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TO
BSE LIMITED
CORPORATE RELATION DEPARTMENT
PHIROZE JEEJEEBHOY TOWERS
DALAL STREET, MUMBAI – 400 001

SUB:- SUBMISSION OF ANNUAL REPORT FOR THE FINANCIAL YEAR 2017-2018

REF:- SECURITY CODE NO. 526367

Dear Sir,

Pursuant to the provision of Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit a Copy of Annual Report of the Company for the Financial Year 2017-2018.

Thanking you,

Yours faithfully,

For GANESH HOUSING CORPORATION LTD.


PRIYA KAPADIA
COMPANY SECRETARY &
COMPLIANCE OFFICER

Encl: As Above



GANESH CORPORATE HOUSE

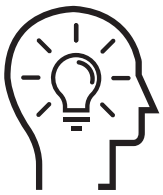
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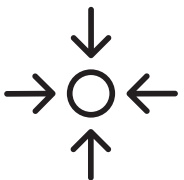
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CLARITY



COMMITMENT



CONSOLIDATION

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Forward-looking statements

The Annual Report may contain, without limitation, certain statements that include words such as "believes", "expects", "anticipates" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that may cause actual performance or results to be materially different from those anticipated in these forward-looking statements. The Company is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or otherwise.

The real estate sector in India is going through an interesting and important transformation that aims to eliminate the inefficiencies and usher in a new era of accountability and transparency. New opportunities are opening for scrupulous developers with high standards of compliance and governance.

Visionary initiatives like The Real Estate (Regulation and Development) Act, 2016 (RERA), demonetisation and Goods and Services Tax (GST) are cleaning up legacy industry vices and challenging the old models and mindsets. While there are short-term aberrations, the long-term impact of this transformation is both positive and promising, for developers who have the right intent and intention.

At Ganesh Housing Corporation Limited, we have always believed that inside every challenge is an opportunity. We have re-calibrated our strategy and re-aligned our plan.

- **We have a clear view of the way ahead. Clarity.**
- **We are determined to reduce debt and strengthen our balance sheet and give maximum returns and value to our Customer and Investors. Commitment.**
- **We are focussed on developing mega real estate projects at two locations – Chharodi-Tragad and Godhavi. Consolidation.**



These three words form the clear blueprint for the way ahead...

HIGHLIGHTS OF THE YEAR

FINANCIAL HIGHLIGHTS

Total revenue
₹ **5,082** million
24%



EBITDA
₹ **2,031** million
(5)%



PAT
₹ **508** million
(32)%



EPS
₹ **10.36**
(35)%



Net worth
₹ **8,892** million
5%



Gross Block
₹ **2,175** million
(4.85)%



MAJOR INDUSTRY DEVELOPMENTS

Dedicated fund for affordable housing

The Union Budget 2018-19 has proposed to set-up a dedicated affordable housing fund under the National Housing Bank (NHB), to be funded from the shortfall of priority sector lending and fully serviced bonds authorised by the Government of India. This will boost demand and supply of low-cost homes.

Considering real sale value for computing capital gains

As opposed to the existing practice of computing capital gains tax on the higher of real sale value or circle rate of the immovable property, the Government will now consider the real sale value if it is under 5% of circle rate. This will minimise the burden of capital gains tax and thus boost real estate transactions.

Goods and Services Tax

GST has streamlined taxation structure and brought in more transparency. It will benefit the buyers with lower prices as developers pass on the advantage of reduced tax burden and input credit tax. Further, exemption of GST on ready-to-move-in flats, those having completion certificate, will prompt developers to launch projects after completion such that buyers will not be burdened by taxes.



RERA: BRINGING A CHANGE IN INDIA'S REAL ESTATE LANDSCAPE

2018 YEAR OF RENEWAL

How the sector could take off after a massive cleanup and correction

- Experts feel that the sector has bottomed out and Q1 of FY2019 will see the first signs of revival
- Focus will be on affordable housing segment in 2018
- More transparency and greater consolidation
- Barrier for fly-by-night builders
- Buyers to go for reputed builders with good track record
- Global investors likely to turn on India

BEYOND 2018

- Mid and premium segments to take off by 2019
- Sector likely to contribute to growth in 2020
- Realty market likely to reach billion in 2020 and create (direct and indirect)

'Sale of Residential Properties Up 25% in Top 7 Cities in H1'

Sluggishness in sales post note ban is over: CREDAI & JLL India report

Kailash Babar
@timesgroup.com

Berth: Residential property sales across India's top seven cities have revived post the ban on new launches in the first six months of the current calendar year, showed a joint report by realtors' body CREDAI and JLL India.

Housing sales stood at 64,080 units during January-June 2018 against 51,452 units in the year-ago period. Following the ban, sales had remained sluggish, but the latest half-yearly figures show that things are looking up.

