

Evercon Developers Private Limited

April 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	49.62	CARE BB-; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Evercon Developers Private Limited (EDPL) to monitor the ratings vide email communications dated January 09, 2025, January 28, 2025, February 06, 2025, February 07, 2025, February 17, 2025, March 05, 2025, and numerous phone calls. However, despite our repeated requests, EDPL has not provided the requisite information for monitoring of ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which, however, in CARE Ratings Ltd's opinion is not sufficient to arrive at a fair rating. Further, EDPL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on EDPL's bank facilities will now be denoted as **CARE BB-; Stable; ISSUER NOT COOPERATING**.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The rating assigned to the bank facilities of EDPL continues to remain constrained on account of implementation and stabilization risk with on-going project with pending debt tie-up, moderate saleability risk with high inventory levels from past project, and limited project execution track record along with geographic concentration of projects. The rating also takes cognizance of inherent cyclicity associated with real estate sector.

The rating, however, derives strength from its favourable location of the projects and experienced promoters.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects the experience of the promoters in the real estate market. The stable outlook also reflects the expected completion of the ongoing project within the estimated time and cost parameters and the sale of the non-booked units as envisaged, with the timely receipt of funds from customers.

Detailed description of key rating drivers:

At the last time of rating on February 16, 2024, following were the rating strengths and weaknesses:

Key weaknesses

Moderate saleability risk with high inventory levels from past project

The Twin Star project by EDPL was completed in March 2023. However, nearly 45% of the units from the project are still unsold as of January 2024. Further, as per RERA website, the booking velocity stood in the range of 10-20 units per quarter up to Q4FY23. As articulated by the management, bookings are expected to gain traction from Q1FY25 with management's focus on bulk sales.

Implementation and stabilization risk with on-going debt-funded capex

EDPL is executing another commercial real estate project, Sattva Square, opposite their previous project Twin Star. The same would include a single-tower commercial complex with modern office amenities. The total estimated cost for the project is being funded through promoters' contribution, debt, and customer advances in the ratio of 34:62:04. Debt for the project has not been tied up yet. Nearly 51% of the cost has been incurred as on January 07, 2025, and as per RERA's website, construction progress of 71% and 13% has been achieved for the tower and amenities respectively.

Limited project execution track record along with geographic concentration of projects

Despite being in the real estate business for nearly three decades, EDPL's has a limited track record of project execution, having executed only one project in the last decade, namely Twin Star. Further, EDPL has primarily executed projects in and around Rajkot region of Gujarat, which exposes the revenue to any political uncertainties/recessionary pressures particular to the state.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Risk associated with real estate industry being subject to regulations and competition from other players

Real estate sector demand is linked to the overall economic prospect of the country. Change in the economic outlook affects the expected cash inflows to a household, thereby also influencing their buying decision. Besides, as leverage forms an important part of funding for the buyer, availability of loan and interest rates also affects the demand of real estate properties. On the other hand, land, labour, cement, and metal prices being some of major cost centres for the sector, and their availability factors plays an important role in pricing and supply of new units. Hence, cyclicity associated with economic outlook, interest rates, metal prices, etc., also renders the real estate sector towards cyclicity. Moreover, the companies in the sector are also exposed to regulatory changes, especially in the countries such as India with evolving regulations. Also, there exists competition from upcoming and completed projects of other well-known developers in the region.

Key strengths
Experienced promoters

EDPL is currently being managed by the Sorathia and Joshi family, with the key promoters having nearly four decades of experience in the real estate industry. Till date, the promoters have completed 4 commercial and residential projects (including one in EDPL and three others in different JVs), with a cumulative construction area of nearly 4 lakh square feet and total project cost of about Rs.190 crore.

Favorable location of the projects

Both the projects of EDPL (Twin Star and Sattva Square) are in the Nana Mava area of Rajkot, Gujarat, which is favourably situated with adequate connectivity to the city region of Rajkot as well as the highway. Further, commercial and residential developments have been growing in this region on account of expectations of increasing demand.

Liquidity: Not applicable

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Real estate sector](#)

About the company and industry
Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

Incorporated by Mr. Dineshkumar Sorathia and Bharatkumar Joshi in April 1996, Evercon Developers Private Limited (EDPL) is a real estate development company based out of Rajkot, Gujarat. EDPL is currently being managed by the Sorathia and Joshi family, with the key promoters having nearly four decades of experience in the real estate industry. Till date, they have collectively completed 4 projects (commercial and residential) through various entities. Currently, EDPL has 1 ongoing project, namely Sattva Square.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	16.13	30.85
PBILDT	3.99	-2.42
PAT	-2.51	-6.37
Overall gearing (times)	8.44	23.62
Interest coverage (times)	0.61	-0.53

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Term Loan-Long Term		-	-	October 2037	49.62	CARE BB-; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Term Loan-Long Term	LT	49.62	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (16-Feb-24)	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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