing of 2.38 times. The promoters have infused unsecured loans amounting to Rs.199.05 Cr in the company which are to be retained till the bank loans are repaid in full. After adjusting for the said unsecured loans, the TNW increases to Rs.733.97 Cr and the Gearing reduces to 1.48 times as on March 31, 2015.

The Company's Bankers have reported that the Term loan accounts with them are Standard Assets.

### Rating Outlook:

The Company's performance is expected to be Stable over the next twelve months. Going forward the ability of the Company to ensure healthy bookings for the ongoing projects as envisaged, achieve projected revenue and profitability levels, complete the ongoing projects as per schedule & within the stipulated cost, meet its debt obligations on time and improve its capital structure shall remain key rating sensitivities.

<b>Analyst Contact</b>	<b>Relationship Contact</b>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone</b>	<b>Media Contact</b>
<b>1-860-425-2742</b>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

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