

Press Release

Everest Nisarg Greenland Developers Private Limited

April 21, 2023



Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Non Convertible Debentures (NCD)	165.00	ACUITE B+ Stable Assigned	-
Non Convertible Debentures (NCD)	355.00	Provisional ACUITE B+ Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	520.00	-	-

Rating Rationale

Acuite has assigned its long term rating of '**ACUITE B+**' (read as **ACUITE B plus**) on the Rs.165.00 Cr. of Everest Nisarg Greenland Developers Private Limited (ENGDPL). The outlook is '**Stable**'.

Acuite has assigned its long term rating of '**Provisional ACUITE B+**' (read as **Provisional ACUITE B plus**) on the Rs.355.00 Cr. of Everest Nisarg Greenland Developers Private Limited (ENGDPL). The outlook is '**Stable**'.

The rating on the proposed Rs. 355 Cr. NCDs is provisional and the final rating is subject to the following documentation requirements:

- Receipt of the executed trust deed
- Receipt of the final term sheet and confirmation from trustee regarding the compliance with all the terms and conditions
- Legal opinion on the transaction, if applicable

Reason for rating assigned

The rating assigned reflects the extensive experience of the promoters in the real estate industry especially Navi Mumbai region. Furthermore, each promoter of the company has their own established group company and has presence in the real estate market. However, the rating is constrained by project execution & implementation risk along with funding risk as both the projects under the company is still in a very early stage. And the rating also factors in the inherent cyclicity in real estate industry.

About the Company

Everest Nisarg Greenland Developers Private Limited (ENGDPL) was incorporated in 2008 and has registered office located in Mumbai. The company is engaged in development and construction of residential/ commercial properties especially in the Navi Mumbai region. The company is an SPV promoted by five promoters namely Mr. Yogesh Popatlal Thakkar, Mr. Dineshkumar Murlidhar Pasoria, Mr. Ganesh Valji Vaid, Mr. Mahadev Pragji Gothi and Mr Murji

Bhanji Gami. The company is acting as an investing partner for TPV Ventures LLP (TVL) and owns 99% in the same. TVL is an SPV promoted by the same five promoters. TVL presently owns title for two upcoming projects in Vashi and Ghansoli of which Vashi was fully acquired in Aug 2022 and Ghansoli project is in process of acquisition.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Everest Nisarg Greenland Developers Private Limited while arriving at the rating.

Key Rating Drivers

Strengths

Well experienced promoters and established presence in the real estate industry

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Acuite believes that the company will continue to receive benefits from the well experience promoters and their established presence in the real estate industry.

Weaknesses

Projects are at a very nascent stage

The two projects for which the company is acting as an investing partner have not yet started and is at a very nascent stage. The construction of Vashi project is expected to begin from July 2023 and Ghansoli from Dec 2023. Also, various regulatory approvals for both of the projects are yet to be received from the authorities. The expected completion for the Vashi Project is Feb 2027 and Ghansoli for Dec 2027.

Funding Risk

The total estimated project cost for Vashi project is Rs.675.20 Cr. and Ghansoli project is Rs.823.34 Cr. The source of funding for both projects will be through promoters contribution, NCDs and advances from customers. As on February 2023, the promoters of the company have infused Rs.196.68 Cr. in Vashi project and Rs.211.83 Cr in Ghansoli project. The company have already proposed of raising funds via NCDs to the tune of Rs.520 Cr. for the both projects. The company has already issued NCDs to the tune of Rs.165 Cr. out of which Rs.135 Cr. has been disbursed and rest is expected to be disbursed in Q1FY23. However, the balance amount is still in proposed stage which is yet to be issued. The launch of both the projects is not yet begin and hence no bookings done till date. However, the funding risk is mitigated to some extent as the promoters are high net worth individual and the group companies of the promoters have secured funding on time for their other real estate projects.

Completion Risk

The projects have not started till date is expected to start from July'2023 and December 2023. For Ghansoli project, the acquisition process is still pending whereas acquisition is completed for the Vashi project. The projects are expected to get completed by Feb 2027 and Dec 2027. Therefore, any delay in completion of the project may led to cost and time

overruns.

ESG Factors Relevant for Rating

Employee health & safety management is of primary importance to the construction industry given the nature of operations. Additionally, product quality and safety is of utmost significance. Human rights concerns such as forced labor are crucial considering the exploitative industry practices. Furthermore, responsible procurement and community relations are key influencing factors. The inherent material risk to the construction industry includes releasing toxic greenhouse gases and delivering a green building structure by utilizing clean technology. Factors such as ethical business practices, legal and regulatory compliance hold utmost significance in the construction industry, considering the frequency of litigations. Other issues include management compensation and Board oversight.

Rating Sensitivities

- A successful implementation of project without time and cost overruns
- Financial Closure with specified timelines
- Receiving regulatory approvals on time

Material covenants

None

Liquidity Position Stretched

The company's liquidity position is stretched as the sales for the projects have not yet started and the cashflows will be depending on the bookings done and collections to be received. Furthermore, the financial closure for one of the project is yet to be closed. Furthermore, the projects are at a very early stage and the construction has not started yet and the completion of the project on time will depend on the advances from customers.

Outlook: Stable

Acuité believes that the outlook on company's rated facilities will remain stable over the medium term on account of experience of the promoters in the real estate domain. The outlook may be revised to 'Positive' in case of improvement in cash flow and sales traction. Conversely, the outlook may be revised to 'Negative' in case of any undue delay in the completion of project, or less-than expected customer advances leading to stretch in its liquidity position.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	0.00	0.00
PAT	Rs. Cr.	0.00	0.00
PAT Margin	(%)	0.00	0.00
Total Debt/Tangible Net Worth	Times	0.02	0.02
PBDIT/Interest	Times	0.00	0.00

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

Not Applicable

Any other information

Supplementary disclosures for Provisional Ratings

A. Risks associated with the provisional nature of the credit rating

1. Lack of third party monitoring of compliance in absence of executed trust deed and no finalized terms in absence of final term sheet
2. In case there are material changes in the terms of the transaction after the initial assignment of the provisional rating and post the completion of the issuance (corresponding to the part that has been issued) Acuite will withdraw the existing provisional rating and concurrently, assign a fresh final rating in the same press release, basis the revised terms of the transaction.

B. Rating that would have been assigned in absence of the pending steps/ documentation

The rating would be equated to the standalone rating of the entity: ACUITE B+ / Stable.

C. Timeline for conversion to Final Rating for a debt instrument proposed to be issued: The provisional rating shall be converted into a final rating within 90 days from the date of issuance of the proposed debt instrument. Under no circumstance shall the provisional rating continue upon the expiry of 180 days from the date of issuance of the proposed debt instrument.

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Real Estate Entities: <https://www.acuite.in/view-rating-criteria-63.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite 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:

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	INE0NM707010	Non-Convertible Debentures (NCD)	05 Jan 2023	17	05 Jul 2028	Simple	165.00	ACUITE B+ Stable Assigned
Not Applicable	Not Applicable	Proposed Non-Convertible Debentures	Not Applicable	Not Applicable	Not Applicable	Simple	355.00	Provisional ACUITE B+ Stable Assigned

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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