

**Riverbank Developers Private Limited**  
**March 27, 2019**

**Ratings**

Facilities	Amount (Rs.crore)	Ratings <sup>1</sup>	Rating Action
Corporate Guarantee <sup>@</sup>	135.00	<b>CARE BB+; Stable; ISSUER NOT COOPERATING* (Double B plus; Outlook: Stable)</b>	<b>ISSUER NOT COOPERATING; Revised from CARE BBB-; Negative(Triple B minus; Outlook: Negative) on the basis of best available information</b>
<b>Total</b>	<b>135.00 (Rupees one hundred and thirty five crores only)</b>		

*Details of instruments/facilities in Annexure-1*

<sup>@</sup> extended to BBT Elevated Road Private Limited (BERPL), an SPV, for term loan of Rs.135 crore for elevated road project. The guarantee is to be operated through a structured payment mechanism for timely transfer of the required funds for payment of principal and interest (to the extent of Rs.135.0 crore) to a designated account.

**Detailed Rationale & Key Rating Drivers**

CARE has been seeking information from Riverbank Developers (P) Ltd. (RDPL) to monitor the rating(s) vide e-mail dated February 08, 2019; February 14, 2019; February 27, 2019; March 12, 2019; March 13, 2019 and March 14, 2019 and numerous phone calls. However, despite our repeated requests, RDPL has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Further, RDPL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on RDPL's bank facilities will now be denoted as **CARE BB+; Stable; ISSUER NOT COOPERATING**.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

*The ratings have been revised on account of inaccessibility of audited financial statements for FY18 on the public domain and update on the ongoing project(s).*

**Detailed description of the Key Rating Driver**

At the time of last rating on February 19, 2018, following were the rating strengths and weaknesses.

**Key Rating Strengths*****Established position of the Hiland Group; experienced promoters***

The United Credit Belani Group (Hiland Group) along with Kolkata Metropolitan Development Authority jointly established, Calcutta Metropolitan Group Ltd which collaborated with Bata India Ltd to establish Riverbank Developers Pvt Ltd (RDPL) and Riverbank Holdings Pvt Ltd (RHPL) which in turn got merged with RDPL as per Hon'ble High Court of Calcutta order dtd. September 2014 with the effect from April 2012. The HILAND group, since its inception, has developed several residential and commercial projects. Mr. Nandu K. Belani, promoter director of RDPL, is engaged in real estate business from almost four decades and completed over 40 Isf (approx.) of construction in the posh localities of Kolkata under the Belani group. He is well supported by Mr. Sumit Dabriwala - who is a promoter director with a decade experience in the real estate business and member of the apex body of the organized real estate developers across West Bengal. Besides, the company is driven by strong management team with well demarcated departments headed by experienced persons.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publication  
 \*Issuer did not cooperate ; Based on best available information

**Clear rights to develop and market the project**

The project is being developed in a Joint Development Agreement (JDA) with Bata India Limited (BIL), with the latter holding the title on the 262 acre land of the CRS Township. The Hiland Group has acquired development and land rights from BIL in return for a pre-agreed consideration, and has clear rights to develop and market the said project at an aggregate cost of Rs.214 cr. Out of total consideration, Rs.97 crore has been paid to BIL and for the balance amount, BIL has been allotted units over 6.4 lakh sq. ft. of area in the project.

**Proposed State of the art amenities and facilities at the CRS project**

Calcutta Riverside Project is an integrated township on the riverbank in Kolkata. The promoters envisage development of more than 15 million square feet (approx.) space spread over several land parcels designed to cater different tastes and usage. The project visualizes development of approximately 145,000 apartments in the entire township, shaped with beautiful landscape for each part of the residential area. The residential area is further categorized based on the various themes like Princep, Lake Front, Golf Greens, Mandeville, Elgin, River Front, Golf Front and Hiland Greens. The entire township will be completed in phases. As a part of acquisition cost of land development rights, along with Rs.97 crore, the promoters has constructed 6.4 lakh square feet of area for the BATA India Ltd.

