



## Press Release

### Evos Buildcon Private Limited

June 20, 2023

#### Ratings

Instrument/Facility	Amount (Rs Cr.)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	29.08 (Reduced from 34.00)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Reaffirmed	Simple
Long Term/ Short Term Bank Facilities	2.50 (Enhanced from 1.00)	IVR BBB-/ Stable/ IVR A3 (IVR Triple B Minus with Stable Outlook and IVR A Three)	Reaffirmed	Simple
<b>Total</b>	<b>31.58</b> <b>(Thirty one crores and fifty eight lakhs only)</b>			

Details of Facilities are in Annexure 1

#### Detailed Rationale

The reaffirmation of the ratings assigned to Evos Buildcon Private Limited (EBPL) continue to derive 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. The ratings are, however, partially constrained by its project execution risk, exposure to group company, and exposure to risks relating to cyclicity in the real estate industry.

#### Key Rating Sensitivities:

##### Upward Factors

- Improvement in the collections through a combination of improved sales and construction progress, such that the collections are sufficient to fund the committed costs and debt obligations.

##### Downward Factors

- Weaker-than-anticipated sales performance and lower-than-expected collections which may lead to increased funding risk.
- Time and cost overrun in the project.



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### 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 16 years in the real estate sector. The projects of the company are looked after by Mr. U.N. Prakash Kumar, having of around two decades in Civil Construction Management, with experience of working in Ambika Constructions, Tata Housing Development Company Limited, and Suhali Balwan Group Holding, Oman. He is ably assisted by Mr. Pradeep Singh who has more than three decades of experience in Civil Construction and had worked with PWD, Government of Odisha.

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

The total cost of the ongoing projects is envisaged at Rs.142.83 crore, with Rs.86.96 crore to be funded through customer advances, Rs.32.57 crore through promoter's funding, and the rest Rs. 23.30 crore through debt. EBPL has taken loan for 5 of its ongoing projects, Evos Nirvana, Sea Roses, Elanza, Sri Chandan Enclave, and Evos Opal. While the repayment of Rs.7.00 crore worth of debt commenced from FY22, repayment of the rest is commencing from the first quarter of FY25, which provides some comfort.

- **Satisfactory saleability with healthy booking status**

The sales momentum till March 2023 remained very satisfactory with ~90% of launched residential units being sold out. Adequate sales momentum of the remaining inventory and collection efficiency remains 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 ~49% of the construction work on an average. In four of its projects, the completion stage is below 40%. These figures indicate a relatively high project implementation risk, given the mid-stage of project execution. Barring 4 projects, the expected date of completion of most of its ongoing



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projects is by 2024, and thus the implementation period makes the Company susceptible to time and cost overruns, which may impact profitability. Once operational, ability to sell the units would be the 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 cyclical 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 estate industry also 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 \(Non-Financial Sector\)](#)

[Criteria of assigning rating outlook](#)

**Liquidity – Adequate**

The Company executes its projects majorly by means of customer advances thereby reducing its dependence on debt & promoter funds. Liquidity in the Company is adequate with average cash flow cover is at 1.19x. Further, the Company is likely to benefit from the resourcefulness of the promoters. Favourable repayment structure for the debt availed for the projects also provides some comfort. Overall liquidity position is expected to be adequate.

**About the Company**

Evos Buildcon Private Limited (EBPL), a premier real estate developer, incorporated on 12 November 2010, is a part of Odisha based, Evos Group. The Evos Group is having an experience of about a decade. EBPL is promoted by Mr Kalinga Keshari Rath, an IIM Bangalore Alumni, having an experience of more than 16 years in the real estate sector. EBPL



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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 12 residential projects, majorly 3 BHK and 2 BHK properties, with combined construction area of 4,74,203 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):

For the year ended* / As on	INR in Crores		
	31-03-2021	31-03-2022	31-03-2023
	Audited	Audited	Provisional
Total Operating Income	33.94	21.50	90.51
EBITDA	7.10	2.68	5.65
PAT	4.99	0.82	3.27
Total Debt	12.61	20.32	49.95
Tangible Net worth	10.90	11.69	14.92
EBIDTA Margin (%)	20.91	12.45	6.24
PAT Margin (%)	14.59	3.77	3.61
Overall Gearing ratio (X)	1.16	1.74	3.35

*\*Classification as per infomerics' standards*

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

**Any other information: Nil**

**Rating History for last three years:**



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Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Cr.)	Rating	Date(s) & Rating(s) assigned in 2022-23 (April 19, 2022)	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loans	Long Term	29.08	IVR BBB-/ Stable	IVR BBB-/ Stable	-	-
2.	Overdraft	Long Term/ Short Term	2.50	IVR BBB-/ Stable/ IVR A3	IVR BBB-/ Stable/ IVR A3	-	-

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### About Infomerics Ratings:

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).

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](http://www.infomerics.com)

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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 Cr.)	Rating Assigned/ Outlook
Term Loan 1	-	-	March 2025	4.97	IVR BBB-/ Stable
Term Loan 2	-	-	March 2036	15.36	IVR BBB-/ Stable
Term Loan 3	-	-	May 2025	7.50	IVR BBB-/ Stable
Term Loan 4	-	-	February 2030	0.43	IVR BBB-/ Stable
Term Loan 5	-	-	May 2024	0.03	IVR BBB-/ Stable
Term Loan 6	-	-	March 2026	0.52	IVR BBB-/ Stable
Term Loan 7	-	-	October 2026	0.11	IVR BBB-/ Stable
Term Loan 8	-	-	February 2028	0.08	IVR BBB-/ Stable
Term Loan 9	-	-	February 2028	0.08	IVR BBB-/ Stable
Overdraft	-	-	-	2.50	IVR BBB-/ Stable/ IVR A3

**Annexure 2: List of companies considered for consolidated analysis: NA**

**Annexure 3: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/Len-Evos-jun23.pdf>

**Annexure 4: Detailed explanation of covenants of the rated 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](http://www.infomerics.com).

