



## Press Release

### Ambience Developers & Infrastructure Private Limited

July 18, 2023

#### Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
1	Long Term bank Facility	1470.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	IVR BB+/ Positive (IVR Double B plus with Positive outlook)	Revised	Simple
2	Short Term Bank Facility	15.00	IVR A3 (IVR Single A Three)	IVR A4+ (IVR Single A Four Plus)	Revised	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

Infomerics Valuation and Rating Private Limited (IVR) has revised the long-term rating to IVR BBB- with a Stable outlook and short term rating to IVR A3 for the bank loan facilities of Ambience Developers & Infrastructure Private Limited (ADIPL).

The rating revision to the bank facilities of Ambience Developers & Infrastructure Private Limited considers the improvement in overall profitability, continuous healthy performance in FY23. 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.

IVR has principally relied on the standalone audited financial results of ADIPL up to 31 March 2022, provisional results for 2023 and projected financials till FY37, and publicly available information/ clarifications provided by the company's management.



## Press Release

### Upward Factors

- Significant growth in scale of business with 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 further impacting the debt coverage indicators and/or further deterioration in the financial risk profile
- Delay in lease rentals or tenants leaving

### 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**



## Press Release

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

- **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**

The overall gearing based on TNW stood at 3.87x in FY23 as against 4.89x in FY22 due to increase in the cash accruals and subsequently the net worth. The debt protection indicators of the company stand at an average level such as interest coverage stood at 1.83x in FY23 and DSCR stood at 1.44x in FY23. Tangible net-worth increased to Rs. 409.92 Crores in FY23 from Rs. 323.00 Crores in FY22. The company has seen healthy cash accruals in the last fiscal year. However, company is generating sufficient rental income to meet its debt obligations on time.

- **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 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.



## Press Release

**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. All these factors indicate adequate degree of liquidity support to the company in meeting its debt obligations. The working capital limits of Rs. 50.00 crore has been highly utilized in the last 12 months ending May 2023. The average utilization stands at 98.88% which shows limited cushion in terms of working capital limit utilization.

### **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):**



## Press Release

(Rs. crore)

For the year ended*/As on	31-03-2022	31-03-2023
	<b>Audited</b>	<b>Provisional</b>
Total Operating Income	254.23	355.70
EBITDA	187.35	261.61
PAT	26.53	62.72
Total Debt	1578.59	1557.44
Adjusted Tangible Net worth	323.00	409.92
EBITDA Margin (%)	73.69%	73.55%
PAT Margin (%)	5.82%	5.24%
Adjusted Overall Gearing Ratio (x)	4.89	3.87

\*Classification as per Infomerics' standards

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

**Any other information: Nil**

**Rating History for last three years:**

Sr N o.	Name of Instrument / Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Crore)	Rating Date(s) & Rating(s) assigned in 2023- 24 (July 18, 2023)	Date(s) & Rating(s) assigned in 2022-23 (Nov 10, 2022)	Date(s) & Rating(s) assigned in 2021-22 (Aug 11, 2022)	Date(s) & Rating(s) assigned in 2020-21 (Mar 03, 2021)	Date(s) & Rating(s) assigned in 2020-21 (Aug 14, 2020)
1.	Lease Rental Discounting	Long Term	1420.00	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	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
2.	Overdraft	Long Term	50.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	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
3.	Letter of Credit/ Bank Guarantee	Short Term	15.00	IVR A3 (IVR Single A Three)	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

**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).





## Press Release

### Name and Contact Details of the Rating Analyst:

Name: Abhijeet

Tel: (011) 45579024

Email: [abhijeet.kumar@infomerics.com](mailto:abhijeet.kumar@infomerics.com)

Name: Om Prakash Jain

Tel: (011) 45579024

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

### 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](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is were 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, 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.



## Press Release

### 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 BBB-/ Stable (IVR Triple B Minus with Stable Outlook)
Long Term Bank Facility – Overdraft	-	-	-	50.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)
Short Term Bank Facility Letter of Credit	-	-	180 days	15.00	IVR A3 (IVR Single A Three)

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

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/len-adipl-jul23.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).