

Rating Report

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.

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

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.

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.

Key Rating Determinants:

Significant Promoters’ Contribution: The promoters’ have infused significant amount of money into the company. The promoters’ have infused an amount of Rs. 451.20 Cr into the company by way of share capital and unsecured loans.

High Customer Concentration: Substantial area in both the projects has been lent to a single lessee resulting into a high customer concentration risk.

Weak Liquidity Position: The Company’s liquidity position is weak with a very low current ratio of 0.01 times as on March 31, 2014.

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.

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Ambience Towers Pvt Ltd
Annexure I – Profit & Loss Account Summary

P&L Account Summary (Rs. Crs)	FY12 (A)	FY13 (A)	FY14 (A)
Total Operating Income	0.00	0.00	0.00
Operating Expenses	0.02	0.00	0.00
OPBDIT	-0.02	0.00	0.00
Depreciation/Amortization/Impairment	0.00	0.01	0.01
Interest and Finance Charges	0.00	0.00	0.04
Non-Operating Income(Expenses)	0.00	0.00	0.05
PBT	-0.02	-0.01	0.00
Provision for Taxes	-0.01	0.00	0.00
PAT	-0.01	-0.01	0.00

Ambience Towers Pvt Ltd
Annexure II – Balance Sheet Details

LIABILITIES (Rs. Crores)	FY12 (A)	FY13 (A)	FY14 (A)
EQUITY AND RESERVES	39.85	39.84	39.84
Share capital	0.89	0.89	0.89
Reserves and Surplus	38.96	38.96	38.96
Non-current liabilities	215.44	351.98	343.78
Long-Term Borrowings	215.44	351.98	343.78
Current liabilities	272.62	271.30	326.01
Short-Term Borrowings	125.97	200.67	295.50
Current Portion Of Long Term Debt	144.35	62.64	11.00
Trade Payables	1.86	2.42	9.49
Other Current Liabilities	0.41	5.44	9.91
Short-Term Provisions	0.02	0.13	0.12
Total Liabilities	527.91	663.12	709.63
ASSETS			
Non-current assets	527.07	662.34	705.61
Net Fixed assets	0.08	0.08	0.07
Non-Current Investments	526.98	662.25	705.53
Deferred Tax Assets (Net)	0.01	0.01	0.01
Current assets	0.84	0.78	4.02
Cash and Cash Equivalents	0.65	0.19	0.15
Short-Term Loans and Advances	0.19	0.59	3.87
Total Assets	527.91	663.12	709.63

Ambience Towers Pvt Ltd
Annexure III – Key Financial Ratios

Key Ratios	Unit	FY12 (A)	FY13 (A)	FY14 (A)
Total Debt	Crores	485.76	615.29	650.27
Total Debt (Analyzed)	Crores	255.38	328.88	326.49
Tangible Net Worth	Crores	39.85	39.84	39.84
Tangible Net Worth (Analyzed)	Crores	270.23	326.25	363.62
Total Debt/TNW	Times	12.19	15.44	16.32
Total Debt/TNW(Analyzed)	Times	0.95	1.01	0.90
Long Term Debt/TNW	Times	5.41	8.83	8.63
TOL/TNW	Times	5.05	6.57	6.49
ISCR	Times	NA	NA	-0.10
DSCR	Times	NA	0.00	0.00
Net Cash Accruals/Total Debt	Times	0.00	0.00	0.00
Net Cash Accruals/Long Term Debt	Times	0.00	0.00	0.00
Net Profit Margin	%	NA	NA	NA
Operating Profit Margin	%	NA	NA	NA
ROCE	%	0.00	0.00	0.00
Current Ratio	Times	0.00	0.00	0.01
Net Cash Flow from Operating Activities (as reported)	Crores	-0.02	5.30	-43.40
Net Cash flow from Investing Activities (as reported)	Crores	-120.10	-135.27	-43.28
Net Cash Flow from Financing Activities (as reported)	Crores	120.65	129.52	86.63