

S S Group Private Limited

April 02, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	50.00	CARE BBB-; Stable	Assigned
Short Term Bank Facilities	35.00	CARE A3	Revised from CARE A4+

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The revision in the ratings assigned to the bank facilities of S S Group Private Limited (SSGPL) factors in the improvement in the collection momentum of its completed projects, minimal funding risk for its ongoing projects, satisfactory progress in realizing the advances from customers and moderate sales momentum, , expected improvement in the sales and collection momentum of commercial projects, experienced promoters with established track record of the group, high demand for residential housing and minimal funding risk for its ongoing projects.

The ratings, however, continues to remain constrained on account of the highly regulated real estate market with exposure to inherent competition and cyclical, geographical concentration risk, project execution risk and off-take risk in project "SS 100 and "SS Highpoint" and time overrun in project execution.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Completion of the project within the envisaged timelines and without any significant cost overrun.
- Improvement in monthly collections above Rs.40 crores on sustained basis

Negative factors

- Slowdown in the sales momentum or major delay in realization of customer advances of the on-going projects

Analytical approach:

Standalone

Outlook: Stable

The "Stable" outlook reflects that entity is likely to sustain its sales and collection momentum from the ongoing real estate projects with adequate liquidity position as reflected by moderate cash and bank balances.

Detailed description of the key rating drivers:

Key strengths

Experienced promoters with established track record of the group

The promoter of the group, Mr. Sukhbir Singh Jaunapurja (Chairman), has more than 25 years of experience in the real estate industry. Mr. Ashok Singh Jaunapurja (Managing Director and Chief Executive 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 longstanding presence in the real estate development in Delhi NCR market and has considerable presence primarily in the Gurgaon region. As on Dec 2023, the group has developed real estate projects of around 71.76 lsf of saleable area which includes nine residential and two commercial projects, most of which was undertaken in Gurgaon region.

Satisfactory progress in realising the advances from customer and moderate sales momentum

The company depends majorly on advances from customers and debt to finance its ongoing project. Out of 3 ongoing projects, 2 have been launched for sales in which the company has sold 454 units (PY 316 units) out of total 753 units till Dec 31, 2023. The company has received customer advances of Rs 245 crore till December 31, 2023 (Rs.71 crores received from these 2 projects

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

till Dec'22). The major collections from the customers improved from project "SS Linden" in which 62% area was sold for sales value of Rs.552 crores (Rs. 299 crores till Dec'22) and received Rs. 222 crores as on Dec 31, 2023 (Rs.52 crores till Dec'22).

Improvement in the collection momentum of its completed projects

The company has been able to complete 2 projects in the last 12 months namely "The Leaf" and "SS Omnia". In the project 'The Leaf' the company has been able to fully sell the inventory and has been able to garner collections of Rs.205 crores in the past 12 months ending Dec'23. On a consolidated basis the company has been able to sell inventory of around Rs.162 crores and has been able to garner collections of Rs.238 crores from its completed projects in the past 12 months ending Dec'23 reflecting healthy sales and collection momentum. Almost all the inventory has been sold out with only 7% of the unsold inventory left from the completed projects.

Expected improvement in the sales and collection momentum of commercial projects

The company is currently focussing on selling the retail portion of the projects and is currently holding the office space due to low demand and market price of the same.

In commercial project "**SS Highpoint**", the company has sold ~45% of the retail portion. Low collections in SS Highpoint is on account of payment plan in retail block wherein major portion was to be received on receipt of occupation certificate (OC). Since the company has already applied for OC which is expected to be received in the next three months, the company will expect the collection momentum to improve over the period of time.

Out of the total area of 4.02lsf in SS Highpoint, the office space pertains to 1.50 lsf area. Further, the company has around 0.70lsf leasing space out of which it has already signed leasing for multiplex with Roongta Cinema having area of 0.34 lsf. Another leasing terms are also finalised for leading digital brand for approx 0.28 lsf retail area.

Further another ongoing project "**SS 100**" is a commercial space wherein 80% is office space and only 20% is retail space. The company will launch this project for sales only after completion of the project tentatively post Dec'24. Currently the structure of the project has been completed with only finishing work pending and the same is expected to be completed within the next 6 months. The project is situated on prime area of golf course extn road where there is high demand for office spaces thereby reflecting improvement in the sales and collection momentum from this commercial project.

Minimal funding risk

The company is developing 3 projects of which major one is residential project "**SS Linden**" with saleable area of 14.4lsf and has achieved significant bookings of around 60% of the saleable area in its project which has resulted into build-up of sizeable committed receivables covering 146% of the project cost and outstanding debt for this project.

As on Dec 31, 2023, the company has committed receivables of Rs.372 crore from its ongoing projects, which covers almost 70% of the balance project cost and outstanding debt. Thus, the adequacy of committed receivables covers the pending project cost and outstanding debt to major extent. Further the company is having cash and bank balance of Rs.62 crores as on March 19, 2024 which adds liquidity support to the company.

High demand for residential housing

The industry's revenues are likely to grow on the back of a continuation in demand for residential housing during the FY24. Moreover, developers are likely to pass on any rise in input costs through price hikes. This is likely to result in margin expansion for the industry. Although residential sales are projected to grow in the year 2023-24, the pace of growth will be slower as compared to 2022-23. Increase in housing loan rates and property prices, slowdown in hiring in key employment generating sectors and lower salary growth is likely to result in a moderation in housing sales in the current year.

