

## Rating Rationale

### Ambience Projects & Infrastructure Pvt Ltd

December 26, 2017

Brickwork Ratings reaffirms rating for the Bank Loan Facilities amounting to Rs. 740.00 Crs of Ambience Projects & Infrastructure Pvt Ltd.

### Particulars:

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based <sup>@</sup>	600.00	720.00	Long Term	BWR B (Pronounced BWR B) Outlook: Stable	BWR B (Pronounced BWR single B) Outlook: Stable (Reaffirmed)
Non-Fund Based	20.00	20.00	Short Term	BWR A4 (Pronounced BWR A Four)	BWR A4 (Pronounced BWR A Four) (Reaffirmed)
<b>Total</b>	<b>620.00</b>	<b>740.00</b>		<b>INR 740.00 Crores (INR Seven Hundred Forty Crores Only)</b>	

\* Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

@ Includes untied-up portion amounting to Rs. 219.54 Crs

### Rationale/Rating Sensitivities:

BWR has principally relied upon the audited financial results of the company up to FY17, projected financial statements up to FY19, publicly available information and information/clarifications provided by the company.

The ratings continue to factor the track record of the Ambience group, required approvals for the project being in place, considerable progress in the project in terms of construction and significant promoters' contribution into the project. The ratings, however, remain constrained by the project off take risk as the sales have been slow, timely project completion and execution risk and inherent risks associated with the sector.

Going forward the ability of the company to market the project effectively and achieve a healthy booking status, collect significant amount of customer advances, complete the project in a timely manner within the stipulated cost while ensuring timely debt servicing shall remain key rating monitorables.

### Key Rating Drivers:

*Established Track Record of Ambience Group:* Ambience Group was founded by Mr. Raj Singh Gehlot, a professional chartered accountant, in 1986 and the Group is a leading player in real estate segment primarily in NCR. The Group has completed more than 325 residential and commercial projects covering an area of 13.75 million sq. ft. and over 4 million sq. ft. of area is under construction. In addition the Group is developing an Integrated Township on 314 acres of land at Panipat in Phase-II. The Group owns about 1000 acres of developable land at Delhi, Gurgaon, Noida, Panipat, Sonapat, Vizag and Udaipur. The group has completed multiple residential and commercial projects including Ambience Island at Gurgaon, Ambience Malls at Gurgaon, Vasant Kunj & Rohini, Caitriona & Lagoon residential apartment complexes at Gurgaon, Corporate Office Towers at Gurgaon, Shalimar Bagh & Vasant Kunj and five star deluxe hotels viz. The Leela Ambience at Gurgaon & Surajmal Vihar.

*Slow Velocity of Sales:* The sales have been slow in the project. The company launched the marketing of the project in November 2014 and was only able to sell 50 apartments as of Sep 2017 out of the total 802 apartments. The company has received only Rs. 20.26 Crs as advances from customers. Since, the project is significantly funded through customer advances, inability to sell and collect the receivables on time will have an impact on the completion of the project.

*Project Execution Related Risk:* The completion date of the project has already been postponed once from September 2018 to September 2019. Although the project has achieved significant amount of progress in terms of construction, the same has been majorly funded by promoters' contribution and bank funding on account of low sales. However, going forward, the company will have to sell significant area and collect considerable amount of advances to meet the project timelines within the estimated costs.

**Analytical Approach:** BWR has assessed the company on a standalone basis. Please refer to the applicable criteria at the end.

### **Rating Outlook: Stable**

BWR believes that Ambience Projects & Infrastructure Pvt Ltd's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the company is able to achieve high booking status along with healthy customer advances. The rating outlook may be revised to 'Negative' if there is minimal progress in terms of booking status and customer advances.

### **About the Company:**

Incorporated in 2010 at New Delhi, Ambience Projects & Infrastructure Pvt Ltd (APIPL) is constructing a residential apartment complex under the name 'CREACIONES' at Old Delhi Gurgaon Road. The project would comprise of Three BHK Apartments, Three BHK Penthouse Apartments, Four BHK Apartments, Four BHK Penthouse Apartments, Five BHK Penthouse Apartments, Studio Apartments, Villas and EWS Flats along with three level basements and stilts for parking services.

The construction of the project started in 2013 and is expected to get completed by September 2019. All the required approvals/NOCs/permissions for the project have been obtained by the company.

**Company's Financial Performance:**

Due to negligible amount of sales, the company has not been able to recognize any revenue over the past three years.

**Key Financial Figures are given on the table below:**

Key Financial Figures			
Particulars	Unit	FY16 (A)	FY17 (A)
Operating Income	Rs. Crores	0.00	0.00
EBITDA	Rs. Crores	-0.01	-0.02
Net Profit	Rs. Crores	0.00	0.00
Tangible Networth <sup>#</sup>	Rs. Crores	455.74	767.95
Total Debt <sup>#</sup>	Rs. Crores	578.54	462.40
Total Debt : Equity <sup>#</sup>	Times	1.27	0.60
Current Ratio	Times	13.56	9.73

# The said figures are arrived after adjusting for unsecured loans from promoters and OCDs subscribed by them as part of Networth.

**Rating History for the last three years:**

Sl. No.	Facility	Current Rating (Dec 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
<b>Fund Based</b>							
1.	TL	Long Term	720.00	BWR B (Reaffirmed)	BWR B	BWR B	NA
<b>Non-Fund Based</b>							
1.	BG	Short Term	20.00	BWR A4 (Reaffirmed)	BWR A4	NA	NA
<b>Total</b>			<b>740.00</b>	<b>(INR Seven Hundred Forty Crores Only)</b>			

**Hyperlink/Reference to Applicable Criteria:**

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



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#### Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

#### About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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