

## Press Release

### Goel Ganga India Private Limited

May 08, 2023



### Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	241.80	ACUITE BBB-   Stable   Assigned	-
Bank Loan Ratings	220.16	ACUITE BBB-   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	461.96	-	-

### Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs.220.16 crore bank facilities of Goel ganga India private limited (GGIPL). Further, Acuite has assigned its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs.241.80 crore bank facilities of Goel ganga India private limited (GGIPL). The outlook is 'Stable'.

#### Rationale for the rating reaffirmation

The rating reaffirmation takes into consideration the extensive experience of the promoters in the real estate segment along with GGIPL's healthy sales and collection traction over the past 12 months. The ratings are however constrained on account of moderate execution risk in GGIPL's ongoing projects and its exposure the inherent cyclicity in the real estate market. The ratings also take into consideration the land dispute between GGIPL and Mr Rahul Tikone regarding the land in Bibwewadi,Pune. However, Acuite understands that now the dispute has been resolved and a MOU has been signed by both the parties. GGIPL's ability to maintain its sales and collection traction and timely completion of ongoing projects will remain key rating sensitivities.

### About the Company

Goel Ganga group, promoted by Shri. Jaiprakash Goel (Founder & Chairman), Dr. Atul Goel (Managing Director) & Mr. Amit Goel (Director) is a Principal Investment Holding company, a Corporate Institution & professionally managed company. Goel Ganga India Private Limited is the flagship company under which currently 5 projects are being executed. The name of the 5 projects are: Ganga legend located in Bavdhan, Pune, Gangadham towers located in Bibwewadi, Pune, Ganga glitz and Ganga millennia projects located in Undri,Pune and Ganga altus project located in Kharadi,Pune.

### Analytical Approach

Acuite has considered the standalone business and financial risk profile of GGIPL to arrive at the rating.

## Key Rating Drivers

### Strengths

#### Experienced promoters and long track record of operations

Goel ganga group was founded by Mr. Jaiprakash Goel in 1983. This shows the long extensive experience of the group of more than four decades in the real estate business. The group has been able to successfully complete over 125 projects in Pune, Mumbai, Bengaluru, and Nagpur. They have a strong presence in the Pune real estate segment. With the long track record of operations, the group has been able to complete the projects with built-up area of 1,31,85,820 sq. fts. Acuité believes that the long operational track record of the group and promoter's extensive understanding and expertise will support the group's growth plans going forward.

#### Healthy sales and collection traction

As on 31st January 2023, the company has been able to sell on an average 88 units of 'Ganga legend' in each quarter last year wherein majority of the sales were done in Q4FY22 as the company had appointed a marketing team for the promotion of the project which has helped the group to increase their sales in the further quarters as well. Against the sales, the company has been able to make an average collection of Rs.37 crore for each quarter. For the project 'Gangadham towers' the average quarterly collections were of Rs.15 crore with average around 12 units sold every quarter. For this project additional 5 floors were added to the towers and an additional commercial complex is being constructed. For the project 'Ganga glitz 1' the average quarterly collections were of Rs.7 crore with around average 6 units sold every quarter as on 31 January 2023. The company has been able to sell all the flats of 'Ganga Glitz I' upto 31 January 2023. In 'Ganga millennia' on an average 38 units were sold every quarter against which the average collections stood at Rs.14 crore. For the 'Ganga altus' project the average quarterly collections were of Rs.20 crore with average around 24 units sold every quarter. This shows the healthy sales traction for the projects. Further, out of the disbursed loan amount of Rs.1027 crore, the group was able to repay ~Rs.492 crore on account of healthy sales traction for the projects as on 31 January 2023. The total debt outstanding for GG IPL stands at Rs.534.64 crore as on 31 January 2023 while its maturing debt obligations stood at Rs.237 crore for FY24 and Rs.42 crore for FY25. Acuité believes that GG IPL's healthy sales traction will remain key for it to generate cash inflows commensurate with its repayment obligations and hence will be key rating monitorable.

### Weaknesses

#### Moderate Execution risk

The project 'Ganga legend' was started in October 2014. Out of the 7 towers, 4 is already completed and the remaining 3 ie B4 is 82 percent completed, A2 is 70 percent completed and B2 is 35 percent completed as on 31 January 2023. This project is expected to be completed by October 2024. The estimated total cost for this project is Rs.982.26 crore. The project 'Gangadham towers' was started in January 2017. There have been changes done in the project and additional 5 floors will be added to the existing 27 floors of A, B and C towers. Along with this, the Group is planning to construct a commercial complex of 10 floors. The expected completion date has now been revised from June 2025 to October 2026. The total estimated cost for this project is Rs.946.88 crore. The project 'Ganga glitz I' was started in September 2017. In the 'Ganga glitz I' project all 4 towers ie H, I, G and F are already completed as on January 2023 and the finishing is in process as on 31 January 2023. The total estimated cost for the project is Rs.384.83 crore. The project 'Ganga millennia' is a spinoff of 'Ganga glitz I' project. For the project 'Ganga millennia' the start date was October 2020. In this project J tower is 90 percent completed and K tower is 80 percent completed as on 31 January 2023. This project is expected to be completed by January 2024. The estimated cost of the project is Rs.144.40 crore. The project 'Ganga altus' was started in October 2020. In the 'Ganga altus' project D tower is completed 75 percent, E tower is completed 80 percent and

