



## Press Release

**Ambience Developers & Infrastructure Private Limited**

**Sep 30, 2024**

### Ratings

| Instrument / Facility      | Amount (Rs. crore)                            | Current Ratings   | Previous Ratings                                     | Rating Action | Complexity Indicator |
|----------------------------|---|---|--|---------------|----------------------|
| Long Term bank Facilities  | 1,445.00<br>(decreased from Rs 1,533.2 Crore) | IVR BBB+/Stable<br>(IVR Triple B Plus with stable Outlook)              | IVR BBB/Stable<br>(IVR Triple B with Stable Outlook) | Upgraded      | <u>Simple</u>        |
| Short Term bank Facilities | 15.50   | IVR A2<br>(IVR A Two)   | IVR A3+<br>(IVR A Three Plus)                        | Upgraded      | <u>Simple</u>        |
| <b>Total</b>               | <b>1,460.50</b>                               | <b>Rupees One Thousand Four Hundred Sixty Crore and Fifty Lakh Only</b> |  |               |                      |

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

### Detailed Rationale

Infomerics Ratings (IVR) has upgraded the long-term rating to IVR BBB+ with Stable Outlook and short-term rating to IVR A2 for the bank loan facilities of Ambience Developers & Infrastructure Private Limited (ADIPL).

The rating upgrade takes into consideration continuation of extensive experience of the management escrow mechanism & structured payment waterfall, locational advantage, renowned lessees with established brands minimizing counter party risk, besides sustained improved topline and satisfactory debt protection metrics. However, these strengths are partially offset by leveraged capital structure and intense competition.

The stable outlook indicates a low likelihood of rating change in the medium term. IVR believes that the ADIPL's business & financials risk profile will be maintained over the medium term supported by reputed lessees with long to medium term lease agreements.

IVR has principally relied on the standalone audited financial results of ADIPL up to FY23 (refers to 1 April 2022 to 31 March 2023), FY24 Provisional financials (refers to 1 April 2023 to 31 March 2024) & projected financials from FY25 to FY27 (refers to 1 April 2024 to 31 March 2027), and publicly available information/clarifications provided by the company's management.

### Key Rating Sensitivities:



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### Upward Factors

- Sustained growth in scale of business leading to improvement/or maintaining profitability metrics thereby leading/or maintaining overall improvement in cash accruals and liquidity.
- Improvement in the capital structure to an acceptable level with overall gearing below ~2x on a sustained basis, along with improvement in liquidity profile of the company.

### Downward Factors

- Dip in operating income and/or profitability thereby impacting the debt coverage indicators and/or any deterioration in the financial risk profile.
- Delay in lease rentals or tenants leaving leading to deterioration in liquidity risk profile of the company.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### Extensive experience of the management and 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. Arjun Gehlot, CA & Mr. Aman Gehlot, CA with over 10+ years of experience in the business and well assisted by director. 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 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.



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

There are over 230 lessees (shopwise) 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. Spaces are leased out for a average period of 9/12 years with a lock in period of 3 years and in certain cases for longer tenor as well. The lease rentals are increased by 15% after every lock-in period of three years.

### **Moderate scale of operations and satisfactory debt protection metrics**

The total operating income (TOI) of the company has witnessed y-o-y growth of ~6% in FY24(Prov.) as against FY23 and it has grown with a 3-year CAGR of ~23%. The company has registered TOI of Rs. 343.14 crore in FY24 against Rs. 323.92 crore in FY23. The interest service coverage ratio of the company stands satisfactory level, though marginally decreased in FY24 i.e. interest service coverage ratio is at 1.71x in FY24 (PY:1.78x). Cash coverage ratio is expected to be more than 1.5x during the tenure of LRD instalment from the lease rental discounting (LRD) cash flows.

### **Key Rating Weaknesses**

#### **Leveraged capital structure**

The capital structure remains leveraged, however the same has been improving in last 2-3 FYs. The overall gearing improved to 2.98x in FY24 as against 3.84x in FY23 due to increase in the cash accruals and subsequently the net worth..