"Sales have picked up by 25% in the first half of this year. All cities have shown positive growth," said Ramesh Nair, JLL India CEO.

"Sluggishness in housing sales, which continued for the past 24 years, is over now."

Nair believes that the ban on new launches has helped the market with data becoming affordable after effecting price and cost correction.

While CREDAI-JLL reported 25% increase in housing sales, Knight Frank India had earlier this month said that sales growth in eight major cities rose slightly to 3% to 1.24 lakh units.

CREDAI's housing sales are recovering steadily, it said, as the Real Estate Regulation and Development Act, 2016 (RERA) and goods and services tax that had affected sales, have also helped to boost sales of the current 12% to boost sales of under-construction homes.

The seven cities tracked by CREDAI-JLL are NCR, Mumbai, Kolkata, Chennai, Hyderabad, Bengaluru and Pune. The report was released at CREDAI's 18th annual international convention held here and attended by over 1,000 delegates from across India.

Of the key cities, Bengaluru saw the highest sales, totalling 13,659 units in the first half of 2018, followed by Mumbai with 12,349 units.

Recorded a 2% increase in sales, Pune recorded a 2% increase in sales, Hyderabad recorded a 2% increase in sales, Kolkata recorded a 2% increase in sales, Chennai recorded a 2% increase in sales, and NCR recorded a 2% increase in sales.

Residential Launches in H1 Across Top 7 Cities Jump Over 60%

Though prices remain stagnant, rise in sales give realtors confidence to roll out projects: Lias Foras

Kailash Babar & Sobia Khan

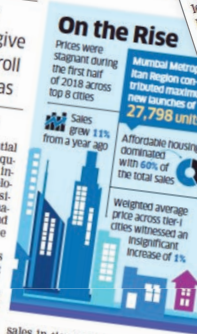
Mumbai | Bengaluru: Residential launches have more than doubled sequentially during the first half of 2018, indicating a big recovery in realty confidence in the market. Residential launches across top 8 cities have jumped over 60% sequentially and period.

The rise in the number of launches by developers is led by improvement in home buyers' response and marginal drop in inventory levels despite new supply additions. While prices have remained stagnant during the period across the top eight cities, sales have grown by 11% from a year ago, showed data from Lias Foras Real Estate Rating & Research.

Several policy interventions at the national level such as an increase in the limit of the size of a flat for subsidy (PMAY), the implementation of Real Estate (Regulation & Development) Act, 2016 (RERA), Goods & Services Tax (GST) etc., although caused an initial chaos, have definitely helped bring back the confidence of both end users and developers in the industry.

"The sales have been growing consistently since the past four quarters and that has convinced the developers to go ahead with their launches. Good response to launches has propped up their confidence further and this is expected to continue," said Pankaj Kapoor, MD, Lias Foras Real Estate Rating & Research. Mumbai Metro Region (MMR) has contributed maximum new launches of 27,798 new launches were in Bengaluru where the first half of this year.

Quarterly sales have been consistently growing since the third quarter of 2016-17 and have recorded a cumulative growth of 38% since then. The realty growth of 6% with the sales of 40,807 units across eight tier-1 cities. MMR contributed almost a quarter of total



sales in tier-1 cities and witnessed a growth of 15% from a year ago. "The market seems to be gaining traction as despite nearly 2% increase in pricing, we have managed to see a 70% on-year rise in sales looking during the first half of this year. Out of this, around 90% apartments were in the affordable to low-income group category. The price hike absorption with rise in sales is clearly a sign that homebuyers are back in the market," said Ashok Chhajler, CMD, Arhant Superstructures.

After launching three major projects in Navi Mumbai and Jodhpur in 2017-18, the company is planning to launch two new projects by March. Affordable housing continued to dominate the performance with close to 60% of the sales of this quarter contributed by the sub-50-lakh segment. Within this, the segment of less than ₹25 lakh is beginning to gain more traction with 32% on-year growth.

Weighted average price across tier-1 cities witnessed an insignificant increase of 1% and reached ₹6,813 per sq ft in the June quarter from ₹6,764 in the year-ago. Hyderabad and prices in Ahmedabad grew by 2% followed by MMR and Pune at 1% each. A slight decrease of 2% was observed in Bengaluru and Chennai while Kolkata witnessed a percent's drop, showed the data.

