

Rating Rationale

Ambience Towers Pvt Ltd

7 Feb 2018

Brickwork Ratings reaffirms rating for the Bank Loan Facilities amounting to Rs. 434.70 Crs (enhanced from Rs. 317.40 Crs) of Ambience Towers Pvt Ltd.

Particulars:

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based	317.40	434.70	Long Term	BWR B+ (Pronounced BWR B Plus) Outlook: Stable	BWR B+ (Pronounced BWR B Plus) Outlook: Stable (Reaffirmed)
Total	317.40	434.70	(INR Four Hundred Thirty Four Crores and Seventy 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 FY17, 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 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 monitorables.

Key Rating Drivers:

Delay in commencement of lease rentals: Till FY17, the company generated rental income only from partial area leased out to Future Group in the Rohini project. It has been informed that the lease rental are generated from the entire leasable area during the current financial year. 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. However, the same also did not happen and now it has been informed by the management that the rental income will commence from Feb 2018. It is to be seen if the company is able to actually generate the rental income from Shalimar Bagh complex.

High Customer Concentration: Substantial area in both the projects has been leased out to two major lessees resulting into high customer concentration risk.

Weak Liquidity Position of the Company: Since, the company has not been able to generate lease rents from the commercial towers, 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 incremental short term funds in the company amounting to Rs. 46 Crs to ensure 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 partial area in the Rohini project. No income was generated from Shalimar Bagh complex.

Key Financial Figures are given on the table below:

Key Financial Figures			
Particulars	Unit	FY16 (A)	FY17 (A)
Operating Income	Rs. Crores	3.05	12.52
EBITDA	Rs. Crores	2.72	9.02
Net Profit	Rs. Crores	-2.42	-11.18
Tangible Networth [#]	Rs. Crores	261.85	285.18
Total Debt [#]	Rs. Crores	474.07	462.93
Total Debt : Equity [#]	Times	1.81	1.62
Current Ratio	Times	0.06	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 (Jan 2018)			Rating History		
		Type	Amount (Rs Crs)	Rating	2017	2016	2015
1.	TL	Long Term	434.70	BWR B+ Outlook: Stable (Reaffirmed)	No Rating Change	BWR B+	BWR B+
Total			434.70	INR 434.70 Crores (INR Four Hundred Thirty Four Crores and Seventy Lakhs Only)			

Hyperlink/Reference to Applicable Criteria:

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

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For print and digital media



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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, 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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