



Press Release

Ambuja Neotia Teesta Development Private Limited

August 8, 2023

Ratings

Instrument / Facility	Amount (Rs. Crore)	Current Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	200.00* (enhanced from Rs. 1.00 crore and includes proposed facility of Rs. 75.00 crore)	IVR A-/ Stable (IVR A minus with Stable outlook)	Reaffirmed	Simple
Short Term Bank Facilities	1.00	IVR A2+ (IVR A two plus)	Reaffirmed	Simple
Long Term/Short Term Bank Facilities	7.51 (reduced from Rs. 57.80 crore)	IVR A-/ Stable/ IVR A2+ (IVR A minus with Stable outlook and IVR A two plus)	Reaffirmed	Simple
Total	208.51 (INR two hundred eight crore and fifty one lakh only)			

**Cash Credit of Rs. 25.00 crore is a sublimit of Term Loan*

Details of Facilities are in Annexure 1

Detailed Rationale

The reaffirmation of the ratings assigned to the bank facilities of Ambuja Teesta Development Private Limited (ATDPL) derives 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 and a favourable cash flow cover. However, these rating strengths are partially offset by exposure to project risk, risks and cyclicity inherent in the real estate sector along with geographical concentration.



Press Release

Key Rating Sensitivities:

Upward factors

- Significant increase in sales and collections resulting in sustained healthy growth in operating cash flows.
- Sustenance of support from the promoters the Ambuja Neotia group.
- Timely receipt of the approvals pending for the HIG project and completion of the same.

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, ANTDPL is driven by Mr. Pramod Ranjan Dwivedi, one of the Director of ANTDPL 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.



Press Release

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 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 ANTDPL 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.



Press Release

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 (EWS), High Income Group (HIG), N R Theme (Health & Education), Residential Plots, Urban Infrastructure Amenities (UIA) and UIF (Commercial Plots) is June 2028. The company has completed the construction of plots under the Residential, NRT, UIF and EWS category by March 31, 2023. The SCOD for the Residential and UIF category was December 2023. The company is yet to start the construction of the HIG category, which has a SCOD of June 2028. The total cost of the project is budgeted at Rs. 644.00 crore which is financed by a mix of term loan, customer deposits and internal accrual. As of May 31, 2023, ~44% of the project was completed which was funded equally by term loans and customer advances.

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

As of May 31, 2023, the company had sold ~1546 kottah or ~46% of the total saleable area of ~3375 kottah, which increased from ~920 kottah or ~27% of the total saleable area as on March 31, 2022. Also the sales consideration received increased 247% year over year as on March 31, 2023. Infomerics notes that over the past one year the company has made a good progress in area sold under the NRT and UIF category.

Favourable cash flow cover

The company's cash flow coverage remains favourable at 1.43x on the basis of expected cash inflows and outflows. According to Infomerics, the healthy sales velocity provides adequate



Press Release

visibility to cash flow. The company plans to extend intercorporate deposits in FY2024 which will be meant for future expansion and growth.

Key Rating Weaknesses

Exposure to project risk

Company is also undertaking construction of plots under High income group (HIG) and the UIF-mall. The area of the HIG category and UIF-mall is 280 kottah and 254 kottah which together forms ~16% of the total saleable area. The construction of these two categories is yet to be picked up and company have incurred no construction cost on the same, hence it is exposed to implementation, demand, and funding risk. The company is awaiting environmental clearance for the HIG project. Part of the remaining total construction cost of Rs. 358.00 crore for HIG and UIF-Mall will be funded by mix of term loan and surplus receivables from existing completed project and from customer advances to be received (both tied up and future sales) for the already completed categories. This will further support the construction.

Risks and cyclicalities inherent in the real estate sector

Risks and cyclicalities 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:



Press Release

[Rating Methodology for real estate companies](#)

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

[Criteria for assigning Rating outlook](#)

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



Press Release

Financials (Standalone):

(Rs. crore)

For the year ended* / As On	31-03-2022	31-03-2023
	Audited	Provisional
Total Operating Income	0.23	165.30
EBITDA	13.72	72.89
PAT	-0.78	46.47
Total Debt	105.19	94.96
Tangible Net worth	-3.39	43.08
EBITDA Margin (%)	5994.19	44.10
PAT Margin (%)	NM	28.11
Overall Gearing Ratio (x)	NM	2.20

*As per Infomerics' Standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years with Infomerics:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (May 10, 2022)	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Term Loans	Long Term	200.00*	IVR A-/ Stable	IVR A-/ Stable/ IVR A2+	-	-
2.	Overdraft	Short Term	1.00	IVR A2+	-	-	-
3.	Bank Guarantee	Long Term/ Short Term	7.51	IVR A-/ Stable/ IVR A2+	IVR A-/ Stable/ IVR A2+	-	-
4.	Cash Credit	Long Term	-	-	IVR A-/ Stable	-	-

*Cash Credit of Rs. 25.00 crore is a sublimit of Term Loan from SBM Bank

Name and Contact Details of the Rating Analyst:

Name: Mr. Sandeep Khaitan

Tel: (033) 46022266

Email: sandeep.khaitan@infomerics.com



Press Release

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).

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 visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

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 1	-	-	January 2026	50.00*	IVR A-/ Stable



Press Release

Term Loan 2	-	-	March 2027	75.00	IVR A-/ Stable
Proposed Term Loan	-	-	-	75.00	IVR A-/ Stable
Overdraft	-	-	-	1.00	IVR A2+
Bank Guarantee	-	-	-	7.51	IVR A-/ Stable/ IVR A2+

**Cash Credit of Rs. 25.00 crore is a sublimit of Term Loan*

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

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-ANTDPL-aug23.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 on the basis of complexity and a note thereon is available at www.infomerics.com