



Press Release

Ambience Commercial Developers Private Limited

August 28, 2023

Ratings

Instrument / Facility	Amount (Rs. crore)	Previous Ratings	Current Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	881.23	IVR D (IVR D)	IVR BB/Stable (IVR Double B with Stable Outlook)	Upgraded	Simple
Total	881.23	Rupees Eight Hundred Eighty-One Crore and Twenty-Three Lakhs Only			

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has upgraded the long-term rating to IVR BB with a Stable outlook for the bank loan facilities of Ambience Commercial Developers Private Limited (ACDPL).

The rating continues to draw comfort from the established track record and experienced management, escrow mechanism and structured payment waterfall, locational advantage and diversified streams of revenue, improved financial risk profile and timely servicing of debt obligations. However, these strengths are partially offset by exposure to contract renewal risk and inherent risk of the industry along with intense competition.

The outlook is stable on account of sales regular receipt of the lease rental and increased footfall at Mall expected to follow the projected trajectory as well as revival in demand of consumer goods and office spaces. The market sentiments and economic conditions have started improving.

IVR has principally relied on the standalone audited financial results of ACDPL upto 31 March 2022, FY2023 provisional certified results, and projected financials for FY2024, FY2025 and FY2026, and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Substantial improvement in the revenue and profitability
- Timely servicing of debt obligations for next one year
- Sustenance of the gearing below 7x
- Timely receipt of lease rental from counterparties



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Downward Factors

- Deterioration in debt protection metrics and overall gearing
- Termination of lease agreement with any of the major tenants leading to reduction in occupancy rates or delayed receivable's leading to decline in cash surplus

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Established track record and experienced management:**

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. The construction and development work of the group is managed by Mr. Arjun Gehlot, CA, with experience of over 10 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 into 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 ACDPL. Also, there is a creation of DSRA as per bank sanction covenants for an amount equivalent to 3 month's Principal + Interest, which provides cushion for servicing of company's debt obligation.

- **Locational advantage and diversified streams of revenue:**

The Ambience Mall is located in Vasant Kunj, New Delhi, 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 84% of the revenue is contributed lease rentals, ticket sale and CAM contribute for 9% and 7% respectively of the total revenue respectively in FY2023. 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.



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- **Improved financial risk profile:**

The tangible networth has improved to Rs. 81.16 crore in FY2023 (Provisional) from Rs. 15.92 crore in FY2022. The overall gearing has improved to 11.20x in FY2023 (Provisional) from 73.09x in FY2022. Total operating income (TOI) has improved by 14.65% to Rs. 211.29 crore in FY2023 (Provisional) from Rs. 184.29 crore in FY2022.

- **Timely servicing of debt obligation:**

The company is now timely servicing the debts as per banker and as per bank statements received the account is regular since 1st April 2023 onwards.

Key Rating Weaknesses

- **Exposure to contract renewal risk :**

Timely renewal of lease agreements for the tenants at similar or better terms to the existing agreement remains a risk for ACDPL. However, 98.70% 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.

- **Inherent risk of the industry along with intense competition:**

The company is exposed to the cyclical nature inherent in an intensely competitive real estate sector, which could result in fluctuations in cash inflows because of volatility in saleability. Further, the real estate industry is exposed to the cyclical nature associated with the real estate sector which has direct linkage with the general macroeconomic scenario, interest rates and level of disposable income available with individuals. There is intense competition from the regional players.

Analytical Approach: For arriving at the ratings, IVR has analysed ACDPL's credit profile by considering the standalone financial statements of the company.

Applicable Criteria:

[Rating Methodology of Real Estate Entities](#)

[Rating Criteria-Lease Rental Discounting](#)

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

[Criteria for Assigning Rating Outlook](#)

[Policy of Default recognition](#)



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Liquidity – Adequate

ACDPL 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. The liquidity position is projected at an adequate level with the cash cover above unity over FY2024-FY2026. All these factors indicate adequate degree of liquidity support to the company in meeting its debt obligations.

About the Company

Anant Commercial Developers Private Limited (ACDPL) (formerly Rampat Estates Private Limited) was incorporated in 1984 and is a part of the Ambience Group. It is promoted by Gehlot family whose rich experience in real estate development (residential and commercial). ACDPL is currently 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.

Financials (Standalone):

For the year ended as on	(Rs. crore)	
	31-03-2022	31-03-2023
	Audited	Provisional
Total Operating Income	184.29	211.29
EBITDA	163.68	182.43
PAT	15.30	58.11
Total Debt	1163.35	908.84
Tangible Networth	15.92	81.16
EBITDA Margin (%)	88.82	86.34
PAT Margin (%)	8.11	27.20
Overall Gearing Ratio (x)	73.09	11.20

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable



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Rating History for last three years:

Sr. No.	Type of Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Tenure	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (12 August 2022)	Date(s) & Rating(s) assigned in 2021-22 (11 August 2021)	Date(s) & Rating(s) assigned in 2020-21 (14 August 2020)
1.	Fund Based	Long Term	881.23	IVR BB/Stable (Upgraded)	IVR D	IVR BBB-Negative (IVR Triple B Minus/ Negative Outlook)	IVR BBB+/CWDI

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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).

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 visit www.infomerics.com.

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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 Term Loan-1	-	-	December 2029	478.56	IVR BB/Stable
LRD Term Loan-2	-	-	December 2029	402.67	IVR BB/Stable

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

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-acdpl-aug23.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 [Complexity Level of Rated Instruments/Facilities](#).