



Rating Rationale

Ganesh Housing Corporation Ltd.

24th Feb 2021

Brickwork Ratings downgrades the rating of the bank loan facilities of Rs.260.10 Cr of Ganesh Housing Corporation Ltd and places the rating under Issuer not cooperating category.

Particulars

Facility	Amt Rated (Rs. Cr)		Tenure	Previous Rating (26th Feb, 2020)	Present Rating (Downgrade)
	Previous	Present			
Term Loans	260.10	260.10	Long Term	BWR BB- (Negative)	BWR B- Negative Issuer not cooperating#
Total Amt	260.10	260.10			

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

#Issuer did not cooperate; based on best available information

Rating Action - Downgrade

Brickwork Ratings (BWR) has downgraded the rating to BWR B- Negative issuer not cooperating from BWR BB- Negative based on best available information.

The downgrade in the rating is mainly due to further deterioration in operating performance of the company for 9M FY21 leading to EBITDA losses, substantial deterioration in coverage indicators impacting the cash flows and creating uncertainties on the scheduled debt repayment.

The rating is placed under Issuer did not cooperate based on best available information as the company has not shared any information including No Default Statement (NDS) for more than 3 months despite various reminders through emails dated 19th Jan 2021, 4th, 8th, 12th, 17th, 18th, and 20th Feb 2021 and phone calls.

The Negative outlook continues on account of uncertainties of the operations of the company in absence of receipt of the required information by BWR and continues non cooperation by the company in providing information and submitting NDS.

Analytical Approach: GHCL, which is a listed entity is analysed on a consolidated basis. For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).



Key Risk Drivers for rating:

Non Corporation from the company: BWR took up with the issuer consistently to provide required information over email and calls. Despite the best efforts of BWR to get at least the minimum required information for a review, the entity has not provided the same and also has not provided NDS for more than 3 months. In the absence of adequate information from the firm, BWR is unable to assess the entity's financial performance and its ability to service its debt.

LIMITATIONS OF THE RATING: Information availability risk is a key factor in the assessment of credit risk as generally, noncooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress.

Deterioration in operating performance: The Company published its 9M FY21 financials. On a Consolidated basis during 9M FY21, total revenue declined by ~65% to Rs.83 Cr with net loss widening to Rs.104 Cr from Rs.88.19 Cr in 9M FY20.

Uncertainty of operating cash flows for Repayment in FY21 and FY22: The Company is having outstanding debt of Rs.225 Cr on consolidated basis and Rs.195 Cr on standalone basis as on September 30, 2020.

Experienced and Qualified Management (details provided at the time of the last review): GHCL is one of the oldest and largest Real Estate Development Company in Ahmedabad. Since its inception, it has built a strong presence in Ahmedabad and has developed and sold over 22 million sq. ft. of real estate space, with another 2.45 million sq. ft. currently under development. Mr. Dipakkumar Patel is the Chairman of the company with approx. three decades of experience in the industry. Mr. Shekhar Patel is the Managing Director. The company is listed on BSE and NSE. They are supported by a qualified and experienced management team.

Liquidity (Poor): The liquidity of the company is poor as the company's financial performance is deteriorated and they have recorded EBITDA losses. Further, the company has not provided the latest liquidity.

Key Rating Sensitivities:

Positive: Timely receipt of NDS, and the required information sought by BWR and the financial performance and profitability of the company.

Negative: Delay in receipt of required information including NDS and delay in servicing the debt by the company and further deterioration in the financial performance of the company.



About Ganesh Housing Corporation Ltd. (GHCL) (details provide at the time of last review):

Ganesh Housing Corporation Ltd. (GHCL) is a public limited company engaged in construction of residential and commercial projects in and around Ahmedabad. GHCL was incorporated in 1991 and is promoted by Mr. Shekhar Patel and his family. Till date, the company along with its various SPVs has developed 22 million square feet of projects with 85% of all the development in the residential sector. As on June 30, 2019, the company had plans to launch projects having a total saleable area of 1.28 million square feet in near future. However, BWR is not aware of the latest status.