#### **Intense competition**

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 have direct or indirect competition from the e-commerce peers. Heavy discounts on the online platforms may impact the margins of the retail outlets of malls, unless shopping centres have positioned themselves as entertainment hubs and hangout zones. Nonetheless, e-commerce players are also facing challenges in growing their revenues and are exploring hybrid models where they 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

**Applicable Criteria:**

- [Rating Methodology for Real Estate Companies](#)



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- [Rating Methodology for Service Sector Companies](#)
- [Rating Methodology for Lease Rental Discounting](#)
- [Financial Ratios & Interpretation \(Non-Financial Sector\).](#)
- [Criteria for assigning Rating outlook.](#)
- [Policy on Default Recognition](#)
- [Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity – Adequate**

The company's liquidity is adequate marked by expectation of sufficient cushion in cash accruals against its debt repayments. As per FY24 (Provisional), the company has generated Gross Cash Accruals (GCA) of Rs 101.24 Crore against fixed term obligations of Rs. 43.68 Crore. And expected to generate cash accrual above Rs 100 Crore against fixed term obligations in the range of ~Rs.82 Crore to ~Rs 66 Crore in next 3 FYs. The company has current Ratio of 1.23x as on March 31, 2024 (Prov.). The unencumbered cash and bank balance of company stood at Rs. 21.47 Crores as on 31st March 2024(Prov.). The average utilisation of fund-based limits stands moderate at ~90%. The company has maintained DSRA of Rs 35.52 Crore as on 31 March,2024.

### **About the Company**

M/s Ambience Developers & Infrastructure Private Limited (ADIPL) was incorporated on 23rd October 1991 as a private limited company, erstwhile 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):**

| For the year ended/ As on* | (Rs. crore) |             |
|----------------------------|-------------|-------------|
|                            | 31-03-2023  | 31-03-2024  |
|                            | Audited     | Provisional |
| Total Operating Income     | 323.92      | 343.14      |
| EBITDA                     | 254.11      | 274.08      |
| PAT                        | 78.36       | 79.96       |
| Total Debt                 | 1557.44     | 1472.70     |
| Tangible Net Worth         | 406.00      | 493.92      |
| EBITDA Margin (%)          | 78.45       | 79.87       |



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|                           |       |       |
|---------------------------|-------|-------|
| PAT Margin (%)            | 23.99 | 22.91 |
| Overall Gearing Ratio (x) | 3.84  | 2.98  |
| Interest Coverage (x)     | 1.78  | 1.71  |

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA: None**

**Any other information: Not Applicable**

**Rating History for last three years:**

| Sr. No. | Name of Instrument/Facilities | Ratings (2024-25)            |                    |                 | Rating History for the past 3 years   |   |   |
|---------|-------------------------------|------------------------------|--------------------|-----------------|---|---|---|
|         |                               | Type (Long Term /Short Term) | Amount (Rs. Crore) | Current Ratings | Rating Date(s) & Rating(s) assigned in 2023-24                                  | Date(s) & Rating(s) assigned in 2022-23 | Date(s) & Rating(s) assigned in 2021-22 |
| 1.      | Fund Based Facilities         | Long Term                    | 1,445.00           | IVR BBB+/Stable | IVR BBB/ Stable<br>(24 Nov 2023)<br>-----<br>IVR BBB-/ Stable<br>(July 18,2023) | IVR BB+/ Positive<br>(Nov 10, 2022)     | IVR BB+/ Negative<br>(Aug 11, 2021)     |
| 3.      | Non-Fund Based Facilities     | Short Term                   | 15.50              | IVR A2          | IVR A3+<br>(24 Nov 2023)<br>-----<br>IVR A3<br>(July 18,2023)                   | IVR A4+<br>(Nov 10, 2022)               | IVR A4+<br>(Aug 11, 2021)               |

### Analytical Contacts:

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).





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Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

| Name of Facility/<br>/Security         | ISIN | Date of<br>Issuance | Coupon<br>Rate/ IRR | Maturity<br>Date | Size of<br>Facility<br>(Rs. Crore) | Rating<br>Assigned/<br>Outlook |
|--|------|---------------------|---------------------|------------------|------------------------------------|--------------------------------|
| Fund-Based Bank<br>Facilities – LRD    | -    | -                   | -                   | Till Aug,2035    | 1331.00                            | IVR BBB+<br>/Stable            |
| Fund-Based Bank<br>Facilities – FITL   | -    | -                   | -                   | Till Aug,2035    | 64.00                              | IVR BBB+<br>/Stable            |
| Fund-Based Bank<br>Facilities- OD      | -    | -                   | -                   | -                | 50.00                              | IVR BBB+<br>/Stable            |
| Non-Fund-Based<br>Bank Facilities – BG | -    | -                   | -                   | -                | 15.50                              | IVR A2                         |



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**Annexure 2: Facility wise lender details**

**<https://www.infomerics.com/admin/prfiles/len-ADIPL-sep24.pdf>**

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable**

**Annexure 4: List of companies considered for consolidated/Combined analysis: 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).

