

## S S Group Private Limited

April 01, 2021

### Rating

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Short Term Bank Facilities	20.00	CARE A4 (A Four )	Rating removed from ISSUER NOT COOPERATING category and Reaffirmed
Long Term Bank Facilities	-	-	Withdrawn
<b>Total Bank Facilities</b>	<b>20.00</b> <b>(Rs. Twenty</b> <b>Creore Only)</b>		

*Details of instruments/facilities in Annexure-1*

CARE has withdrawn the outstanding rating assigned to the long-term bank facilities (Bank Overdraft) of S S Group Private Limited (SSGPL) with immediate effect. The above action has been taken at the request of SSGPL and 'No Due confirmation' received from the bank that has extended the facilities rated by CARE.

In the absence of minimum information required for the purpose of rating, CARE was unable to express an opinion on the ratings of S S Group Private Limited (SSGPL) and in line with the extant SEBI guidelines, CARE revised the rating(s) of bank facilities of the company to 'CARE BB; Stable/CARE A4; ISSUER NOT COOPERATING'. However, the company has now submitted the requisite information to CARE. CARE has carried out a full review of the ratings and the ratings stand at 'CARE A4'

#### **Detailed Rationale and key rating drivers**

The rating of S S Group Private Limited (SSGPL) continues to remain constrained by slow sales momentum and customer collection, high dependence on customer advances for the ongoing projects, stretched liquidity, project execution risk and off-take risk and subdued Industry Scenario coupled with impact of Covid-19.

The ratings, however, continue to take comfort from experienced promoters with established track record of the group and location advantage.

#### **Key Rating Sensitivity**

##### **Positive Factors**

- Timely completion of the project within the estimated timelines
- Ability to achieve increased sales velocity and strong collection efficiency

##### **Negative factors**

- Reduction in sales velocity or collection efficiency

#### **Detailed description of the key rating drivers**

##### **Key Rating Weaknesses**

##### **High dependence on customer advances for the ongoing projects**

The cost of the projects is Rs. 1599 cr which is funded from various sources such as Promoter's contribution (7% of the total cost), Rs. 290 cr of debt (18% of the total cost) and the rest through customer advances that is 75% of the total project cost. Till Dec 31, 2020, the company has collected Rs. 1530 cr which is 84% of the sales value. Thus, it shall be imperative for SSGPL to achieve improvement in its sales momentum and to garner requisite amount of sales proceeds for timely execution and completion of the project.

##### **Project execution risk and off-take risk**

Till Dec 31, 2020, the company has incurred Rs. 1237 cr out of the total Rs. 1599 cr that is, ~77% of the total project cost. However, the company has incurred Rs. 766 cr out of the total Rs. 980 cr on the construction, that is, 78% of the total construction cost, as compared to the last year wherein Rs. 459 cr were incurred out of the total of Rs. 1416 cr, that is, 32%

of the total project cost till Dec 31, 2018. Out of total saleable area of the projects of 47.57 lsf, the company has sold 35.59 lsf till Dec 31, 2020 i.e. ~75% (PY: 31%) of total area for sale value of ~Rs. 1812 cr.

Out of sale value of the sold area, SSGPL has realized Rs. 1530 cr i.e. 84% of sale value. With significant portion of the cost yet to be incurred and major portion of some of the projects yet to be sold; the projects remains exposed to project execution risk and off-take risk.

#### **Slow sales momentum and customer collection**

As on Dec 31, 2020, the company has 5 ongoing project of which 2 are almost complete viz. "The Hibiscus and "The Coralwood & Almeria". The company has sold 87% of area in these two project valued at Rs.1162 crore and has realized Rs.1116 crore.

However the sales and collection momentum remained very slow in the other three project. In the project leaf the company has sold 71% area valued at Rs.452 crore and has realized Rs. 253 crore and has balance receivable of Rs.199 crore. However due to delay in project implementation, there has been slowdown in customer realization and the company has realized Rs. 6.94 crore in the last 12 months from project Leaf. Also due to slower sales momentum, the company has taken additional funding of Rs.110cr to complete the project.

The other two projects viz. Omnia and high point are commercial project with slow sales and collection momentum. In the last 12 months ending Feb 2021, company has sold 0.25 lsf area and has received Rs.4 crores from these two projects.

#### ***Subdued industry scenario coupled with impact of Covid-19***

With the on-going economic conditions, the real estate industry is currently facing issues on many fronts, including subdued demand, curtailed funding options, rising costs, restricted supply due to delays in approvals, etc. thereby resulting in stress on cash flows of developers. The industry has seen low demand in the recent past, primarily due to factors like sustained high level of inflation leading to high interest rates and adverse impact on the buying power and affordability for the consumers.

