

Rating Rationale

Brickwork Ratings reaffirms “BWR B+” for the Bank Loan facilities aggregating ₹317.40 Cr of Ambience Towers Pvt Ltd

Brickwork Ratings (BWR) has reaffirmed the following **Rating¹** for the Bank Loan Facilities of Ambience Towers Pvt Ltd (ATPL or ‘the company’).

Facility*	Previous Amount (₹ Cr)	Rating Amount (₹ Cr)	Tenure	Rating	Rating History
Fund Based: Term Loan	439.00	317.40	Long Term	BWR B+ (Pronounced BWR B Plus) Outlook: Stable (Reaffirmation)	BWR B+ (Pronounced BWR B Plus) Outlook: Stable (December 2014)
Total	439.00	317.40	INR Three Hundred Seventeen Crores and Forty Lakhs Only		

BWR has principally relied upon the audited financial results up to FY15, projected financials up to FY18 of Ambience Towers Pvt Ltd (ATPL), 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 project and significant promoters’ contribution into the project. The ratings are, however, constrained by delay in commencement of lease rentals, relatively high gearing level, high customer concentration risk and weak liquidity position of the company.

Background:

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.

Rohini Project: The Company has leased out five floors (Ground to Fourth) and rental income started for two floors in October 2015 & remaining floors in February 2016. The company is at an advanced stage of discussions with a prospective tenant for leasing the Upper floor. It has been informed that they have finalised the commercials but the agreement is yet to be entered. The lease rental income from the said floor is likely to commence by June 2016.

Shalimar Bagh Project: Entire area of the complex has been leased out. The tenant was supposed to take possession of the premises in January 2015, however, the same has still not happened. It has been informed that they will be taking the possession in April 2016.

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

Ownership & Management:

ATPL was earlier fully owned by Ambience Pvt Ltd, the flagship company of the Ambience Group. During FY15, APL has sold its stake to Aman Holdings Pvt Ltd, Aman Growth Fund Pvt Ltd, Nutan Growth Fund Pvt Ltd, Raj Sheela Growth Fund Pvt Ltd. All the four entities now hold 25% stake each in the company.

The Board of Directors comprise Mr. Raj Singh Gehlot, Mr. Shekhar Singh and Mr. Sumit Choudhary. 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.

Financial Highlights:

ATPL has not reported any revenue in FY15 as the lease rentals have commenced in the last quarter of FY16. The Tangible Net Worth of the company as on March 31, 2015 was Rs.39.86 Cr. The promoters have also infused long term unsecured loans amounting to Rs.160.87 Cr and short term unsecured loans of Rs.157.61 Cr. The Company’s Bankers have classified the borrowal accounts as standard assets.

Rating Outlook:

The outlook is expected to be stable over the next one year. Going forward, the ability of the company to improve its capital structure, achieve the projected revenue and profitability levels and manage its liquidity position while ensuring regular debt servicing shall remain key rating monitorables.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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