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Ambuja Neotia Teesta Development Private Limited

October 7, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	200.00*	IVR A-/ Stable (IVR A minus with Stable outlook)	IVR A-/ Stable (IVR A minus with Stable outlook)	Reaffirmed	Simple
Short Term Bank Facilities	1.00	IVR A2+ (IVR A two plus)	IVR A2+ (IVR A two plus)	Reaffirmed	Simple
Long/ Short Term Bank Facilities	7.51	IVR A-/ Stable/ IVR A2+ (IVR A minus with Stable outlook and IVR A two plus)	IVR A-/ Stable/ IVR A2+ (IVR A minus with Stable outlook and IVR A two plus)	Reaffirmed	Simple
Total	208.51 (Two hundred eight crore and fifty one lakh only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The reaffirmation of the ratings assigned to the bank facilities of Ambuja Teesta Development Private Limited (ATDPL) derives strength from the experienced promoters and management team, strong parent support, location advantage, appointment of reputed project consultants to guide the project implementation, progress achieved earlier than scheduled completion date, healthy booking progress and customer advances in project over the past one year, favourable cash flow cover and minimum exposure to project risk. However, these rating strengths are partially offset by risks and cyclicity inherent in the real estate sector along with geographical concentration.

The stable outlook considers the extensive experience of the promoters and timely completion of project coupled with healthy growth in sales and collections and the consequent improvement in cash flow from operations.



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Key Rating Sensitivities:

Upward Factors

- Significant increase in sales and collections resulting in sustained healthy growth in topline.
- Sustenance of support from the promoters the Ambuja Neotia group.
- Timely completion of the HIG project, without cost overrun.

Downward Factors

- Delays in completion of the ongoing project or delays in receipt of customer advances and/ or sales consideration impacting the liquidity profile.
- Slower than expected sales resulting in significant increase in reliance on external debt, impacting the company's financial risk profile.

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. Mr. Kan Singh Sodha, the Director is associated with the group for last 15 years. The company is led by strong management team, headed by experienced persons.

- **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



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executed more than 25 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, Chhattisgarh 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, 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).

ANTDPL 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 ANT DPL in near to medium term.

- **Location 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. The site is only 7 kms from the core city of Siliguri and 4 kms from Jalpaiguri. Trade links are flourishing and the city of Siliguri is benefitting significantly as it forms the gateway to the northeast. The Teesta Township project strives to generate a development that may serve as a model for future developments.



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- **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.

- **Progress achieved earlier than scheduled completion date**

The scheduled completion date of the entire project which consist of six categories- Economically Weak Section (ES), High Income Group (HIG), N R Theme (Health & Education), Residential Plots, Urban Infrastructure Amenities (UIA) and UIF (Commercial Plots) is December 2028. The company has completed the construction of plots under the Residential, NRT, UIF and EWS category by March 31, 2023, compared with the SCOD of December 2023. The company has started the construction of the HIG category, which has a SCOD of December 2028.

- **Healthy booking progress and customer advances in project over the past one year**

As of July 31, 2024, the company had sold ~2222 kottah or ~72% of the total saleable area of ~3096 kottah (which includes Residential, NRT, UIF, and EWS category). This was up from ~1546 kottah or ~60% of the saleable area under these categories as on May 30, 2023. Under the HIG category there has been fresh sales of 335755 sq ft. Also, the sales consideration received increased 84% year over year as on Jul 31, 2024, from May 31, 2023. Infomerics notes that over the past one year the company has made a good progress in area sold under the Residential, UIF, EWS and HIG category.

- **Favourable cash flow cover**

The company's cash flow coverage remains favourable at 1.27x on the basis of expected cash inflows and outflows. According to Infomerics, the healthy sales velocity provides adequate visibility to cash flow.



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- **Minimum exposure to project risk**

Company is yet to start with the construction of UIF mall which is 254 kottah, which forms only 5% of the total project area. The company has completed construction in other segments and only the HIG phase 2 is under construction which constitutes 222951 sq feet. The exposure to project risk is minimum.

Key Rating Weaknesses

- **Risks and cyclicity inherent in the real estate sector**

Risks and cyclicity inherent in the real estate sector may result in volatility in sales and realizations, and hence, cash flow. The residential real estate sector has been under pressure due to weak demand and bearish consumer sentiment in the past few years. However, in the recent past, the demand for real estate has shown an improvement, despite an increase in real estate prices.

- **Geographical concentration risk**

Further, company operates only in one location in Siliguri, West Bengal, and hence is susceptible to any decline in demand or oversupply in the aforesaid micro- market. However, the company has developed a 300 acres township named Uttorayon in Siliguri and it received good response, which reflects the company's strong brand image in the area.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Real Estate Entities](#)

[Criteria on assigning Rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

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



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Liquidity – Strong

The liquidity position of the company is strong, marked by healthy inflows from sale of plots. The company has generated adequate net cash accruals to service its debt obligations. Infomerics believes the company's liquidity is likely to remain strong on account of inflows expected from sale of plots over the near to medium term.

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, Chhattisgarh for undertaking various types of Real estate & hospitality projects.

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):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	164.50	125.06
EBITDA	71.56	72.95
PAT	44.85	50.60
Total Debt	96.79	137.41
Tangible Net Worth	42.92	93.52
EBITDA Margin (%)	43.50	58.33
PAT Margin (%)	27.22	38.91



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Adjusted Overall Gearing Ratio (x)	2.25	2.89
Interest Coverage (x)	6.27	7.33

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years			
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-2024		Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022
					November 6, 2023	August 8, 2023	May 10, 2022	-
1.	Term Loans	Long Term	200.00*	IVR A-/Stable	IVR A-/Stable	IVR A-/Stable	IVR A-/Stable/IVR A2+	-
2.	Overdraft	Short Term	1.00	IVR A2+	IVR A2+	IVR A2+	-	-
3.	Bank Guarantee	Long Term/Short Term	7.51	IVR A-/Stable/IVR A2+	IVR A-/Stable/IVR A2+	IVR A-/Stable/IVR A2+	IVR A-/Stable/IVR A2+	-
4.	Cash Credit	Long Term	-	-	-	-	IVR A-/Stable	-

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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).



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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 and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan 1	-	-	-	September 2028	125.00*	IVR A-/ Stable
Term Loan 2	-	-	-	August 2027	75.00	IVR A-/ Stable
Overdraft	-	-	-	-	1.00	IVR A2+
Bank Guarantee	-	-	-	-	7.51	IVR A-/ Stable/ IVR A2+

**Dropline OD of Rs. 60.00 crore is a sublimit of Term Loan*

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-ambuja-neotia-7oct24.pdf>



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Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Name of the Security		Detailed Explanation
	Financial Covenant	
	i.	
	ii.	
	Non-financial Covenant	
	i.	
	ii.	

Annexure 4: List of companies considered for consolidated/Combined analysis: 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.