**Efficient project execution capabilities coupled with strong brand image and association with renowned architects & contractors**

The group is associated with renowned architects like HCP Design & Project Management Pvt Ltd, Vastu Shilpa Consultants, M/s Prabhakar Bhagwat & Associates etc. HILAND group, by virtue of having completed various projects in the past, has an established brand image in the Kolkata. Further, the company has a dedicated in-house marketing team constituting of qualified professionals to target its customers.

**Initiation of the construction work of the elevated toll road; aiding easy access**

Calcutta Riverside is approximately 18 Km from the Central Kolkata and is accessible through Budge Budge Trunk Road (BBTR). Currently, it takes a lot of time to transverse the route stretching from Jinjhira Bazar to BBTR which is an overcrowded two lane road catering to both the growing residential as well as commercial needs. With the elevated road in place, there would be a fast and direct link to the project site and travelling time from the Calcutta Riverside Project to the CBD of the city would be reduced significantly.

As scheduled, Commercial Operation Date (COD) for such flyover was February 19, 2017. However, the same has been delayed and is expected to be operational by June 2018. The company has not incurred any additional charges due to such expansion.

Total estimated cost of construction of the flyover is around Rs.336.25 crore (Rs.114.45 equity, Rs.86.80 government grant and Rs.135 crore debt). As on November 30, 2017, the company has incurred Rs.235.63 crore (Rs.100.40 equity, Rs.70.48 crore government grant and Rs.64.75 debt).

**Key rating weakness****Saleability risk associated with the balance project**

In last one year (October 2016 to November 2017), the company has been able to sell 0.77 lsf of area. Such slowdown in sales is mainly attributed to subdued outlook of the real estate market coupled with delay in construction of the BBT Toll road project which is plays an important role in project accessibility. With around 97.64 lakh square feet of area to be sold, over the next nine years, as against 48.05 lsf sold till November 30, 2017, the salability risk remains. Further, the company is also proposing increase in the selling prices for the balanced units given the ease in commutation due to the construction of BBT Tollways project. On the other hand, major part of the cost for the ongoing projects is to be funded from customer advances, which is contingent on the company's ability to market its projects and command a favourable price.

**Construction Risk**

For the CRS project, RDPL is to construct 178.29 lakh sq. ft. Estimated cost of construction for the said area is around Rs.3,772 crore. Out of the same, till November 30, 2017, the company has already constructed/started construction of ~67 lakh sq. ft by incurring a project cost of Rs.850.02 crore as on November 30, 2017. Remaining 111.29 sq. ft. is yet to be constructed. In such a scenario, the construction risk for the area to be constructed prevails.

**Increase in debt levels during FY18**

During FY18, the company has availed additional term loan aggregating Rs.415 crore mainly to fund the

ongoing construction and retire its high cost Non-Convertible Debentures. The repayment of such term loan is to begin from FY25. However, the same has led to an overall increase in the debt profile of the company

**Analytical approach:** Standalone

#### Applicable Criteria

[Policy in respect of Non Cooperation by issuer](#)

[CARE's Policy on Default Recognition](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[Financial ratios – Non-Financial Sector](#)

#### About the Company

The Hiland Group, promoted by Mr. Sumit Dabriwala and Mr. Nandu Belani, is a reputed developer of real estate in Kolkata. The Hiland Group collaborated with Bata India Limited (BIL) to establish two special purpose vehicles – Riverbank Developers Private Limited (RDPL) and Riverbank Holdings Private Limited (RHPL), both being part of the Hiland Group, for the development of an integrated township project, named Calcutta Riverside (CRS), spread over 262 acres of land at Batanagar, Kolkata. With the court order dated September 09, 2014, RDPL amalgamated with RHPL with April 01, 2012 as the appointed date. RDPL has proposed to develop 150 lakh square feet saleable area (launched 54.84 lakh sq ft till date) by FY25 in phased manner

Brief Financials of RDPL (Rs. in crore)	FY16(A)	FY17(A)*
Total Operating Income	367.52	491.54
PBILDT	92.83	93.14
PAT	12.61	12.54
Overall Gearing	(7.72)	(8.52)
Interest Coverage	1.21	1.33

A: Audited \*The audited financials for FY18 is not available on the public domain.

