



Rating Rationale

Ambience Towers Pvt Ltd

22 May 2019

Brickwork Ratings reaffirms rating for the Bank Loan Facilities amounting to Rs. 395.50 Crs of Ambience Towers Pvt Ltd.

Particulars:

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based	434.70	395.50	Long Term	BWR B+ (Pronounced BWR B Plus) Outlook: Stable	BWR B+ (Pronounced BWR B Plus) Outlook: Stable (Reaffirmed)
Total	434.70	395.50	(INR INR Three Hundred Ninety Five Crores and Fifty lakhs only)		

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Rating Sensitivities:

BWR has principally relied upon the audited financial results of the company up to FY18, Provisional Financials of FY 19 , projected financial statements, publicly available information and information/clarifications provided by the company.

The rating continues to factor in the track record of the group, attractive location of the projects, significant promoters' contribution in the company and the commencement of the lease rentals from the commercial complex at Rohini. The rating is, however, constrained by delay in commencement of lease rentals from Shalimar Bagh tower leading to weak liquidity position of the company, relatively high gearing level and high customer concentration risk.

Going forward the ability of the company to ensure commencement of the lease rental from the Shalimar Bagh complex within the current financial year, achieve the projected revenue & profitability and service its debt obligations regularly shall remain key rating monitorable.

Key Rating Drivers:

Delay in commencement of lease rentals: Till FY19, the company generated rental income only from area leased out to Future Group in the Rohini project. .. With respect to the Shalimar Bagh project, the possession was to be taken over by the lessees in January 2015 which got postponed to April 2016 and further to Feb 2018 However, the same also did not happen and now it has been informed by the

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management that the rental income will commence from July 2019. It is to be seen if the company is able to actually generate the rental income from Shalimar Bagh complex.

Weak Liquidity Position of the Company: Since, the company has not been able to generate lease rents from the shalimar commercial tower, it is not earning sufficient cash flows on its own to meet its debt obligations. The company, thus, has to rely on support from promoters to meet its debt obligations. The promoters infused short term funds in the company amounting to Rs.161 Crs to ensure timely debt servicing till FY 18 . Also the unsecured loans amounting to Rs 162 crores have been infused till FY 18 for timely debt servicing

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 Towers 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 ensure commencement of lease rentals from the Shalimar Bagh tower in the current financial year. The rating outlook may be revised to 'Negative' if there is any further delay in the commencement of rental income.

About the Company:

Incorporated in 2006 at New Delhi, Ambience Towers Pvt Ltd (ATPL) has completed the construction of two commercial towers at Rohini and Shalimar Bagh. The total leasable area in the Shalimar Bagh project is 3.25 lakhs Sq. Ft. and in the Rohini project is 3.62 lakhs Sq. Ft. The total area in both the projects has been completely leased out.

The company belongs to the New Delhi based Ambience Group, promoted by Mr. Raj Singh Gehlot, having its presence in the real estate construction and development activities in the NCR market. The group has its presence in residential, commercial as well as retail real estate segments.

Company's Financial Performance:

The rental income is from the Rohini project only. No income was generated from Shalimar Bagh complex.

Key Financial Figures are given on the table below:

Key Financial Figures			
Particulars	Unit	FY17 (A)	FY18 (A)
Operating Income	Rs. Crores	12.52	19.83
EBITDA	Rs. Crores	9.02	16.6
Net Profit	Rs. Crores	-11.18	-15.93
Tangible Networth *	Rs. Crores	273.21	283.33
Total Debt [#]	Rs. Crores	474.9	479.25
Total Debt : Equity [#]	Times	1.74	1.69
Current Ratio	Times	0.01	0.01

The said figures are arrived after adjusting for unsecured loans from promoters and related parties.

Rating History for the last three years:

Sl. No	Facility	Current Rating (May 2019)			Rating History			
		Fund Based	Type	Amount (Rs Crs)	Rating	May 2019	2018	2017
1.	TL	Long Term	395.50	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable (Reaffirmed)	Rating Not reviewed	BWR B+ (Pronounced as BWR Single B Plus) outlook: stable	Rating Not reviewed	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable
Total			395.50	(INR Three Hundred Ninety Five Crores and Fifty Lakhs Only)				

Hyperlink/Reference to Applicable Criteria:

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [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 Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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