

Rating Rationale

Brickwork Ratings assigns 'BWR B' for the Bank Loan facilities aggregating ₹ 620 Cr of Ambience Projects & Infrastructure Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the Bank Loan Facilities of Ambience Projects & Infrastructure Pvt Ltd (*APIPL* or 'the company').

Facility	Amount (₹ Cr)	Tenure	Rating
Term Loan (Fund Based)	600.00	Long Term	BWR B (Pronounced as BWR Single B) Outlook : Stable
Bank Guarantee# (Non-Fund Based)	20.00		
Total	620.00	INR Six Hundred and Twenty Crores only	

For Short Term Bank Guarantees the corresponding rating would be BWR A4 (BWR A Four)

BWR has principally relied upon the audited financial results up to FY14 and projected financials up to FY16 of Ambience Projects & Infrastructure Pvt Ltd (APIPL), publicly available information and information/clarifications provided by the company.

The rating factors track record of the Ambience group, required approvals for the project being in place and significant promoters' contribution into the project. The ratings are, however, constrained by project off take risk as the marketing of the project has recently been launched, timely project completion and execution risk and inherent risks associated with the sector.

Background:

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 2018. All the required approvals/NOCs/permissions for the project have been obtained by the company.

The total cost of the project is Rs. 1491.55 Cr of which Rs. 850.14 Cr has already been spent as on Oct 30, 2014. The total cost will be funded by promoters' contribution of Rs. 400 Cr, Loans from banks of Rs. 600 Cr and Advances from Customers of Rs. 491.55 Cr. The marketing of the project was launched in Nov 2014 only due to which no bookings have been made for the apartments till now.

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

Ownership & Management:

APIPL is owned by Mr. Raj Singh Gehlot (12.50%), Ambience Pvt Ltd (38%) and IL&FS Trust Co. Ltd (49.50%).

The Board of Directors include Mr. Raj Singh Gehlot, Mr. Aman Gehlot, Mr. Mohan Singh Gehlot, Mr. Amit Diwan and Mr. Khushru Jijina. 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. and over 4 million Sq. Ft. of area is presently under construction apart from a township project over 315 acres of land.

Financial Highlights:

APIPL has not reported any revenue in FY14 as they are following completion of project method for revenue recognition and all the construction and finance costs are capitalised as part of the Work in Progress. Although, the equity infusion by the promoters is small, they have infused unsecured loans for an amount of Rs. 134.45 Cr and have subscribed to optionally convertible debentures of Rs. 275.38 Cr. As per the terms of issue, the company is not required to pay any interest on these debentures and these debentures will be redeemed in FY20.

Rating Outlook:

The outlook is expected to be stable over the next one year. Going forward, the ability of the company to market the project effectively and achieve a healthy booking status, complete the project in a timely manner within the stipulated cost shall remain key rating monitorables.

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