Press Release
THE NEOTIA UNIVERSITY
November 26, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	57.50	ACUITE BBB | Stable | Reaffirmed	-
Bank Loan Ratings	1.70	-	ACUITE A3+ | Reaffirmed
Total Outstanding Quantum (Rs. Cr)	59.20	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of **'ACUITÉ BBB' (read as ACUITÉ Triple B)** and the short-term rating of **'ACUITÉ A3+' (read as ACUITÉ A Three Plus)** on the Rs. 59.20 Cr. bank facilities of The Neotia University (TNU). The outlook is '**Stable**'.

Rationale for Rating

The rating rationale reflects the university's improved operational and financial performance, timely completion of capital expenditure as envisaged earlier, and continued benefit derived from being a part of the Ambuja-Neotia Group. Revenue increased to Rs.52.46 Cr. in FY25 from Rs.47.46 Cr. in FY24, aided by higher enrolments and new course introduction, with EBITDA margin improving to 23.95% from 20.57% and ROCE rising to 11.40%. PAT margin stood at 6.73%, moderated by higher interest costs. Furthermore, the university derives benefit from strong financial, operational, and managerial benefits derived from the Ambuja-Neotia Group, with the group's Chairman serving as principal trustee. However, any adverse impact on the group's credit profile and the highly fragmented and competitive nature of Education sector in India remains a key rating sensitivity.

About the Company

Promoted by the Ambuja Neotia Group in 2015, The Neotia University (TNU) was established vide the West Bengal State Government University Act XXIII of 2014 and enlisted & recognized by University Grant Commission (UGC), Government of India. The university has a campus size of 40 acres and is in Diamond Harbour, near Kolkata. The university has well established infrastructure with 190 in-house faculty, 66 visiting faculty, laboratories, workshops, dummy ship, bridge simulator, boys' hostels, girls' hostel, staff quarters, multipurpose hall, cultural clubs, swimming pool etc.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has taken a standalone view of the business and financial risk profile of The Neotia

University to arrive at the rating. While arriving at the rating of TNU, Acuité has derived benefits from Ambuja-Neotia group given that the Chairman of the group Mr. Harshavardhan Neotia is the key trustee/Chancellor of the university.

Key Rating Drivers

Strengths

Experience Management and Financial Flexibility of the Ambuja-Neotia Group

The key trustee and chancellor of The Neotia University, Mr. Harshavardhan Neotia, has immense experience in real estate and hospitality business and is the key promoter of the well-known Ambuja-Neotia Group. The Ambuja-Neotia Group has been promoted by the Neotia family, which has been an integral part of the business community in Kolkata. The group, through its various joint venture companies and special purpose vehicles (SPVs), has been engaged in the development of real estate properties, both housing complexes, commercial complexes, and in the hospitality business. The group has established its brand presence, which is widely recognised in the eastern region, and has ventured into the states of Sikkim, Bihar, and Chhattisgarh to undertake various types of real estate and hospitality projects. The group has a healthy financial risk profile. Furthermore, the group has demonstrated their commitment to The Neotia University, as reflected by the continuous infusion of unsecured loans and corpus fund into the university for the smooth running of operations over the years. The total unsecured loan from the group stood at Rs. 24.10 crore as of March 31, 2025.

Improvement in topline with sustained margins

The university achieved revenues of Rs. 52.46 Cr. in FY25 as compared to revenues of Rs. 47.76 Cr. in FY24. Moreover, between April and October 25, the university reported revenues of Rs. 20 Cr. (prov.) which is supported by healthy enrolment of new students which was also backed by the new courses offered. The profitability margin improved marginally to 23.95% in FY25 from 20.57% percent in FY24. The increase is majorly on account of better absorption of fixed costs considering the increase in revenue from the increase in the number of courses offered and the students enrolled. The absorption of fixed costs can also be noticed from the increase in ROCE which stood at 11.40% in FY25 as against 10.13 % in FY24. Hence any further increase in the intake of students will help the university to increase the margins. The PAT Margins are standing at 6.73% in FY25 as against 6.33% in FY24 the increase is stemmed from the improved EBITDA margins, but the growth was restricted on account of increased interest costs being paid on the term loans and the unsecured loans. Going forward, the profitability of the university is expected to be on the same lines.