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Not Available

**Rating History (Last three years):** Please refer Annexure-2

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

#### Analyst Contact

Name: Mr. Abhishek Khemka

Tel: 033-4018 1610

Cell: +91 9831099290

Email: [abhishek.khemka@careratings.com](mailto:abhishek.khemka@careratings.com)

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

#### About CARE Ratings:

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**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Corporate Guarantee	June, 2018	11.85%	September 2029	135.00	CARE BB+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BBB-; Negative on the basis of best available information

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Corporate Guarantee	LT	135.00	CARE BB+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BBB-; Negative on the basis of best available information	-	1)CARE BBB-; Negative (19-Feb-18)	1)CARE BBB; Stable (23-Jan-17)	1)CARE BBB (16-Dec-15)
2.	Debentures- Non Convertible Debentures	LT	-	-	-	1)Withdrawn (19-Feb-18)	1)CARE BBB; Stable (23-Jan-17)	1)CARE BBB (16-Dec-15)

\* Issuer did not cooperate; based on best available information

**CONTACT****Head Office Mumbai****Ms. Meenal Sikchi**

Cell: + 91 98190 09839

E-mail: [meenal.sikchi@careratings.com](mailto:meenal.sikchi@careratings.com)**Ms. Rashmi Narvankar**

Cell: + 91 99675 70636

E-mail: [rashmi.narvankar@careratings.com](mailto:rashmi.narvankar@careratings.com)**Mr. Ankur Sachdeva**

Cell: + 91 98196 98985

E-mail: [ankur.sachdeva@careratings.com](mailto:ankur.sachdeva@careratings.com)**Mr. Saikat Roy**

Cell: + 91 98209 98779

E-mail: [saikat.roy@careratings.com](mailto:saikat.roy@careratings.com)**CARE Ratings Limited**

(Formerly known as Credit Analysis &amp; Research Ltd.)

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: [care@careratings.com](mailto:care@careratings.com)**AHMEDABAD****Mr. Deepak Prajapati**

32, Titanium, Prahaladnagar Corporate Road, Satellite, Ahmedabad - 380 015

Cell: +91-9099028864

Tel: +91-79-4026 5656

E-mail: [deepak.prajapati@careratings.com](mailto:deepak.prajapati@careratings.com)**BENGALURU****Mr. V Pradeep Kumar**

Unit No. 1101-1102, 11th Floor, Prestige Meridian II, No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91 98407 54521

Tel: +91-80-4115 0445, 4165 4529

Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)**CHANDIGARH****Mr. Anand Jha**

SCF No. 54-55, First Floor, Phase 11, Sector 65, Mohali - 160062 Chandigarh

Cell: +91 85111-53511/99251-42264

Tel: +91-0172-490-4000 / 01

Email: [anand.jha@careratings.com](mailto:anand.jha@careratings.com)**CHENNAI****Mr. V Pradeep Kumar**

Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)**COIMBATORE****Mr. V Pradeep Kumar**

T-3, 3rd Floor, Manchester Square Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)**HYDERABAD****Mr. Ramesh Bob**

401, Ashoka Scintilla, 3-6-502, Himayat Nagar, Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

E-mail: [ramesh.bob@careratings.com](mailto:ramesh.bob@careratings.com)**JAIPUR****Mr. Nikhil Soni**

304, Pashupati Akshat Heights, Plot No. D-91, Madho Singh Road, Near Collectorate Circle, Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: [nikhil.soni@careratings.com](mailto:nikhil.soni@careratings.com)**KOLKATA****Ms. Priti Agarwal**

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.) 10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: [priti.agarwal@careratings.com](mailto:priti.agarwal@careratings.com)**NEW DELHI****Ms. Swati Agrawal**

13th Floor, E-1 Block, Videocon Tower, Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: [swati.agrawal@careratings.com](mailto:swati.agrawal@careratings.com)**PUNE****Mr. Pratim Banerjee**

9th Floor, Pride Kumar Senate, Plot No. 970, Bhamburda, Senapati Bapat Road, Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: [pratim.banerjee@careratings.com](mailto:pratim.banerjee@careratings.com)

CIN - L67190MH1993PLC071691