Key weaknesses

Highly regulated real estate market with exposure to inherent competition and cyclicality

Executing a Real estate project requires various statutory approvals which includes building plan approval, No objection certificate from Fire and Emergency services department, power supply agreement with discoms. With Real Estate Regulation Act coming into force the cost for developers will increase as sales can only happen post registration with Real Estate Regulatory Authority, which is possible only after project receives requisite approvals from various government departments. The company is exposed to the cyclicality associated with the real estate sector which has direct linkage with the general macroeconomic scenario, interest rates and level of disposable income available with individuals. In case of real estate companies, the profitability is highly dependent on property markets.

Geographical concentration risk

Since majority of the company’s ongoing and upcoming projects are being executed in Gurgaon region, it is exposed to geographical concentration risk. The market faces structural issues pertaining to land acquisition and oversupply of real estate projects. Fortunes of the project therefore will continue to be linked to overall market demand in these regions.

Project execution risk and off-take risk in project “SS 100 and “SS Highpoint”

Till Dec 31, 2023, the company has incurred Rs. 425 cr out of the total Rs. 820 cr that is, ~52% (PY:42%) of the total project cost. Further, the company has incurred Rs. 210 cr out of the total Rs. 454 cr on the construction, that is, 46% (PY:29%) of the total construction cost. Out of total saleable area of the projects of 18.42 lsf, the company has sold 9.81 lsf (PY: 6.42lsf) till Dec 31, 2023 i.e. ~53% (PY: 35%) of total area for sale value of ~Rs. 617 cr (PY: 356 cr). Out of sale value of the sold area, SSGPL has realized Rs. 245 cr i.e. 40% of sale value.

Further, SSGPL has shown slow sales and collections in the last one year for project “SS Highpoint”. Project SS Highpoint has sold area of 0.83 lsf (PY :0.73 lsf) for sale value of Rs.65 cr (PY: 57 cr) till Dec 31, 2023. The collections from this project stood Rs.4.26 cr (PY: Rs. 1.55 cr) for the past 12 months ended Dec’23.

Project **SS Linden** has sold area of 8.98 lsf (PY: 5.69 lsf) for sale value of Rs.552 cr (PY: Rs.299 cr) till Dec 31, 2023. The collections from this project stood Rs.170.96 cr (PY: Rs.82.97 cr) for the past 12 months ended Dec’23.

In project “**SS 100**” there is high fund requirement as this project will be launched for sales only after completion of its structure. 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.

Time overrun in project execution

The company has completed 2 projects namely “The Leaf” and “SS Omnia” in the past 12 months however there has been time overrun in execution of the projects and was delayed beyond the timeline given to the customers due to which the company was bound to pay interest and compensation to the customers for these projects. The project execution got delayed majorly on account of the impact of COVID.

The project “**The Leaf**” was to be completed by May’19 as per RERA whereas the project got completed and delivered in 2022. It consists of 13 towers wherein OC was obtained partially i.e for 11 towers in 2021 and later on OC was applied for the balance 2 towers and the same was received in 2022. Another project “**Coralwood**” was also delayed and it consists of 10 towers out of which OC was received in 2018 for 8 towers and for balance 2 towers OC was received in 2020.

Liquidity: Adequate

The liquidity position of the company remains adequate as reflected by moderate customer collection and sales momentum. The company has confirmed receivable of Rs. 372 crore from the ongoing projects i.e 70% to cover the balance project cost and outstanding debt as on December 31, 2023. Further, the collections from completed projects amounting to Rs. 239 crores in the last 12 months ended Dec 2023 is likely to support the company in repayment of debt and meeting the remaining expenses of the projects. SSGPL’s debt obligation stood Rs.25.20 cr for FY24 against which it has an average monthly collection of ~Rs.34 crores from its ongoing and completed projects.

Further, in the past 12 months ending Dec 2023, the company sold 138 units for Rs.260.75 crores with the collections of Rs.175 crores from its ongoing projects. The cash and bank balance stood Rs.69.12 crores along with the balance of Rs.13.08 cr in Escrow A/c as on March 31, 2023. Also, the cash and bank balance stood Rs.62 crores as on March 19, 2024.

Applicable criteria

- [Definition of Default](#)
- [Liquidity Analysis of Non-financial sector entities](#)
- [Rating Outlook and Rating Watch](#)
- [Financial Ratios – Non financial Sector](#)
- [Rating methodology for Real estate sector](#)
- [Short Term Instruments](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

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 Gurugram-based SS Group. In past the group has successfully completed nine residential and two commercial real estate projects with total saleable area of about 71.76 lsf, in Gurgaon region. The company is currently developing one residential project –SS Linden in Sectors 84 and 85; and two commercial projects –SS Highpoint in Sector 86, and SS 100 in Sector 49, all in Gurugram

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	202.80	346.17
PBILDT	40.53	75.15
PAT	12.57	36.45
Overall gearing (times)	0.57	0.41
Interest coverage (times)	1.56	2.78

A: Audited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	Feb 2029	50.00	CARE BBB-; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	35.00	CARE A3

Annexure-2: Rating history for the 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 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Bank Overdraft	LT	-	-	-	-	1)Withdrawn (01-Apr-21)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (06-May-20)
2	Non-fund-based - ST-Bank Guarantee	ST	35.00	CARE A3	-	1)CARE A4+ (14-Feb-23)	1)CARE A4+ (16-Feb-22) 2)CARE A4 (01-Apr-21)	1)CARE A4; ISSUER NOT COOPERATING* (06-May-20)
3	Debt-Non-convertible Debenture/Subordinate Debt	LT	-	-	-	-	1)Withdrawn (16-Feb-22) 2)CARE BB; Stable (08-Apr-21)	-
4	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (14-Feb-23)	1)CARE BB+; Stable (16-Feb-22)	-
5	Fund-based - LT-Term Loan	LT	50.00	CARE BBB-; Stable				

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term

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

Annexure-4: Complexity level of the various instruments rated

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

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

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About us:

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