

RATING RATIONALE

08 April 2020

Ganpati Stock Limited

Brickwork Ratings Reaffirms the ratings for the Bank Loan Facilities of Rs. 15.00 Crs. of Ganpati Stock Limited.

Particulars:

Facilities**	Amount (Rs. Crs.)		Tenure	Rating*	
	Previous	Present		Previous (April, 2018)	Present
Fund based	15.00	15.00	Long Term	BWR BB- Stable	BWR BB- Stable (Reaffirmed)
Total	15.00	15.00	Rs Fifteen Crores Only		

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

** Details of Bank Loan facilities is provided in Annexure-I

RATING ACTION / OUTLOOK

Brickwork Ratings has reaffirmed the long term ratings of BWR BB- with Stable Outlook for bank loan facilities of Ganpati Stock Limited. The rating reaffirmation continues to factor experience of the promoters in SME lending, growing SME sectors in North East. & steady increase in the loan portfolio. However the ratings are constrained by relatively low scale of operations, geographical concentration, regulatory risks & competition in the industry.

The Rating has been assigned a Stable outlook as the business risk profile of the company is stable and the growth in the business and profitability is expected to be maintained in the medium term.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED- NA

KEY RATING DRIVERS

Credit Strengths:

- **Experience of the directors-** The directors of the company are well experienced and have a long standing experience in SME lending.
- **Growth in SME sector-** Growing SME sector in North East India creates a good Scope for the company to increase the lending for emerging SME's

Credit Risks:

- **Low Scale Of Operations:** GSL's scale of operations remained low with portfolio size of Rs, 5.43 crs in FY19 against Rs. 5.12 crs in FY18.
- **Geographical Concentration Risk:** The company is mostly engaged in lending to SMEs situated in Nagaland & Manipur which may create geographical concentration risk for the company.
- **Weak External Environment for NBFCs:** The entire NBFC sector is currently facing challenges in terms of raising funds. While the recent liquidity crisis revolving around the sector has not quite affected the company, the ability of the company to raise funds with improvement in cost of borrowings continues to be a key monitorable.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Positive: The Rating may be upgraded if there is an improvement in scale of operations, increase in the loan portfolio, profitability & overall financial risk profile along with improvement in its tangible net worth.

Negative: The ratings may be downgraded if there is stagnation in the loan portfolio, deterioration in profitability and financial position of the company or in case of increment in NPA's in its loan portfolio.

LIQUIDITY INDICATORS

Stretched

The Cash & Cash Equivalent of the company stood low at Rs. 0.23 crs in FY19. Net worth of the company stood at Rs. 4.55 crs in FY9. The company is yet to receive loans from any bank.

COMPANY's PROFILE

Ganpati Stock Ltd (GSL) is a Non-Banking Finance Company registered with the Reserve Bank of India with Reg. No. - B.-14.03339, dated 17th August 2016 having its registered office at New Delhi.

Until 2013 since its inception, GSL has been operating in a low key and was providing loans to certain corporate customers and individuals in the state of Jharkhand region. The company was acquired in march 2013 by the existing directors from the erstwhile directors Mr. Biswanath Agarwal, Mr. Anurag, Agarwal, Mr. Kundan Mal Agarwal, and Ms. Sangita Agarwal. Presently, Mr. Neichute Doulo, Mr. Keisham Gopen Moses and Mr. Kundan Mal Agarwal are the Directors of the Company.

The Company is scaling up Small and Micro Enterprises (SMEs) finance particularly in Nagaland and Manipur, in the North Eastern Region (NER) of India to promote Self-employment and Entrepreneurship among First Generation Entrepreneurs (FGE).

KEY FINANCIAL INDICATORS

Key Financial Indicators	Units	FY19	FY18
Result Type		Audited	Audited
Interest Income	₹ Cr	0.73	0.70
Loan Portfolio	₹ Cr	5.43	5.12
EBITDA	₹ Cr	0.18	0.21
PAT	₹ Cr	0.14	0.15
Tangible Net worth	₹ Cr	4.55	4.20
NNPA	%	1.00	3.00
Total CRAR	%	67.00	62.00

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY - NA

RATING HISTORY

Facilities	Current Rating			Rating History		
	Tenure (Long Term/ Short Term)	Amount (Rs.Crs.)	Rating	2019	20, Apr, 2018	2017
Fund Based	Long Term	15.00	BWR BB- (Stable) Reaffirmed	NA	BWR BB- (Stable)	NA
Total		15.00	Rs. Fifteen Crores Only			

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Banks & Financial Services](#)
- [Short Term Debt](#)

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Ganpati Stock Limited

ANNEXURE I

Details of Bank Loan Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term (Rs. Crs.)	Short Term (Rs. Crs.)	Total (Rs. Crs.)
1.	Proposed	Term Loan	15.00	-	15.00
Total Rupees Fifteen Crores only					15.00

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