



Press Release

Ambuja Neotia Teesta Development Private Limited

May 10, 2022

Ratings

Instrument/ Facility*	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	1.00	IVR A-/ Stable (IVR A Minus with a Stable Outlook)	Assigned	Simple
Long Term/Short Term Bank Facilities	57.80	IVR A-; Stable / IVR A2+ (IVR A Minus with a Stable Outlook/ IVR A Two Plus)	Assigned	Simple
Total	58.80	INR Fifty-Eight Crore and Eighty Lakhs Only		

**Details of Facilities are in Annexure 1*

Detailed Rationale

The ratings assigned to the bank facilities of Ambuja Neotia Teesta Development Private Limited (ANTDPL) draws comfort from its experienced promoters and management team, strong parent support, location advantage of being located in Siliguri, association of reputed project consultants to guide the project implementation, in place necessary approvals for the ongoing project, and robust demand with healthy booking status for the launched area. Further, the ratings also note high prepayment of its term loans. However, these rating strengths are partially offset by its project execution risk and exposure to risks relating to cyclicity in real estate industry.

Key Rating Sensitivities

Upward Factors

- Timely receipt of customer advances
- Sustenance of support from the promoters the Ambuja Neotia group
- Healthy booking

Downward Factors

- Lower booking Status
- Delay in completion of the project



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters and management team**

The Ambuja Neotia Group is headed by Mr. Harshvardhan Neotia. Mr. Neotia is a management graduate from Harvard Business School (USA) and has over two decades of experience in the hospitality and real estate sector. Under his leadership, the group has evolved gradually over the years. Besides, ANTDP is driven by Mr. Pramod Ranjan Dwivedi, one of the Director of ANTDP having over two decades of experience in the real estate sector. He is an MBA from IIM Kolkata. Mr. Saurav Chaudhari, the other Director is a B. Tech engineer from IIT Kharagpur and an PGPM from IIM Ahmedabad, have an experience of over two decades across several industries including steel making, aviation, software, and real estate. Mr. Saurav is associated with Ambuja Neotia group for three and half years and is currently in charge of the township project.

- **Strong parent support**

The Ambuja Neotia Group has a legacy of more than two decades and is an established player in real estate/ hospitality/ medical and education segment in Eastern India. The Group has executed more than 15 million sq.ft. of development comprising of residential, commercial and hospitality projects through its various joint ventures and subsidiary companies over a period of the last 20 years and has established its brand which is widely recognized in the region. The Group has also ventured into the states of Sikkim, Bihar, Punjab, Chhattisgarh & Maharashtra for undertaking various types of real estate and hospitality projects. The group has developed many real estate projects comprising flats and apartments across West Bengal. Few of the landmark projects of the Group include Raichak on Ganges, City Centre – Salt Lake, City Centre – New Town, Swissotel, Ujjwala and Ecospace. The group has also established a hospital in Kolkata (named: Bhagirathi Neotia Women & Child Care Centre) which is running successfully along with a university (named: The Neotia University).

ANTDP is a subsidiary of Ambuja Housing and Urban Infrastructure Company Ltd and is expected to receive continuous support from its Group companies with vast experience in the real estate sector in Eastern India. Further, the Ambuja Neotia group has a strong financial profile driven by its various established companies. With its strong financial profile, the group is expected to support ANTDP in near to medium term



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- **Locational advantage**

The project site is located at Dabgram Mouza in Siliguri. It is located along both the sides of Naukaghat Road near 3rd Mahananda Bridge which is connected with SH 12A (proposed Asian Highway 2). The site is located nearly 7 km away from the New Jalpaiguri Railway Station and is directly accessible from Naukaghat Road, which is the major arterial road in the region and stretches between NH-31D & SH-12A at Naukaghat Crossing. The region caters to the tourist interest in the Himalayas, travel, and trade with neighbouring countries of Nepal, Bangladesh and Bhutan and hosts a large base for border security forces, Indian Air force, Army, and Central Reserve Police Force. The Asian Highway 2 is passing through the area connecting Nepal, Bangladesh through Border points at Panitanki and Fulbari respectively. Asian Development bank has already taken up the project of development of connecting highways and land customs stations at the above locations. Trade links are flourishing and the city of Siliguri is benefitting significantly as it forms the gateway to the northeast.

