



Press Release

Neha Gandhi Family Trust (NGFT)

October 21, 2022

Ratings:

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	100.00	IVR BB-/ Stable (IVR Double B Minus with Stable Outlook)	Assigned	Simple
Total	100.00 (Rupees One hundred crore only)			

Details of Facilities are in Annexure 1

Detailed Rationale:

The rating assigned to the bank facilities Neha Gandhi Family Trust (NGFT) derives strength from the experienced management, locational advantages accruing to the project and financial closure achieved for the project. The rating is, however, constrained by exposure to project implementation risk, chance of time and cost overrun, no past track record and susceptibility to cyclicity inherent in the real estate sector.

Key Rating Sensitivities

Upward Factors

- Scheduled progress of the project
- 100% sale of inventory leading to adequate cash flow generation

Downward Factors

- Any cost or time overrun in completing ongoing project.
- Lower than expected booking status leading to cash flow mismatches

Key Rating Drivers with detailed description:

Key Rating Strengths:

Experienced management

NGFT is managed by Ms. Neha Nikhil Gandhi, she is the Managing Trustee and is involved in all the project related work being planned / conceived by the Trust. She has good experience in liaising with bankers, valuers, project consultants, contractors etc. and supervising all compliance related activities required for the trust. NGFT is well supported by a team of experienced and qualified professionals.



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Locational advantages accruing to the project due to favourable location

NGFT's ongoing project, an upcoming ultra - premium residential development called "ORANGE Mansion" is situated in a prime location and enjoys good connectivity with the neighborhood. It is located at the premium South Mumbai locality of Breach Candy, spread over a land parcel with an area of 720 .74 sq.mt. The subject property is located on the Bomanji Petit Marg near Kemps corner, with the main road connecting August Kranti Marg. The property is also accessible from the Bhulabhai Desai Marg from within the internal roads of the Oomer Park Gated bungalow society. The subject property is also located two minutes away from proposed coastal road, near the junction of Nepean Sea Road, Bhulabhai Desai Marg, and August Kranti Marg, Malabar Hill, Mumbai and falls under the 'D ward' of the MCGM.

Financial closure achieved

The total project cost is Rs. 204.06 crore. NGFT has tied up term loan of Rs.100 crore with Canara Bank for construction of the project and the repayments for the project will commence from November 2024. This is approximately 49% of the construction cost. The remaining costs will be financed by equity from the promoters.

Key Rating Weaknesses:

Exposure to project implementation risk

NGFT faces moderate project implementation risk as the project is only in the nascent stage, with its construction start date being November 2022. The construction is expected to be completed by October 2024.

Chance of time and cost overrun

Even though all precautions and steps are taken by the company to avoid time and cost overrun, there is always a scope of such a happening due to unforeseen circumstances. However, the company has picked up on any time and cost overrun that might have occurred due to the lockdown scenario of the COVID-19 pandemic.

No past track record

There is no track record of completed projects to prove their project execution capabilities.

Susceptibility to cyclicity inherent in the real estate sector

Real Estate is highly regulated, and completion of the project depends upon a number of internal and external factors amongst which the most common are cost and time overruns and



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customer defaults, as the project depends on customer advances for its project funding. Also, the industry is highly cyclical to the economic cycles a country undergoes.

Analytical Approach: Standalone

Applicable Criteria:

[Criteria of assigning Rating Outlook](#)

[Rating Methodology for Infrastructure Companies](#)

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

Liquidity – Adequate

NGFT is projected to maintain an adequate level of inflow and the same is expected to increase gradually with increase in bookings. Overall liquidity position is expected to remain adequate. Moreover, currently there is a moratorium period, and the repayments will start from April 2024. However, any major delays in scheduled completion of the project can impact the liquidity adversely.

About the Trust

Neha Gandhi Family Trust (NGFT) originally, was incorporated as Nikhil Prataprai Gandhi Family Trust in June 2007 vide original Trust deed dated 07.06.2007 with Mr. Nikhil Prataprai Gandhi and Mr. Bharat Amrutlal Shah as Trustees and Mrs. Neha Nikhil Gandhi, Ms Akshita Nikhil Gandhi and Ms. Priyanka Nikhil Gandhi as the beneficiaries. Later vide supplementary deed dated June 2021, the trust was renamed as "Neha Gandhi Family Trust."

NGFT is developing an Ultra-Premium Residential Development called "**ORANGE Mansion**" on a prime residential plot in South Mumbai at Breach Candy. The project comprises of five units, two duplex and three triplex apartments. The project has already received Commencement Certificate (CC) for construction up to Plinth Level i.e., Upper Ground Floor. Construction of basement area, lower ground floor and upper ground floor work has been completed. The Trust is in the process of obtaining approvals for revised building plans up to 16th Floor.

Financials: The project is under construction hence there is no revenue from operations till FY22

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable



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Rating History for last three years:

Sr. No	Name of Instrument/ Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount (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.	Term Loan	Long Term	100.00	IVR BB-/ Stable	-	-	-

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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 firm 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
Term Loan	-	-	March 2025	100.00	IVR BB-/ Stable

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

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-Neha-Gandhi-oct22.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 based on complexity and a note thereon is available at www.infomerics.com.