



Press Release

Evos Buildcon Private Limited

April 19, 2022

Ratings

Instrument/ Facility*	Amount (Rs. Crores)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	34.00	IVR BBB-/ Stable (IVR Triple B Minus with a Stable Outlook)	Assigned	Simple
Long Term/Short Term Bank Facility	1.00	IVR BBB-; Stable / IVR A3 (IVR Triple B Minus with a Stable Outlook/ IVR A Three)	Assigned	Simple
Total	35.00	INR Thirty-Five Crores Only		

**Details of Facilities are in Annexure 1*

Detailed Rationale

The ratings assigned to the bank facilities of Evos Buildcon Private Limited (EBPL) draws comfort from its experienced promoters and management team, favourable project cost structure with low reliance on external debt and satisfactory saleability with healthy booking status. However, these rating strengths are partially offset by its project execution risk, exposure to group company and exposure to risks relating to cyclical in real estate industry.

Key Rating Sensitivities

Upward Factors

- Timely receipt of customer advances
- Sustenance of support from the promoters
- Healthy booking

Downward Factors

- Lower booking Status
- Delay in completion of the project

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters and management team**

EBPL, is a part of Odisha based, Evos Group, incorporated on November 12, 2010, by Mr. Kalinga Keshari Rath, an IIM Bangalore Alumni, having an experience of more than 15 years



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in the real estate sector. The projects of the company are looked after by Mr. Abhimanyu Dash, having around three decades of experience in Civil Construction Management, with experience of working in Ahluwalia Contracts India Ltd., Capacite Infra Projects Ltd., Tata Housing Development company, Lodha Groups of company

- **Favourable project cost structure with low reliance on external debt**

The total cost of the ongoing projects is envisaged at Rs.158.90 crore, with Rs.92.45 crore to be funded through customer advances, Rs.34.54 crore through promoter's funding, and the rest Rs.31.91 crore through debt. Further, EBPL haven't taken any loans in its completed projects. EBPL have taken loan for two of its ongoing projects, 'Evos Nirvana' and 'Sea Roses', worth of Rs.7 crore and Rs.16 crore respectively. The repayment of Rs.7.00 crore worth of debt commencing from FY22 and the rest commencing from the first quarter of FY25, provides some comfort

- **Satisfactory saleability with healthy booking status**

The sales momentum till February 2022 remained satisfactory with ~43% of launched residential units being sold out. Adequate sales momentum of the remaining inventory and collection efficiency remain crucial to the project cash flows and hence will be a key rating monitorable, going forward

Key Rating Weaknesses

- **Project execution risk**

The company has a total of 12 ongoing projects, of which it has completed more than ~40% of the construction work in four of its projects, while in the remaining eight projects majority of work remains pending, indicative of relatively high project implementation risk, given the early to mid-stage of its project execution. Further, the expected date of completion of most of its ongoing projects is by 2024, whereby the implementation period makes the company susceptible to time and cost overruns, which may impact profitability. Once operational, ability to sell the units is key to meet the debt obligation on time

- **Exposure to group company**

The company has extended corporate guarantee to its group company which restricts its credit risk profile to an extent

- **Exposure to risks relating to cyclicity in real estate industry**

Being a cyclical industry, real estate depends on macro-economic factors and the company's dependence on a particular geography further heightens such risk. The real industry also



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remains susceptible to regulatory risk. Cumulatively, these may have a material bearing on the real estate project cash flows. This may impact the debt servicing ability of the company. Managing the same thus remains critical

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Real Estate Companies](#)

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

Liquidity Position: Adequate

Liquidity in the company is adequate with cash flow cover at 1.85x. The company executes its projects majorly by means of customer advances thereby reducing its dependence on debt & promoter funds. Further, the company is likely to benefit from the resourcefulness of the promoters. Favourable repayment structure for the debt availed for the project also provides some comfort.

About the Company

Evos Buildcon Private Limited (EBPL), incorporated on November 12, 2010, is a part of Odisha based, Evos Group. The Evos Group is having an experience of about a decade. EBPL is engaged in Real estate activities and has been able to develop high end luxurious residential real estate apartments and duplex properties across major cities in Odisha including, Bhubaneshwar & Puri.

The company has till date completed 10 residential projects, majorly 3 BHK and 2 BHK properties, with combined construction area of 4,65,713 square feet. Further, the company has 12 ongoing projects, with combined area of 6,90,312 square feet. Project 'Sea Roses' and 'Evos Nirvana Palace' being among the biggest project with area of 2,61,195 square feet and 73,561 square feet respectively.

Financials (Standalone)

(Rs. crore)

For the year ended* / As On	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	27.07	33.94
EBITDA	1.40	7.10
PAT	0.93	4.99
Total Debt	0.91	12.61
Tangible Net worth	3.92	10.90



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For the year ended* / As On	31-03-2020	31-03-2021
EBITDA Margin (%)	5.19	20.91
PAT Margin (%)	3.43	14.59
Overall Gearing Ratio (x)	0.23	1.16
Interest Coverage Ratio (x)	29.40	35.73

**Classification as per Infomerics' standards*

Since EBPL is engaged in undertaking construction of residential projects, its revenue profile is largely dependent on percentage completion of the project, leading to volatility in overall operating income

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sl. No.	Name of Instrument/Facilities	Current Rating (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount Outstanding (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	34.00 (Including 11.00 Proposed)	IVR BBB-/ Stable (IVR Triple B Minus with a Stable Outlook)	-	-	-
2.	Cash Credit	Long Term/ Short Term	1.00	IVR BBB-; Stable / IVR A3 (IVR Triple B Minus with a Stable Outlook/ IVR A Three)	-	-	-

Name and Contact Details of the Rating Analyst:

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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 company are extended to External Credit Assessment Institution (ECAI).



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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.

For more information visit www.infomerics.com

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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
Long Term Bank Facilities – Term Loan	-	-	March 2036	34.00 (Including 11.00 Proposed)	IVR BBB-/ Stable
Long Term/ Short Term Bank Facilities – Cash Credit	-	-	-	1.00*	IVR BBB-; Stable/ IVR A3
Total				35.00	

* CC has a sublimit of Rs.0.50 crore of Bank Guarantee

Annexure 2: Facility wise lender details

[Len-Evos-Buildcon-Apr22.pdf \(infomerics.com\)](#)

Annexure 3: List of companies considered for Consolidated Analysis: Not Applicable

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable



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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.