- **Appointment of reputed project consultants to guide the project implementation**

To guide the project implementation in an effective manner, the company has appointed MN Consultants Private Limited as the structural engineer for implementation of the proposed project. MN Consultants Private Limited are experts in the field of civil and structural engineering and provides consultancy services from initial planning till final execution. They have provided consultancy services for properties like Bengal Intelligent Park, Kolkata, Acropolis Mall, Kolkata, First Technology Park, Bangalore, City Centre Raipur, etc. The entity has vast experience of more than a decade in engineering consulting.

- **In place necessary approvals for the ongoing project**

The company has received necessary approvals for its ongoing projects, mitigating the regulatory risks in entirety.

- **Robust demand with healthy booking status**

ANTDPL has launched ~642 Kottah of its residential plot in two phases and received a robust response of 10x times and 5x times the applications respectively in each phase against the area offered, owing to the reputation enjoyed by the group in the real estate sector. Further, the company also launched ~307 Kottah and ~474 Kottah of NRT and UI Facilities respectively and sold the entire launched units comfortably. Thus, saleability risks for the balance saleable area are very low which provides revenue visibility for future years.



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- **Prepayment of term loan**

The company has prepaid most of its present term loans on the back of its high cash inflow.

Key Rating Weaknesses

- **Project execution risk**

The project implementation risk persists, given the stage of its project execution. Though the project has received all necessary regulatory clearances, the expected date of completion is by December 2028. The long implementation period makes the company susceptible to time and cost overruns, which may impact profitability. Once operational, ability to sell the units is key to meet the debt obligation on time.

- **Exposure to risks relating to cyclicity in real estate industry**

Cyclicity in the real estate segment could lead to fluctuations in cash inflow because of volatility in realization and saleability. This may impact the debt servicing ability of the company.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Real Estate Companies](#)

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

Liquidity Position: Strong

The liquidity position of the company appears strong backed by robust demand of the project. Further, the company has prepaid its term loans till mid of FY24. Further, resourcefulness of the promoter, also supports the liquidity position of the company.

About the Company

Ambuja Neotia Teesta Development Private Limited (ANTDPL), incorporated on January 24, 2011, is a part of Kolkata based, Ambuja Neotia Group. Ambuja Neotia Group has been promoted by the Neotia Family which has been an integral part of the business community in Kolkata for nearly 125 years. The Group has executed more than 25 million sq. ft. of area development over a period of last three decades & also ventured into states of Sikkim, Bihar, Punjab, Chhattisgarh & Maharashtra for undertaking various types of Real estate & hospitality projects.



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The West Bengal Housing Infrastructure Development Corporation Ltd proposed a township at DABGRAM (Teesta) near Siliguri in Jalpaiguri district with an area of 81.19 acres. It floated a tender bid, which was won by AHUICL, the ~100% holding company of ANTDPL. As per the terms of the Lease Agreement & Bid Document, the Bidder needs to promote and incorporate a separate entity (SPV) as a Limited Liability Company under Companies Act, 2013 and request the Lessor (the Authority) to accept such SPV as Lessee which shall undertake and perform the obligations of the Bidder. Following to which ANTDPL started its operation with the 'Teesta Project'. The theme for the Township is "Health and Knowledge".

Financials (Standalone)

(Rs. crore)

For the year ended* / As On	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	0.00	0.00
EBITDA	10.20	13.39
PAT	-0.54	-0.55
Total Debt	89.92	150.73
Tangible Net worth	-1.27	-2.28
Interest Coverage Ratio (x)	1.18	1.04

**Classification as per Infomerics' standards*

Since the company is under project implementation stage, there is negligible operating revenue till date. Further, ANTDPL is engaged in undertaking construction of residential projects, its revenue profile is largely dependent on percentage completion of the project, leading to volatility in overall operating income

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Cash Credit	Long Term	1.00	IVR A-/ Stable (IVR A Minus with Stable Outlook)	-	-	-
2.	Fund based/ Non-Fund based Facilities	Long Term/ Short Term	57.80*	IVR A-; Stable / IVR A2+ (IVR A Minus with a Stable Outlook/ IVR A Two Plus)	-	-	-

**Sub-Limits of TL: Rs.25.00 crore of CC & Rs.5.00 crore each of LC & BG*



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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust, and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

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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 Bank Facilities – Cash Credit	-	-	-	1.00	IVR A-/ Stable



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Long Term/ Short Term- Fund based/ Non-Fund based Bank Facilities	-	-	January 2026	57.80*	IVR A-; Stable/ IVR A2+
Total				58.80	

**Sub-Limits of TL: Rs.25.00 crore of CC & Rs.5.00 crore each of LC & BG*

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Ambuja-Neotia-May22.pdf>

Annexure 3: List of companies considered for Consolidated Analysis: Not Applicable

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.