

Press Release

EVEREST NISARG GREENLAND DEVELOPERS PRIVATE LIMITED

December 06, 2024

Rating Assigned, Reaffirmed and Withdrawn



Product	Quantum (Rs. Cr)	Long Term Rating	Short T
Non Convertible Debentures (NCD)	450.00	ACUITE B+ Stable Assigned	-
Non Convertible Debentures (NCD)	345.00	ACUITE B+ Stable Reaffirmed	-
Non Convertible Debentures (NCD)	175.00	Not Applicable Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	795.00	-	-
Total Withdrawn Quantum (Rs. Cr)	175.00	-	-

Rating Rationale

Acuite has reaffirmed its long term rating of '**ACUITE B+**' (read as **ACUITE B plus**) on the Rs.345.00 Cr. Non Convertible Debentures (NCD) of Everest Nisarg Greenland Developers Private Limited (ENGDP). The outlook is '**Stable**'.

Acuite has withdrawn the long term rating on Rs.175.00 Cr. Non Convertible Debentures of Everest Nisarg Greenland Developers Private Limited (ENGDP) without assigning any rating as it is proposed NCD, ENGDP will not be issuing the same. The rating withdrawal is in accordance with Acuite's policy on withdrawal of rating as applicable to the respective facility / instrument. The rating is being withdrawn on account of request received from the company.

Acuite has assigned its long term rating of '**ACUITE B+**' (read as **ACUITE B plus**) on the Rs.450.00 Cr. Non Convertible Debentures of Everest Nisarg Greenland Developers Private Limited (ENGDP). The outlook is '**Stable**'.

Rationale for rating

The rating reaffirmation and assignment takes into account the extensive experience of the promoters in the real estate industry, especially in the Navi Mumbai region. However, the rating is constrained due to project execution and implementation risk since the projects are at initial stage, funding risk and inherent cyclicity in the real estate sector. The rating also factors in refinancing of entire existing NCD's of Rs. 345 Cr. by issuing new NCDs of Rs. 445 Cr. with revised repayment terms.

About the Company

Everest Nisarg Greenland Developers Private Limited (ENGDP) 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 projects in Vashi and Ghansoli.

Unsupported Rating

Not Applicable

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 having established presence in the real estate industry

Everest Nisarg Greenland Developers Private Limited (ENGDPL) was incorporated in 2008. The company is engaged in development and construction of residential/ commercial properties especially in the Navi Mumbai region. The company is promoted by 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. All the promoters of the company are reputed developers in the Navi Mumbai region and have strong business associations with government regulated authorities. Furthermore, each promoter has their own established group company which has established presence in the real estate market for over a decade.

All the regulatory approvals for the Vashi project have been obtained by the company including RERA registration. The company has launched the project in September 2023 with bookings of ~30% as on October 20, 2024. Furthermore, the land acquisition is also completed for the Ghansoli project in September 2023 and the construction is expected to start in December 2024. The expected completion for the Vashi Project is December 2027 and Ghansoli for December 2028.

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

Weaknesses

Projects are at an early stage of construction

The two projects for which the company is acting as an investing partner are at an early stage. The construction of Vashi project started and it was launched in September 2023 after receiving necessary approvals with a delay of one month without any cost escalations. The bookings commenced from December 2023 and the company has received 30% bookings (43 residential units of 168 units and 19 commercial units out of 28 units have been booked) as on October 20, 2024. Further, the management expects to book another 12-15 units till March 2024. The construction of Ghansoli project has not yet started, however the company has completed the acquisition of the land for the project and the construction is expected to start in December 2024. The expected completion for the Vashi Project is December 2027 and Ghansoli for December 2028. Any delays in construction could result in cost overruns and thus remains one of the key rating sensitivities.

Funding Risk

The total estimated project cost for Vashi project is Rs.671 Cr. and Ghansoli project is Rs.849 Cr. The promoters have infused Rs.217.57 Cr. in Vashi Project and ~Rs.281 Cr. in Ghansoli Project as on November 2024 by way of NCDs of Rs. 345 Cr. and rest through unsecured loans/equity. ENG DPL has propose the issue of Rs. 445 Cr. NCDs, which will be utilised to fully repay existing NCDs of Rs. 345 Cr. whereas additional funding of Rs. 100. Cr. will be used for project related expenses if no other funding is available. The funding for these projects is highly depended on advances from customers and promoters owned funds. At present, there is no booking in Ghansoli project since project is nascent stage of operations. The percentage of booking for Vashi projects collectively (flats and shops) stood at ~32% as on October 20, 2024 where they have received customer advances to the tune of Rs. 63 Cr. on sold units as against sale values of Rs. 230 Cr. The funding risk is mitigated to some extent as the promoters are high net worth individual and promoter companies have secured funding on time for their other projects.

Cyclicality in Real Estate Sector

ENG DPL is exposed to the risk of volatile prices on account of frequent demand supply mismatches in the industry. This is primarily attributable to the high residential property prices due to persistent rollover of bank debt which has had a cascading effect on the overall financing costs. Given the high degree of financial leverage the high cost of borrowing inhibits the real estate developers' ability to reduce prices. Further, the industry is exposed to regulatory risk, which is likely to impact players such as ENG DPL, thereby impacting its operating capabilities.

Rating Sensitivities

- A successful completion of project without time and cost overruns
- Commencement of sales of flats in a timely manner

- Augmentation of adequate cash flows for timely debt repayment

Liquidity Position

Stretched

The quarterly coupon on the propose NCDs will be due in March 2025, the repayment of the same is highly dependent on the augmentation of adequate cash flows from bookings or promoter's funds. The company's liquidity position expected to remain stretched as the construction of the project and repayment of the debt are contingent upon the collections from the sold units and new bookings. Shortfall, if any is expected to be manage through promoter's own funds.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	0.00	0.00
PAT	Rs. Cr.	(16.41)	(1.14)
PAT Margin	(%)	0.00	0.00
Total Debt/Tangible Net Worth	Times	(21.91)	(149.82)
PBDIT/Interest	Times	0.59	0.78

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
23 Feb 2024	Non-Convertible Debentures (NCD)	Long Term	165.00	ACUITE B+ Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	180.00	ACUITE B+ Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	175.00	ACUITE Provisional B+ Stable (Reaffirmed)
09 Nov 2023	Non-Convertible Debentures (NCD)	Long Term	165.00	ACUITE B+ Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	180.00	ACUITE B+ Stable (Assigned)
	Proposed Non Convertible Debentures	Long Term	175.00	ACUITE Provisional B+ Stable (Reaffirmed)
21 Apr 2023	Non-Convertible Debentures (NCD)	Long Term	165.00	ACUITE B+ Stable (Assigned)
	Proposed Non Convertible Debentures	Long Term	355.00	ACUITE Provisional B+ 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
Not Applicable	INE0NM707010	Non-Convertible Debentures (NCD)	05 Jan 2023	17	05 Jul 2028	165.00	Simple	ACUITE B+ Stable Reaffirmed
Not Applicable	INE0NM707028	Non-Convertible Debentures (NCD)	11 Aug 2023	17	30 Jun 2028	180.00	Simple	ACUITE B+ Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Non-Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	450.00	Simple	ACUITE B+ Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Non-Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	175.00	Simple	Not Applicable Withdrawn

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About Acuité Ratings & Research

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