The company is affected with the global pandemic as the construction work as well as the process work for on-going project came to halt. However, the liquidity buffer was adequate. However, Delhi NCR's realty landscape showed some recovery in Jul-Sep 2020, i.e. soon after the gradual lifting of the nationwide lockdown. Brokers and developers reported a marked improvement in the quality of leads during the quarter as serious homebuyers ventured into the market to conduct site visits. Resultantly, monthly sales volume recovered by almost 50% in July. The recovery of the property market in Gurgaon was quicker than the other zones in Delhi NCR.

#### **Key Rating Strengths**

##### ***Experienced promoters with established track record of the group***

The promoter of the group, Mr. Sukhbir Singh Juanapurja (Chairman), has more than 25 years of experience in the real estate industry. Mr. Ashok Singh Juanapurja (Managing Director and Chief Financial Officer) is the son of Mr. Sukhbir Singh Jaunapurja; He has done MBA from Greenwich University, London and has more than 12 years of experience in the real estate sector. He looks after the day to day affairs of the group and is supported by an experienced management team. S S group has a long-standing presence in the real estate development in Delhi NCR market and has considerable presence primarily in the Gurgaon region. As on Dec 2020, the group has developed real estate projects of around 42.07 lsf of saleable area which includes seven residential and one commercial project, most of which was undertaken in Gurgaon region.

##### ***Location advantage with reasonable booking status for some of the ongoing projects***

All the projects are group are located in the prominent location of Gurgaon having easy accessibility and good connectivity. The projects have favorable location in terms of close proximity from the International Airport and also well-connected through road and metro network. On account of the favorable location along-with the established track record of the group, the project has been able to register reasonable sales.

The company has already sold about 79% ( The Hibiscus), 94% (PY: 76%) (The Coralwood & Almeria), 71% (PY: 74%) (The Leaf), 56% (PY: 42%) (SS Omnia) and 11% (PY: 1%) (SS Highpoint) of the total saleable area as on Dec 31, 2020.

The total value of the sold area is Rs. 1812 cr out of which Rs. 1530 cr, i.e. ~84% of the total sale value has been received by the company.

#### ***Liquidity analysis: Stretched***

The company generates moderate cash flow from 2 out of five projects only and the sales and collection momentum remained very slow in the other three projects. Also, the company has taken additional funding to meet the shortfall in the customer collection.

The bank overdraft facility from SBI Bank amounting to Rs.15.00 crore (rated by CARE) has been withdrawn. Also, the company has availed moratorium as provided by the bank in lines with RBI guidelines in wake of COVID-19.

**Analytical approach:** Standalone

**Applicable Criteria**

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[CARE's methodology for Real Estate Sector](#)

[Criteria for Short Term Instruments](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

[Financial ratios – Non-Financial Sector](#)

#### About the Company

Incorporated in 1992, S S Group Private Limited (SSGPL) is engaged in the development of residential and commercial real estate projects in Delhi NCR. SSGPL is the flagship company of the Gurgaon based 'SS Group'. In past the group has successfully completed seven residential and one commercial real estate projects with total saleable area of about 27.84 lsf, in Gurgaon region. The company is currently developing three residential/group housing projects and two commercial projects namely "The Hibiscus" in Sector 50, Gurgaon, "The Coralwood & Almeria" in Sector 84, Gurgaon, "The Leaf" in sector 85, Gurgaon and 2 commercial projects "SS Omnia" and "SS Highpoint" at Sector-86, Gurgaon, Haryana.

Brief Financials (Rs. crore)	31-03-2019	31-03-2020
	A	A
Total operating income	306.94	106.11
PBILDT	27.84	26.02
PAT	2.11	2.95
Overall gearing (times)	0.52	0.45
Interest coverage (times)	1.26	1.30

A: Audited

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History (Last three years):** Please refer Annexure-2

#### Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Bank Overdraft	-	-	-	0.00	Withdrawn
Non-fund-based - ST-Bank Guarantees	-	-	-	20.00	CARE A4

#### Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (30-Mar-18) 2)CARE BB+; Stable

								(10-Apr-17)
2.	Fund-based - LT-Bank Overdraft	LT	-	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (06-May-20)	1)CARE BB+; Stable (04-Apr-19)	-	1)CARE BB+; Stable (30-Mar-18) 2)CARE BB+; Stable (10-Apr-17)
3.	Non-fund-based - ST-Bank Guarantees	ST	20.00	CARE A4	1)CARE A4; ISSUER NOT COOPERATING* (06-May-20)	1)CARE A4+ (04-Apr-19)	-	1)CARE A4+ (30-Mar-18) 2)CARE BB+; Stable (10-Apr-17)

*\*Issuer did not cooperate; Based on best available information*

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities:** Not Applicable

**Annexure 4: Complexity level of various instruments rated for this company/firm**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Bank Overdraft	Simple
2.	Non-fund-based - ST-Bank Guarantees	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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**About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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