

## Press Release

### Ambience Commercial Developers Private Limited

November 25, 2019

#### Rating

Sl. No.	Instrument/Facility	Amount (Rs Crore)	Rating Assigned
1	LRD Facilities	1330.00	IVR A- / Stable Outlook; (IVR Single A Minus with Stable Outlook )
<b>Total</b>		<b>1330.00</b>	

#### Details of Facilities are in Annexure I

#### Detailed Rationale

The aforesaid rating derives comfort from experienced board of directors, established brand recognition, locational advantage and diversified streams of revenue, strong cash flow generation by operational portfolio and healthy occupancy levels. However, the rating is partially offset by stretched liquidity and below average financial risk profile and exposure to contract renewal risk.

#### Key Rating Sensitivities

##### Upward Factors

- Sustained lease rental incomes from existing and new tenants
- Maintaining profitability
- Timely servicing of debt

##### Downward Factors

- Decline in profits due to increase in expenses and weakening of cash cover
- Weak liquidity
- Contract renewal risk
- Any further deterioration in debt protection parameters
- Any further increase in debt

### **Detailed Description of the Key Rating Drivers**

#### **Key Rating Strengths**

##### ***Experienced Board of Directors***

ACDPL is a private limited company incorporated 1984. The company is promoted by Mr. Raj Singh Gehlot, Mr. Arjun Gehlot, Mr. Sumit Chaudhary and Mrs. Surabhi Gehlot. They possess a considerable amount of experience in the field of real estate (commercial and residential construction). Mr. Raj Singh Gehlot is the MD & Chairman of Ambience group, a Chartered Accountant by qualification, he has been bestowed with many awards including being named among India's top 10 industrialists by HITEC. Mr. Arjun Gehlot, has been looking after project development and marketing.

##### ***Established brand recognition***

The Ambience Group, promoted by Mr. Raj Singh Gehlot has an established presence in the real estate sector – both in commercial and residential real estate development. The group consists of ACDPL, Ambience Hotel & Resorts Pvt. Ltd – partnering with Leela Group to construct top notch hotels with state-of-the-art facilities in Delhi, Ambience Developers and Infrastructure Pvt. Ltd – engaged in construction, development and promotion of townships, colonies, commercial and residential real estate and Alankar Apartments Pvt. Ltd – construction of office spaces and leasing out the same, their major customers include Deloitte, Panasonic and Amazon among others. Ambience Infrastructure and Developers Pvt Ltd is rated IVR A-/Stable.

##### ***Locational advantage and diversified streams of revenue***

The Ambience Mall is located in Ambience Island, located nearby are the Indira Gandhi International Airport, Jawaharlal Nehru University and Leela Palace Hotel among others. The revenue mix of the company comprises lease rentals from retail stores, Common Area Maintenance (CAM) charges, parking income, advertisement income etc. While 81% of the revenue is contributed lease rentals, ticket sale and CAM contribute for 11% and 8% of the total revenue respectively in FY20. By offering customers a wide range of goods and services at very competitive prices and engaging them in fun activities, thus maintain a high level of patronage.

### ***Strong Cash Flow Generation by Operational Portfolio***

Ambience Mall covers 12.39 lakh square feet area and houses over 150 tenants of various prominent brands such as Jack & Jones, Pantaloons, PVR Cinemas, Hamleys among others. ACDPL is expected to continue to generate healthy cash flows through lease rates, occupancy levels, diversified client base, locational advantage and brand name; thus continuing to support the risk profile of the company for the medium term.

### ***Healthy occupancy levels***

Ambience Mall enjoys healthy occupancy levels of 98.7% as on date. The remaining area is also developed and is ready to be leased out. The occupancy levels increased after the entry of PVR, which also resulted in a significant increase in footfalls.

### **Key Rating Weaknesses**

#### ***Stretched liquidity and below-average financial risk profile***

The company's liquidity profile is stretched, marked by gross cash accruals of Rs.10.58 cr. in FY19 which barely covers their yearly debt payments. The current ratio and quick ratio stand at 0.37x and 0.34x in FY19 largely due to high debt repayments indicating that the liquidity is very stretched in the short-term. The total debt of the company stands at Rs.1332.72 cr. as on March 31, 2019.

#### ***Exposure to contract renewal***

Timely renewal of lease agreements for the tenants at similar or better terms to the existing agreement remains a risk for ACDPL. However, 98.7% of the leasable area in the mall has been leased out to anchors with whom ACDPL has entered into Leave and License agreement of 5 years and above.

### **Analytical Approach & Applicable Criteria**

Standalone Approach

Rating Methodology for Structure Debt Transaction (Non securitisation transaction)

Financial Ratios & Interpretation (Non-financial Sector)

**Liquidity**

Liquidity is adequate, the company generates adequate lease rental receivables, the surplus from which is enough to cover the debt repayment obligations.

**About the Company**

Ambience Commercial Developers Private Limited (ACDPL) – A member of Ambience Group, they are real estate developers having a niche in developing premium buildings. They started their journey constructing premium residential apartments in South Delhi, followed by developing their landmark project ‘Ambience Island’- comprising residential, commercial, retail buildings, golf courses; which marked their entry into the large real estate development avenue. Their other major projects include – The Leela Ambience Hotel in Gurgaon, Ambience Cairtriona (premium luxury apartments) and Ambience Tiverton (premium apartments). Erstwhile Rampat Estates Pvt. Ltd. (name changed to ACDPL on January 04, 2008) was established in the year 1984. The company is promoted by Mr. Raj Singh Gehlot, Mr. Arjun Gehlot, Mr. Sumit Chaudhary and Mrs. Surabhi Gehlot, they possess over 25 years of combined experience in the construction industry. ACDPL is operating a mall under the brand name of “Ambience Mall” at Vasant Kunj, New Delhi. It consists of gold class multiplexes, food courts, family entertainment zones, bowling alleys and hyper markets. It is one of the largest malls in Delhi. Apart from these the mall has well defined zones for retail, entertainment and recreation areas. Their esteemed list of tenants includes Jack & Jones, Pantaloons and Reliance among others.

**Financials**

**(Rs. crore)**

<b>For the year ended/ As On</b>	<b>31-03-2018</b>	<b>31-03-2019</b>
	<b>(Audited)</b>	<b>(Audited)</b>
Total Operating Income	137.70	170.41
EBITDA	121.71	137.95
PAT	-33.98	-33.20
Total Debt	1344.08	1332.72
Tangible Net-worth	31.48	26.57
<b><u>Ratios</u></b>		

## Infomerics Valuation and Rating Pvt. Ltd.



For the year ended/ As On	31-03-2018	31-03-2019
	(Audited)	(Audited)
EBITDA Margin (%)	88.39	80.95
PAT Margin (%)	-24.68	-19.48
Overall Gearing Ratio (x)	42.69	50.17

Note: Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA: N.A.**

**Any other information: N.A.**

**Rating History for last three years:**

Sl. No.	Name of Instrument/Facilities	Current Rating (Year 2019-20)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17
1.	LRD Facility	Long Term	1330.00	IVR A-/ Stable Outlook	--	--	--

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).

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**About Infomerics:**

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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## Infomerics Valuation and Rating Pvt. Ltd.



amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
LRD Facility	--	--	2028	1330.00	IVR A-/Stable Outlook