Weaknesses

Moderate Financial Risk Profile

The university's moderate financial risk profile is marked by moderate net-worth, average gearing and moderate debt protection metrics. The corpus and operational fund of the university increased to Rs.17.49 Cr. as on March 31, 2025 from Rs. 13.95 Cr. as on March 31, 2024, on account of retention of profits. Gearing of the university stood high at 4.54 times as on March 31, 2025, as against 5.61 times as on March 31, 2024. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 5.39 times as on March 31, 2025, as against 6.85 times as on March 31, 2024. Moreover, the debt protection metrics of the university is declined marginally reflected by Debt Service Coverage Ratio at 1.14 times as on March 31, 2025, against 1.84 times as on March 31, 2024. The Interest Coverage Ratio (ICR) stood at 1.79 times as on March 31, 2025, against 1.84 times as on March 31, 2024, due to long term borrowings availed for acquisition of NITMAS assets and loans taken by the company for its CAPEX plans. Acuité believes that the university's financial risk profile is expected to improve over the medium term.

Presence in highly regulated and competitive education sector in India

The education sector is highly regulated, with the government deciding on the maximum student intake, fees, mandatory facilities, faculty strength, and even faculty salary to some extent. Any adverse government regulations may impact society's revenue growth and accruals. The student-teacher ratio is within the stipulated norms for all the institutions. The institutions run by the society face stiff competition from other reputed institutions in the vicinity, which puts pressure on them to attract fresh students. However, considering that they have an established brand presence and have been consistently producing academic achievements, society has been insulated from the competition to some extent.

Rating Sensitivities

Movement in operating income with sustainable margins.
Movement in Capital Structure.
Movement in coverage indicators.

Liquidity Position
Adequate

The trustees including Mr. Harshvardhan Neotia and his wife have provided fund to the university from time to time as required, which provides financial flexibility to the university. The Neotia University has an adequate liquidity position marked by the net cash accruals of Rs. 5.71 Cr. in FY25 as against debt repayment obligations of Rs. 4.51 Cr. The current ratio stood comfortable at 0.86 times as on 31st March 2025. The cash and bank balances of the university stood at Rs. 0.85 Cr. in FY25. Also, the fund-based limit utilised at ~55.78% over the six months ended June 2025. Acuité believes that the liquidity of the university is likely to improve over the medium term on account of steady cash accruals driven by an increase in student strength.

Outlook : Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	52.46	47.76
PAT	Rs. Cr.	3.53	3.02
PAT Margin	(%)	6.73	6.33
Total Debt/Tangible Net Worth	Times	4.54	5.61
PBDIT/Interest	Times	1.79	1.84

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

• Default Recognition :- https://www.acuite.in/view-rating-criteria-52.htm
• Service Sector: https://www.acuite.in/view-rating-criteria-50.htm
• Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
30 Aug 2024	Bank Guarantee (BLR)	Short Term	1.70	ACUITE A3+ (Reaffirmed)
	Secured Overdraft	Long Term	1.50	ACUITE BBB | Stable (Reaffirmed)
	Term Loan	Long Term	19.88	ACUITE BBB | Stable (Reaffirmed)
	Term Loan	Long Term	16.84	ACUITE BBB | Stable (Reaffirmed)
	Term Loan	Long Term	18.00	ACUITE BBB | Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	1.28	ACUITE BBB | Stable (Reaffirmed)
02 Jun 2023	Bank Guarantee (BLR)	Short Term	1.70	ACUITE A3+ Downgraded
	Secured Overdraft	Long Term	1.50	ACUITE BBB | Stable (Downgraded from ACUITE BBB+ | Stable)
	Term Loan	Long Term	19.20	ACUITE BBB | Stable (Downgraded from ACUITE BBB+ | Stable)
	Term Loan	Long Term	36.80	ACUITE BBB | Stable (Assigned)
11 Mar 2022	Secured Overdraft	Long Term	1.50	ACUITE BBB+ | Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	1.70	ACUITE BBB+ | Stable (Assigned)
	Term Loan	Long Term	19.20	ACUITE BBB+ | Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Bank Of Baroda	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.70	Simple	ACUITE A3+ | Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.65	Simple	ACUITE BBB | Stable | Reaffirmed
Bank Of Baroda	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.50	Simple	ACUITE BBB | Stable | Reaffirmed
Bank Of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2036	19.66	Simple	ACUITE BBB | Stable | Reaffirmed
Bank Of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2029	14.25	Simple	ACUITE BBB | Stable | Reaffirmed
Bank Of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2033	17.44	Simple	ACUITE BBB | Stable | Reaffirmed

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About Acuité Ratings & Research

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