

Rating Rationale

Brickwork Ratings assigns 'BWR B+' for the Bank Loan Facilities aggregating ₹ 439 Cr of Ambience Towers Pvt. Ltd.

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

Facility	Amount (₹ Cr)	Tenure	Rating
CC/OD	45.00	Long Term	BWR B+ (Pronounced as BWR B Plus) Outlook : Stable
Term Loan O/S (Fund Based)	189.00		
Proposed TL	205.00		
Total	439.00	INR Four Hundred Thirty Nine Crores only	

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

The ratings factor the track record of the group, attractive location of the project, complete area of both the towers has been leased out and significant promoters' contribution into the project. The ratings are, however, constrained by relatively high gearing levels, 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 and currently the internal finishing work is going on. 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 and the lease rentals will start coming in from January 2015 and March 2015 respectively.

Rohini Project: The construction of the project was started in 2010 and was completed in Feb 2014. The tower is structured as G+9 floors. The company has already entered into an Agreement for Lease with reputed group with a tenor of 9 years. As per terms of lease the lessee shall pay security deposit for 3 months and advance rent for 3 months. The monthly lease rental applicable will be Rs. 103/Sq. Ft.

Shalimar Bagh Project: The construction of the project was completed in March 2014 and the tower is structured as G+8 floors. Ground Floor to Fourth Floor has been leased @ Rs.120/- per sq.ft./month and upper floors have been leased @ Rs.100/- per sq.ft./month. The substantial area of the project has been leased out to a single lessee.

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

Ownership & Management:

ATPL is fully owned by Ambience Pvt Ltd, the flagship company of the Ambience Group. The Board of Directors include Mr. Raj Singh Gehlot and Mr. Mohan Singh Gehlot. 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 on 315 acres of land.

Financial Highlights:

ATPL has not reported any revenue in FY14 as the lease rentals would commence in the last quarter of FY15. The Tangible Net Worth of the company as on March 31, 2014 was Rs. 39.84 Cr. The promoters have also infused long term unsecured loans amounting to Rs. 160.87 Cr and short term unsecured loans of Rs. 250.49 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 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

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.