

June 8, 2010

CARE ASSIGNS 'BB+' AND 'PR4' RATING TO THE BANK FACILITIES OF AMBIENCE COMMERCIAL DEVELOPERS PVT. LTD.

Ratings Assigned

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	1,193.87	'CARE BB+' (Double B Plus)	Assigned
Short-term Bank Facilities	50.00	'PR4'	Assigned
Total Facilities	1,243.87		

Rating Rationale

The rating is constrained by high gearing level of Ambience Commercial Developers Pvt. Ltd. (ACDPL), delays in project completion in the past, expected delay in commencement of the commercial operations of the mall, risk of lease cancellations / re-negotiations at discounted rentals, high competition and inherent risks associated with the sector. The rating, however takes comfort from the location of the project, lease agreements entered into for high percentage of leasable area and promoter's experience in construction and real estate sector. Ability to retain existing customers at agreed lease terms and ensuring continued high occupancy levels along with leasing out of fresh area at optimum lease rents will be the key rating sensitivities.

Company Profile

Incorporated in 1986, Ambience Commercial Developers Private Limited (ACDPL) is part of Ambience group, founded and promoted by Mr. Raj Singh Gehlot. Till September 2009, Ambeince group has completed four projects involving the development of 4.27 million square feet (msf) of saleable/leasable area in addition to various plotted development in South Delhi and the development of the a Five Start Hotel "The Leela Kempinski" in Gurgaon. Presently, ACDPL is engaged in leasing and operation of the Amb Mall-VK which has 1.17 mn sq ft of leasable area out of which the company has leased around 73% of leasable area. The company received the occupancy certificate for the mall in August 2009 and presently the possession is handed over to some of the retailers for fit-outs.

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CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

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