



## Press Release

### Ambience Developers & Infrastructure Private Limited

November 10, 2022

#### Ratings

Sl. No.	Instrument/ Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
1.	Long Term Bank Facilities-LRD	1420.00	IVR BB+/ Positive (IVR Double B plus with Positive outlook)	IVR BB+/ Negative (IVR Double B plus with Negative outlook)	Reaffirmed with outlook revised	Simple
2.	Long Term Fund Based Facilities	50.00	IVR BB+/ Positive (IVR Double B plus with Positive outlook)	IVR BB+/ Negative (IVR Double B plus with Negative outlook)	Reaffirmed with outlook revised	Simple
3.	Short Term Non-Fund Based Facilities	15.00	IVR A4+ (IVR Single A Four Plus)	IVR A4+ (IVR Single A Four Plus)	Reaffirmed	Simple
<b>Total</b>		<b>1485.00</b> <b>(Rs. One Thousand Four Hundred &amp; Eighty-Five Crore only)</b>				

Details of Facilities are in Annexure 1.

#### Detailed Rationale

The rating reaffirmation and revision in outlook of Ambience Developers & Infrastructure Private Limited considers the improvement in overall profitability, continuous healthy performance in FY22 & H1FY23. Further rating continues to derive comfort from experienced management, Escrow mechanism and structured payment waterfall, Renowned Lessees with established brands minimizing counter party risk, support from parent company and increase in scale of operations. However, these rating strengths remain constrained by High gearing and moderate capital structure.

#### Upward Factors



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- Significant and sustained growth in scale of business leading to improvement in profitability metrics thereby leading to overall improvement in cash accruals and liquidity
- Improvement in the capital structure with further improvement in debt protection metrics

### **Downward Factors**

- Dip in operating income and/or profitability thereby impacting the debt coverage indicators and/or any deterioration in the financial risk profile

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

- **Extensive experience of the management and Strong Track Record of the Group**

Ambience group has been in the real estate industry for over three decades. The Group is engaged in the acquiring, developing, and marketing of real estate business. Project development and marketing activities are looked after by Mr. Aman Gehlot, CA, with over 7 years of experience in the business. Construction and development work of the group is managed by Mr. Arjun Gehlot, CA, with an experience of over 4 years in the business. The day-to-day affairs of the group are managed by experienced professionals.

- **Escrow mechanism and structured payment waterfall**

The main bank loan facility has been structured in the form of a Lease Rental Discounting (LRD) facility. The terms of the LRD facility require that the lease rent receivables from all the tenants of the mall be routed directly to an Escrow Account set up specifically for the repayment of the said LRD facility. The lease rent amounts deposited in to the Escrow Account would be applied towards statutory dues and the scheduled interest and principal repayments of the LRD facility as per the payment waterfall. Only after fulfilling the repayments towards the LRD facility, any amounts remaining in the Escrow Account would be allowed to be paid out to ADIPL.

- **Locational advantage**

Ambience Mall, Gurgaon is part of Ambience Island, an integrated township situated immediately on Delhi-Haryana border facing vast expanse of Rajokri Green on one side and



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9-hole Golf Course on other side. It is situated on Delhi-Jaipur National Highway (NH-8) and is at a distance of 3.5 km. from Radisson Hotel and 5 km. from Indira Gandhi International (IGI) Airport, New Delhi. This Shopping Mall is situated at a distance of 10 to 20 kms from different parts of the Central Business Districts (CBDs) of Delhi

- **Renowned Lessees with established brands minimizing counter party risk**

There are over 230 lessees of the Mall which are the leading domestic and international brands having long term lease arrangement with the company with satisfactory track record of payment of rents. Lease rent is deposited into the escrow account under the irrevocable undertaking given by lessees. As per the terms of the sanction interest and instalments to be served first from the escrow account and thereafter the funds will be transferred to ADIPL

### Key Rating Weaknesses

- **High gearing and moderate capital structure**

Overall gearing ratio stood high at 4.89x as on March 31, 2022. TOL/TNW was also high at 5.49x as on March 31, 2022. However, company is generating sufficient rental income to meet its debt obligations on time.

- **Impact of covid on revenues and profitability**

The pandemic has severely impacted the retail real estate sector, affecting the revenues and profitability of the companies engaged in this sector. ADIPL revenues fell from Rs. 314.81 crore in FY20 to Rs. 184 crore in the fiscal year FY20-21 coupled with the losses of Rs. 6.91 crore in FY21. Although, the company has seen recovery in FY22 with a top line of Rs. 254.23 crore, it has still not reached pre-covid levels.