Financials:

GHCL Rs. Crore	Consolidated		Standalone	
	FY19	FY20	FY19	FY20
Revenue	261	275	95	1.71
Operating profit	77	-52	73	-24
Net Profit	27	-119.62	11	-63.28
Networth	823	700	767	700
Total Debt	663	539	378	217.23
Total Debt to TNW	0.8	0.77	0.5	0.31

The Company published its 9M FY21 financials. On Consolidated basis during 9M FY21, total revenue declined by ~65% to Rs.83 Cr with net loss widening to Rs.104 Cr from Rs.88.19 Cr in 9M FY20



Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Facility	Current Rating			Rating History		
		Type (Long Term/Short Term)	Amt (Rs. Cr)	Rating	2020	2019	12th March 2018
1.	Term Loan	Long Term	260.00	BWR B- (Negative) Issuer not cooperating*	26th Feb 2020 BWR BB- (Negative)	30th July 2019 BWR BBB- (Stable) 25th Nov 2019 BWR BB+ (Negative)	BWR BBB (Stable)
	Total		260.00				

*Issuer did not cooperate; based on best available information

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

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Sector](#)
- [Issuer not cooperating](#)
- [Consolidated approach](#)

Analytical Contacts	
Heta Mehta Rating Analyst - Ratings D : +91 22 6745 6612 B : +91 22 2831 1426, +91 22 2831 1439 heta.m@brickworkratings.com	Bal Krishna Piparaiya Senior Director - Ratings B : +91 22 2831 1426, +91 22 2831 1439 piparaiya.bk@brickworkratings.com
1-860-425-2742	media@brickworkratings.com

Annexure I

Details of the Bank Loan Facilities

S. No	Lender Name	Name of the facility	Tenure	Previous Amount Rs. In Cr.	Present Amount Rs. In Cr.
1	Lender 1	Term Loan	Long Term	14.04	14.04
2	Lender 2	Term Loan	Long Term	34.06	34.06
3	Lender 3	Term Loan	Long Term	16.00	16.00
4	Lender 4	Term Loan	Long Term	154.00	154.00
5	Proposed	Term Loan	Long Term	42.00	42.00
	TOTAL			260.1	260.1

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

About Brickwork Ratings

Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI], offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,400 medium and large corporates and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations. BWR has Canara Bank, a leading public sector bank, as one of the promoters and strategic partner. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

Brickwork Ratings India Pvt. Ltd. (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by the Reserve Bank of India [RBI], offers credit ratings of Bank Loan facilities, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. [hereafter referred to as "Instruments"]. BWR also rates NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations.

BWR wishes to inform all persons who may come across Rating Rationales and Rating Reports provided by BWR that the ratings assigned by BWR are based on information obtained from the issuer of the instrument and other reliable sources, which in BWR's best judgement are considered reliable. The Rating Rationale / Rating Report & other rating communications are intended for the jurisdiction of India only. The reports should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in Europe and also the USA).

BWR also wishes to inform that access or use of the said documents does not create a client relationship between the user and BWR.



The ratings assigned by BWR are only an expression of BWR's opinion on the entity / instrument and should not in any manner be construed as being a recommendation to either, purchase, hold or sell the instrument.

BWR also wishes to abundantly clarify that these ratings are not to be considered as an investment advice in any jurisdiction nor are they to be used as a basis for or as an alternative to independent financial advice and judgement obtained from the user's financial advisors. BWR shall not be liable to any losses incurred by the users of these Rating Rationales, Rating Reports or its contents. BWR reserves the right to vary, modify, suspend or withdraw the ratings at any time without assigning reasons for the same.

BWR's ratings reflect BWR's opinion on the day the ratings are published and are not reflective of factual circumstances that may have arisen on a later date. BWR is not obliged to update its opinion based on any public notification, in any form or format although BWR may disseminate its opinion and analysis when deemed fit.

Neither BWR nor its affiliates, third party providers, as well as the directors, officers, shareholders, employees or agents (collectively, "BWR Party") guarantee the accuracy, completeness or adequacy of the Ratings, and no BWR Party shall have any liability for any errors, omissions, or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the Rating Rationales or Rating Reports. Each BWR Party disclaims all express or implied warranties, including, but not limited to, any warranties of merchantability, suitability or fitness for a particular purpose or use. In no event shall any BWR Party be liable to any one for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the Rating Rationales and/or Rating Reports even if advised of the possibility of such damages. However, BWR or its associates may have other commercial transactions with the company/entity. BWR and its affiliates do not act as a fiduciary.

BWR keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of the respective activity. As a result, certain business units of BWR may have information that is not available to other BWR business units. BWR has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

BWR clarifies that it may have been paid a fee by the issuers or underwriters of the instruments, facilities, securities etc., or from obligors. BWR's public ratings and analysis are made available on its web site, www.brickworkratings.com. More detailed information may be provided for a fee. BWR's rating criteria are also generally made available without charge on BWR's website.

This disclaimer forms an integral part of the Ratings Rationales / Rating Reports or other press releases, advisories, communications issued by BWR and circulation of the ratings without this disclaimer is prohibited.

BWR is bound by the Code of Conduct for Credit Rating Agencies issued by the Securities and Exchange Board of India and is governed by the applicable regulations issued by the Securities and Exchange Board of India as amended from time to time.