2017 YEAR OF DISRUPTION

How GST, RERA and the push for affordable housing have led to a correction in the sector

KEY POLICY INITIATIVES

RERA: The Real Estate Regulation & Development Act calls for the setting up of 29 regulatory authorities

Benami Property Act: It prohibits benami transactions and provides for confiscation of such properties

GST: Only GST registered players are eligible for tax credit. If builders do not pass on the benefit from input tax credit to consumers, it could invite probe by the National Anti-Profiteering Authority

Demonetisation: Gave a body blow to players who made transactions using black money

REIT Reforms: The launch of Real Estate Investment Trusts is likely to increase liquidity in the sector

Affordable Housing: Budget 2017 had proposals to boost the sector

- Awarded infrastructure status to affordable housing
- 100% deduction for profits to an undertaking in housing project for flats up to 30 sq m in metros and 60 sq m in other cities

Source: Anarock, Credai, Knight Frank, Industry

REAL TRANSFORMATION IN REAL ESTATE

RERA has set the tone to transform the real estate industry with good practices. With higher focus on compliances, transparency, accountability and responsibility, it promises a better future for the consumers and developers with right intent. It is paving the path to a unified legal regime for home buyers and facilitating in standardising practices across the country.

RERA is helping the industry regain the lost trust of buyers and facilitating a level playing field for good developers. What the industry lack was confidence of big Investors, either foreign / domestic institution, REIT Funds, Endowment Funds, etc. RERA is the tool which gave them immense confidence, so in longer period sincere, serious and well-intent developer will not only succeed but will grow immensely.

Positive changes post RERA implementation

► Presence of regulator

► Compulsory registration of all projects and all parties involved with the regulator

► Exit of unprofessional developers and related parties using malpractices

► **What this means:**

Buyers have the backing of a dedicated regulator to protect them.

► **What this means:**

All inventory in the industry is genuine, approved by RERA, and there is no scope to dupe buyers.

► **What this means:**

The industry now has only quality and reputed developers with strong track record and transparent dealings.

**RERA is applicable to all projects having over 500 sq metres of area or more than 8 apartments*

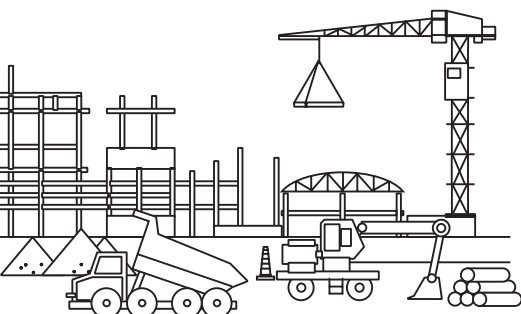
With reduced transactions using unaccounted for money, the speculative and investment demand will decline and there will be pure housing demand.

RERA: Posing a short-term challenge

- It led to decline in supply of RERA approved home inventory with developers facing issues adhering to norms, resulting in unmet demand
- Rise in working capital expenses for developers as they are resorting to debt funding instead of earlier practice of preselling projects, selling housing units without approval or using funds diverted from other projects
- Smaller firms, ineligible for banks loans, are resorting to more expensive institutional capital
- Several developers with questionable practices have been forced to exit / quit

RERA: A win-win in the long run

- Over time, the industry will comprise only quality developers, having quality projects and following industry best practices, on whom buyers can have faith
- With reduced transactions using unaccounted for money, the speculative and investment demand will decline and there will be pure housing demand. This will lead to price stability and increased affordability for buyers
- Facilitate standardisation of processes that will eventually improve efficiencies
- Reduce incidences of projects getting stuck and becoming unproductive





- ▶ Reserve account created for projects along with the provision to park 70% of project receivables in it
- ▶ Every home that is up for sale specifies relevant details, including the carpet area
- ▶ Developers are responsible for structural defects for 5 years
- ▶ **What this means:**
Home buyers' hard-earned money is safe and not diverted to other projects, reducing scope for delays and fixing date for completion of project.
- ▶ **What this means:**
Buyers know what they are paying for.
- ▶ **What this means:**
Guaranteed project quality.

RERA benefits

Stabilise
real estate prices

Protect home
buyers

Facilitate level playing
field for scrupulous
developers

Improved transparency
and efficiency in the
industry

What RERA means for Ganesh Housing

- **Head start:** For us transparency, commitment, innovation, quality and environment friendliness form the core values which we have consistently delivered across 4.52 msf of projects developed over the last 27 years. We are RERA-compliant and immune to the changes.
- **More opportunity:** The industry currently has significant shortage of RERA-approved inventory as most developers are facing issues complying to norms. On the other hand, the consumers have also deferred purchases, creating huge pent-up demand. As consumers become more accustomed with RERA, the demand will open-up. With our ₹ 600 crore of ready RERA-approved inventory, we will be able to cater a significant portion of this demand.
- **Improve balance sheet:** As we grow sales, we will utilise cash flows to reduce debt and ensure better cash management to improve balance sheet and credit rating.

