



## Press Release

### Ambience Commercial Developers Pvt Ltd (ACDPL)

August 11, 2021

#### Ratings

| Sl. No. | Instrument/Facility | Amount (INR Crore)                         | Rating Assigned   | Rating Action  |
|---------|---------------------|--|---|----------------|
| 1.      | LRD Facility        | 1254.00<br>(reduced from INR1330.00 crore) | IVR BBB- / Negative Outlook<br>(IVR Triple B Minus with Negative Outlook) | <b>Revised</b> |
|         | <b>Total</b>        | <b>1254.00</b>                             |   |                |

#### *Details of Facilities are in Annexure 1*

#### *Detailed Rationale*

The revision in rating and outlook to the bank facilities of ACDPL factors in the evident stress on the domestic commercial real estate sector as described by the substantial fall in the revenues in FY2021 as compared to FY2020 impacted by the ongoing Covid 19 pandemic. Nonetheless, the company has also reported losses at net levels in FY2021 and has registered a substantial fall in Q1FY2022 revenues amidst measured lockdowns associated with the pandemic.

Further, Infomerics also notes the recent news in the public domain with regards to the key promoter of the Ambience Group. Infomerics will continue to monitor events surrounding the group and evaluate the company's performance amidst calculated relaxations across the country and will be in touch with the group for the same for further clarity.

The rating continues to draw comfort from its 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. These strengths are partially offset by a below average financial risk profile and exposure to contract renewal risk.



## Press Release

### ***Key Rating Sensitivities***

#### ***Upward factors:***

- Sustained lease rental income 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
- Weakening of liquidity
- Any further deterioration in debt protection parameters
- Any further increase in debt

### ***Key Rating Drivers with detailed description***

#### **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.

##### **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



## Press Release

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.

### **Key Rating Weaknesses**

#### **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. ACDPL revenues fell from Rs. 200.90 crore in FY20 to Rs. 128.08 crore in the fiscal year FY20-21 (Provisional) coupled with the net losses of Rs. 79.66 crore in FY21. Further, revenue for Q1-FY22 stood lower at Rs. 13 crore reflecting Covid induced stress in the operations of the company in the current year. The revenue recovery momentum in the remaining part of the year with subsequent affirmative impact on the financials overall and early stabilization of operations to pre Covid levels will be a key monitorable, going forward.

#### **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, 98.7% 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: Standalone**

#### **Applicable Criteria**

Rating Methodology for Structured Debt Transaction (Non – Securitisation Transaction)  
Financial Ratios & Interpretation (Non-Financial Sector)



## Press Release

### **Liquidity - Stretched**

ACDPL liquidity position remains stretched marked by constrained accrual generation induced by the covid-19 pandemic leading to restricted operations of mall. Disruptions in the operations has moderated revenue collection during lockdown period which continues till date. ACDPL has availed moratorium till August, 2020 under covid-19 relief package to relieve liquidity pressures. The company's ability to generate adequate accruals will be key rating sensitivity.

### **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 Caitriona (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.



## Press Release

Financials (Standalone)\*:

(INR crore)

| For the year ended/ As On | 31-03-2018 | 31-03-2019 | 31-03-2020 |
|---------------------------|------------|------------|------------|
|                           | (Audited)  | (Audited)  | (Audited)  |
| Total Income              | 135.88     | 168.64     | 200.90     |
| EBITDA                    | 119.89     | 134.51     | 160.18     |
| PAT                       | -33.98     | -33.19     | 3.72       |
| Total Debt                | 1344.08    | 1332.72    | 1264.63    |
| Tangible Net-worth        | 31.48      | 26.57      | 36.95      |
| <b>Ratios</b>             |            |            |            |
| EBITDA Margin (%)         | 88.23      | 79.76      | 79.73      |
| PAT Margin (%)            | -24.68     | -19.48     | 1.85       |
| Overall Gearing Ratio (x) | 42.69      | 50.17      | 34.23      |

\* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

| Sl. No. | Name of Instrument/<br>Facilities | Current Rating (Year 2021-22) |                                |                            | Rating History for the past 3 years                         |   |   |
|---------|-----------------------------------|-------------------------------|--------------------------------|----------------------------|---|---|---|
|         |                                   | Type                          | Amount outstanding (INR crore) | Rating                     | Date(s) & Rating(s) assigned in 2020-21 (PR dated 14.08.20) | Date(s) & Rating(s) assigned in 2019-20 (PR dated 25.11.19) | Date(s) & Rating(s) assigned in 2018-19 |
| 1.      | LRD Facility                      | Long Term                     | 1254.00                        | IVR BBB- /Negative Outlook | IVR BBB+/ Credit Watch with Developing Implications         | IVR A-/ Stable Outlook                                      | --                                      |

Name and Contact Details of the Rating Team:

Name: Rajath Rajpal

Tel: (022) 62396023

Email: [rrajpal@infomerics.com](mailto:rrajpal@infomerics.com)

Name: Prakash Kabra

Tel: (022) 62396023

Email: [prakash.kabra@infomerics.com](mailto:prakash.kabra@infomerics.com)



## Press Release

### 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.

**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.

### Annexure 1: Details of Facilities

| Name of Facility | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Size of Facility (INR Crore) | Rating Assigned/ Outlook   |
|------------------|------------------|------------------|---------------|------------------------------|----------------------------|
| LRD Facilities   | NA               | NA               | Up to 2028    | 1254.00                      | IVR BBB-/ Negative Outlook |

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

**Annexure 3: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/ambience-developers-lenders-11aug21.pdf>

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

### Annexure 5: Complexity level of the rated Instruments/Facilities

| Sr No. | Instrument               | Complexity Indicator |
|--------|--------------------------|----------------------|
| 1.     | LRD Facility – Term Loan | Simple               |

**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).