- **Growth in e-commerce industry**

Though, India remains an underdeveloped retail ecommerce market, with digital commerce accounting for only a small piece of the country's total retail sales. Given the growth of e-commerce in India, retailers are feeling the heat. Heavy discounts on the online platforms affects the margins of the retail outlets of malls, unless shopping centres have positioned themselves as entertainment hubs and hangout zones. However, e-commerce players are also facing challenges in growing their revenues and are exploring hybrid models where they



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are setting up brick and mortar stores to shore up their sales figures, improve consumer experience and provides an assurance to the consumer of a physical presence of the e-tailer.

**Analytical Approach:** Standalone Approach

**Applicable Criteria:**

[Rating Methodology for Real Estate Companies](#)

[Rating Methodology for Structure Debt Transaction \(Non- securitisation transaction\)](#)

[Financial Ratios & Interpretation \(Non-financial Sector\)](#)

[Criteria of assigning rating outlook](#)

### **Liquidity – Adequate**

ADIPL is generating sustained income through lease rentals from leading domestic and international branded stores. The company is projected to maintain adequate level of inflows through lease rentals and the same is expected to increase gradually with increase in leasing of vacant area. ADIPL has sufficient inflow to service its debt obligations. The interest coverage ratio was at 0.92x in FY21 due to low cash accruals surround the COVID pandemic and stands comfortable at 1.42x in FY22. All these factors indicate adequate degree of liquidity support to the company in meeting its debt obligations.

### **About the Company**

M/s Ambience Developers & Infrastructure Private Limited (ADIPL) was incorporated on 23rd October 1991 as a private limited company in the name of HLF Enterprises Private Limited engaged in promotion, construction and development of townships, colonies, commercial and residential complexes, infrastructure projects. The registered office of the company is located at New Delhi.

Ambience Developers & Infrastructure Pvt. Ltd. has developed an Ambience Mall, Gurgaon at Ambience Island, NH-8. The Shopping Mall consists of ground floor plus four floors at one tower and ground floor plus seven floors in the Second Tower. This shopping mall has one km. of shopping experience at each floor. It is one of the largest shopping malls in the North India and caters to the posh South Delhi and elite North Gurgaon region. The shopping Mall has an adjoining nine floor office tower which is occupied by leading MNCs for office space.

**Financials (Standalone):**



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(Rs. crore)		
For the year ended*/As on	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	184.02	254.23
EBITDA	128.68	187.35
PAT	-6.91	26.53
Total Debt	1516.01	1578.59
Adjusted Tangible Net worth	284.80	323.00
EBITDA Margin (%)	69.93	73.69
PAT Margin (%)	-3.54	10.41
Overall Gearing Ratio (x)	5.32	4.89

\*Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA: Not Applicable**

**Any other information: Nil**

**Rating History for last three years:**

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2022-23)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Crore)	Rating (10 November 2022)	Date(s) & Rating(s) assigned in 2021-22 (11 August 2021)	Date(s) & Rating(s) assigned in 2020-21 (03 March 2021)	Date(s) & Rating(s) assigned in 2020-21 (14 August 2020)	Date(s) & Rating(s) assigned in 2019-20 (09 September 2019)
1.	Lease Rental Discounting	Long Term	1420.00	IVR BB+/ Positive (IVR Double B plus with Positive outlook)	IVR BB+/ Negative (IVR Double B plus with Negative outlook)	IVR BBB/ Under Credit watch with developing implications	IVR BBB+ / Under Credit watch with developing implications	IVR A- / Stable (IVR Single A minus with Stable outlook)
2.	Overdraft	Long Term	50.00	IVR BB+/ Positive (IVR Double B plus with Positive outlook)	IVR BB+/ Negative (IVR Double B plus with Negative outlook)	IVR BBB/ Under Credit watch with developing implications	IVR BBB+ / Under Credit watch with developing implications	IVR A- / Stable (IVR Single A minus with Stable outlook)
3.	Letter of Credit/ Bank Guarantee	Short Term	15.00	IVR A4+ (IVR Single A Four Plus)	IVR A4+ (IVR Single A Four Plus)	IVR A3+/ Under Credit watch with developing implications	IVR A2/ Under Credit watch with developing implications	IVR A2+ (IVR Single A Two Plus)





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**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 was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI). Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating. Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks. Infomerics has a pan India presence with Head Office in Delhi, branches 4 in major cities and representatives in several locations. For more information visit [www.infomerics.com](http://www.infomerics.com)

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the 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.



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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term- Lease Rental Discounting	-	-	FY36	1420.00	IVR BB+/ Positive (IVR Double B plus with Positive outlook)
Long Term Bank Facility – Overdraft	-	-	-	50.00	IVR BB+/ Positive (IVR Double B plus with Positive outlook)
Short Term Bank Facility Letter of Credit	-	-	180 days	15.00	IVR A4+ (IVR Single A Four Plus)

**Annexure 2: List of companies considered for consolidated analysis: Not Applicable**

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/Len-Ambience-Developers-nov22.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable**

**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).