F tower is ready for possession as on 31 January 2023. All the towers were earlier expected to be completed by January 2023 however the company is now expecting it to be completed by December 2023. However, the proposed date of completion as per the RERA website is December 2028. The estimated cost for the project is Rs.222.12 crore. Acuite also observes that the projects have largely been funded by debt and customer advances and the promoter's contribution is limited. DCCO extension was sought by GG IPL from 4 banks in 2021 due to extension in some projects. However, although the completion of the ongoing projects is pending in GG IPL, there are adequate receivables on the sold flats available for all the projects to cover the cost left to be incurred for the projects and to complete the projects and thus mitigating the completion risk to some extent. Also there exists no funding risk for the projects as all the debt tie ups have already been done. The healthy sales traction observed over the past year also shows that there is a healthy demand for the projects and thus mitigates the demand risk to some extent. Acuite believes, completion of projects without further time or cost overruns will continue remain key rating sensitivity.

### **Corporate guarantee given to a subsidiary companies**

GG IPL also has a subsidiary company named 'Goel ganga infrastructure and real estate pvt ltd'. The subsidiary company is executing a project in Nagpur named 'Glocal square' for which the company has taken a construction finance loan from PNB finance amounting to Rs.225 crore and GG IPL has provided the corporate guarantee of Rs.465 crore to GGIRPL and some of the other SPV's. Acuite believes that cashflows from the project and the timely completion of the project will be a key sensitivity in medium term.

### **Inherent cyclicity in Real Estate Sector and geographical concentration risk**

The real estate industry in India is highly fragmented with most of the real estate developers, having a city specific or region-specific presence. The risks associated with the real estate industry are cyclical in nature of business (drop in property prices) and interest rate risk, among others, which could affect the operations. GG IPL is also exposed to high geographical concentration as its all the projects are concentrated Maharashtra, majorly in Pune region. Thus, any negative development in this area could hurt the overall operations and project planning of the company.

### **ESG Factors Relevant for Rating**

The infrastructure development industry has a significant social impact since it is a labour intensive business. Further, community support and development, employee safety and human rights are material factors from the social perspective. Governance issues that assume relevance include board and management compensation, shareholders rights and board diversity. The extent of direct or indirect emissions and the efficiency of deployment of vehicle fleets and heavy machinery has a considerable impact in the environmental performance of this industry. Since material costs are relatively high, strategies should be in place to reduce wastages and recycle raw materials to the extent possible to minimise the environmental impact. GG IPL adheres to execute the project with consistent cost control and quality assurance. On the corporate governance front, the company applies internal governance structures such as Code of Conduct, Business Excellence Model and Code of corporate disclosure policies.

### **Rating Sensitivities**

Completion of ongoing projects without further time and cost overruns  
Lower than expected sales and collection traction leading to deterioration in liquidity profile

### **Material covenants**

None

**Liquidity position: Adequate**

The liquidity profile of the company is expected to be adequate on account of adequate cushion between repayments and cash inflows. The promoter has also infused funds for the projects. The DSCR is expected to be in the range of 1.10-2.25 times in medium term. The group has a landbank of around 840 acres across areas like Lohegaon, Bibwewadi, Wakad, Wagholi, etc have a market value of ~Rs.4379 crore. This would support the liquidity of the company.

### Outlook: Stable

Acuité believes that the GGIPL will maintain 'Stable' business risk profile over the medium term on the back of experienced promoters and strong brand presence in the real estate industry. The outlook may be revised to 'Positive' in case of higher-than-expected advances from customers resulting in adequate cash flows for early completion of the project and prepaying the debt. Conversely, the outlook may be revised to 'Negative' in case of any undue delay in completion of the project, or less-than-expected bookings and advance leading to stretch on its liquidity.

### Other Factors affecting Rating

None

### Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	271.15	288.57
PAT	Rs. Cr.	(196.05)	(229.70)
PAT Margin	(%)	(72.30)	(79.60)
Total Debt/Tangible Net Worth	Times	3.33	4.32
PBDIT/Interest	Times	1.42	1.03

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

None

### Any other information

None

### 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, 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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
07 Dec 2022	Term Loan	Long Term	30.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	60.99	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	129.11	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	0.06	ACUITE BBB-   Stable (Assigned)
05 Sep 2022	Term Loan	Long Term	30.00	ACUITE BBB-   Stable (Assigned)

## 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	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	44.31	ACUITE BBB-   Stable   Assigned
Karur Vysya Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	26.61	ACUITE BBB-   Stable   Reaffirmed
Indusind Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	89.24	ACUITE BBB-   Stable   Reaffirmed
Aditya Birla Capital	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	56.00	ACUITE BBB-   Stable   Reaffirmed
Indusind Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	48.31	ACUITE BBB-   Stable   Reaffirmed
Indusind Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	197.49	ACUITE BBB-   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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