

June 16, 2010

CARE ASSIGNS 'CARE BB+' AND 'PR4' TO BANK FACILITIES OF AMBIENCE LIMITED

Ratings Assigned

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Fund-based Long-term Bank Facilities	365.00	'CARE BB+' (Double B Plus)	Assigned
Non-fund Based Long-term Bank Facilities	40.00	'CARE BB+' (Double B Plus)	Assigned
Short-term Bank Facilities	315.00	'PR 4' (PR Four)	Assigned
Total Facilities	720.00		

Rating Rationale

The ratings are constrained by low profitability of Ambience Limited (Ambience) on standalone basis, high reliance on the sale of commercial and residential space in its township "Ambience Island" at Gurgaon in the near future and concentration risk arising from its presence primarily in the NCR region. The rating also factors in the presence of high competition and the downturn faced by the real estate industry in the recent past which is yet to see the complete revival.

The rating however draws strength from the promoter's experience, demonstrated record of completed projects, location of Ambience's land reserves and high percentage of acquired land.

Going forward, Ambience's ability to complete and deliver its projects in a time-bound manner, timely generation of internal accruals and raise resources in an effectively and timely manner to fund its growth plans would be the key rating sensitivities.

Company Profile

Incorporated in 1986, Ambience (formerly Ambience Projects & Infrastructure Ltd), the flagship company of the Ambience group, is a real estate development company.

At standalone basis, on the total income of Rs.366.8 crore in FY09, Ambience earned a PAT of Rs.35.0 in FY09.

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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.

Disclaimer

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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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