

Good Earth Eco Developments Private Limited

October 07, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	18.00	CARE B+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB-; Stable and 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 Good Earth Eco Developments Private limited (Good Earth) to monitor the rating(s) vide e-mail communications/letters dated June 12, 2024, June 17, 2024, July 01, 2024, July 15, 2024, August 12, 2024, August 19, 2024, September 03, 2024, September 10, 2024, September 18, 2024, and September 23, 2024, and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the rating. 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. The rating on Good Earth bank facilities will now be denoted as **CARE B+; 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 has been revised on account of the absence of latest information pertaining to the company. The revision in rating factors in non-cooperation by Good Earth and CARE's efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk.

The rating continues to be constrained by nascent stage of project execution and significant dependence on debt for the project execution. The rating continues to derive strength from satisfactory sales movement of the ongoing project and favourable location of the ongoing project.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on September 25, 2023, the following were the rating weaknesses and strengths updated for FY23(A) financials earlier FY23(UA).

Key weaknesses

Nascent stage of project execution

The company has launched the project in September 2022. The construction cost incurred is around 19% of the total estimated cost as on March 31, 2023. It is estimated to complete the project by June 2025 however, the RERA approved timeline is March 31, 2026.

Significant dependence on debt for the project execution

The company has significant dependence on debt as it has raised debt from bank and also raised funds by issuing NCDs. The dependence on debt is high at around 47% followed by customers advances of around 34% and promoters fund of around 19%. However, the company has been preponing its repayment and has repaid some amount of the NCD debt and NCD limit to the extent of Rs. 5 Cr remains undrawn.

Key strengths

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

Satisfactory sales movement of the ongoing project

The project was launched for sales in September 2022 and within six months, the company has been able to sell significant area showing the high acceptance of the project property in the market. The total saleable area is 1.76 lsf out of which 1.44 lsf has been sold as on March 31, 2023. In terms of units, the project has 76 units out of which 60 units are already sold as on March 31, 2023. As on September 12, 2023, total of 66 units have been sold and around 35% receivables have been collected from the sold units.

Favourable location of the ongoing project

The project is in Kengeri, Bangalore with total saleable area of 1.76 lsf. The project is located at Kambipura, Kengeri, Bangalore where the promoters have reasonable presence already. The company has developed the projects like Good Earth Malhar-Mosaic, Good Earth Malhar-Terraces and Good Earth Malhar Resonance in the same locality. The location is well connected to shopping malls, hospitals, and educational institutions. ACS college of Engineering, RajaRajeshwari Medical College and Hospital, St. Benedict's Institute of Nursing are few institutions and hospitals situated in the vicinity of 10 Kms. The location is also connected to Bangalore Metro and the nearest metro is Kengeri which falls within 5-10 kms.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[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

Good Earth Eco Developments Private Limited is a part of Good Earth group of companies. The company is into residential real estate. The company has been into various institutional and residential constructions. Promoters have done projects in Kochi, Calicut and Bangalore. The company has completed 5 projects with around 10 lsf of saleable area. Mr. Stanley K George is the Promoter Director of the company and is a qualified Civil Engineer.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	39.34	78.83
PBILDT	6.42	5.46
PAT	1.16	1.50
Overall gearing (times)	4.08	6.87
Interest coverage (times)	0.80	0.60

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	December 2037	18.00	CARE B+; 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	Fund-based - LT-Term Loan	LT	18.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (25-Sep-23)	-	-

*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	Fund-based - LT-Term Loan	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.

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About us:

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Disclaimer:

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