CHAIRMAN'S MESSAGE

Dear Shareholders,

As I reflect on the events of the year gone by, I have several reasons to be excited. Amidst all the enthusiasm, challenges and positiveness unfolded by RERA and GST, we continued our operations centred around the core values that this organisation was formed with. We remained transparent in all dealings, committed to timely delivery and quality, and focussed on innovation and environment friendliness. These values continue to drive our reputation and business performance. Besides, the kind of trust bestowed upon us by the buyers and other stakeholder truly humbles and motives us.

While the Government's attempt to achieve uniformity and transparency with RERA and GST will have positive impact in the long run, it has created immediate disruptions. As the real estate industry adjusts and consolidates in this new regime, I believe that being a player with high standards and credibility, we have the responsibility to lead the way forward. And we will do so by setting new benchmarks of quality and execution.

Performance review

Our total income for the year grew by 24% from ₹ 4,087.73 million in FY 2016-17 to ₹ 5,082.45 million. However, in terms

of profitability, there was a de-growth. EBITDA and PAT declined by 5% and 32% respectively to ₹ 2,030.79 million and ₹ 507.99 million in FY 2017-18. This was primarily because of lower sales in the premium projects that command higher margins along with an 8% increase in interest cost to ₹ 1,005.20 million. Our earnings per share for the year declined to ₹ 10.36 compared to ₹ 15.93 in the previous year. Irrespective of this, the Board has recommended a dividend of ₹ 1.80 per share, reflecting our strong drive to reward shareholders.

Coming to operational performance, we have almost completed the Maple Tree Project construction which is in the tune of approx. 1.9 million sq. ft.

A year dedicated to clarity, commitment and consolidation

FY 2017-18 in many ways was an important year for your Company. Though our performance may not have been what we wanted, but we took a calculated re-calibration and re-alignment of strategies to ensure we continue delivering strong performances over the long run.

Being a proactive organisation, we were quick to identify areas of concern. In

the past, viewing a favourable industry outlook, we got aggressive and resorted to debt funding to scale operations. We would like to develop premium projects and acquired 10.09 acres of land to undertake large scale developments, and also include land for building township. All was going well, until the industry received the triple blow of RERA, demonetisation and GST one after the other, which was a temporary setback for the large formats of real estate and our premium properties witnessed a slowdown in sales. Lower churning of old inventory impacted cash flows and in turn incapacitated us to use the land bank. Resultantly, our ability to service debt declined and profitability took a hit.

Having learnt an important lesson, we now have a clear vision to get back on track to capitalise on the ongoing industry scenario. And for this, we believe the immediate need is to bring down debt and cost of debt further even though today it stands at 13.50%, we would further try reducing it to 12.00%, reduce inventory and realign focus to the right customer and business segment. While we have 611.57 acres of land bank in Ahmedabad, we have



strategically chosen to develop projects only in Chharodi-Tragad and Godhavi, which are upcoming areas and witnessing significant demand from middle income group (MIGs). For the rest of the land bank, we will contemplate ways to monetise at better valuation instead of blocking capital for development and some of it may be sold to achieve our debt reduction target. We will realign business focus by targeting mid and affordable housing projects, instead of premium ones, to ensure faster sales turnaround and cash flow cycle. These segments being the Government focus area and having the advantage of various incentives will have strong demand, facilitating us to expedite sales.

Execution will continue to be an important focus area, as we target 1.5 msf of yearly development to ensure we have adequate inventory to achieve sales and generate cash flows.

Outlook

I have strong reasons to believe that the worst is past us. We have one hard year for stability of market and new demand coming. The real estate sector,

after stabilising from various shocks will be in for some positive movement. As home buyers steadily begin to experience the positive aspects of RERA, the lost faith in the industry will revive and demand will increase. Mid and affordable housing segments is likely to become the next big thing with the Government focussed on providing housing to all citizens by 2022. Under the 'Housing for All', the Government targets building 50 million houses and has also stepped-up investments from ₹ 11,600 crore in FY 2015-16 to ₹ 29,043 crore for FY 2017-18.

There were reasons why this segment didn't pick up earlier and why I believe it will do so now. Though named affordable, houses were still unaffordable. For this, the Government has introduced incentives like providing a subsidy of 6.5% for the lowest rung, facility of crediting the entire subsidy of 20-year loan to the loan account of applicant and allowing individuals to withdraw up to 90% of the housing amount from EPFO. I am sure these developments will provide the much-needed boost in the coming years.

I thank all our stakeholders for their support. Your Company has the clarity

in vision for its future, it is committed to improve balance sheet health and become stronger and it will consolidate its position by developing right projects in right areas, targeted to right segments. I appreciate the efforts put in by our employees and other developer communities who have made Ganesh Housing a household name. We will continue to make this organisation geared for long-term, while adequately creating value for all stakeholders.

Warm wishes,

Dipakkumar G. Patel

Chairman

Our total income for the year grew by **24%** from **₹ 4,087.73** million in FY 2016-17 to **₹ 5,082.45** million.

