

S.S.B. Enterprises

March 31, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	39.46 (Reduced from 44.22)	CARE BB+; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	8.75	CARE BB+; Stable / CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation in the ratings assigned to the bank facilities of S.S.B. Enterprises (SSB) remain constrained on account of modest scale of operations, average financial profile marked by moderate capital structure and debt coverage indicators. The ratings also factor in stretched liquidity position coupled with competitive nature of industry. The ratings are also constrained by project execution risk and risk associated with constitution of the entity being proprietorship. The ratings, however, consider & derive strength from the resourceful promoters, management-cum-marketing tie-up with recognised brands such as ITC and strategic location of the hotel properties of the firm.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Scaling up of operations, with operating income growing to more than Rs. 100 crores coupled PBILDT (Profit Before Interest, Lease, Depreciation, and Tax) margin around 20% on sustained basis.
- Improvement in capital structure as reflected by total debt/Gross cash accruals (TD/GCA) of below 3.50 times on sustained basis.

Negative factors

- Decline in total operating income (TOI) below Rs. 40 crores & PBILDT margins below 8% on a sustained basis.
- Deterioration in the capital structure as marked by overall gearing ratio of above 1.25x on sustained basis.
- Cost or time overrun in execution of the project leading to deteriorate the liquidity position of the firm.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects that the firm is likely to maintain its operational & financial risk profile over the medium term.

Detailed description of key rating drivers:

Key weaknesses

Modest scale of operations albeit improving profitability margins: The firm reported a TOI of Rs. 38.00 crore for FY24 (refers to April 01 to March 31), decline of 22% from Rs. 48.76 crore in FY23. However, profitability margins improved, with PBILDT and PAT (Profit After Tax) margins improving to 16.79% and 6.35%, respectively, compared to 6.70% and 4.59% in FY23. This decline in TOI is primarily due to a strategic shift towards the hotel business, which is more profitable than the previous trading business. The trading business had lower profitability, prompting the firm to focus more on the hotel sector, which is now yielding higher profits. Further, the firm has booked revenue of Rs. 21.98 in 9MFY25 (refers to April 01 to December 31). The operational performance of the firm is expected to improve in terms of profitability margins while the topline is expected to moderate further owing to shut down of trading business and focus solely on hospitality business.

Average financial profile: The capital structure of SSB remains comfortable marked by overall gearing of 0.25x as on March 31, 2024, improved from 0.37x as on March 31, 2023, on account of decrease in external debt and accretion of profit to proprietor's capital and subordination of unsecured loan. However, in FY25, with the commencement of construction of the one more hotel in Amritsar, the firm would be availing term loan of Rs. 32 crores which would moderate the capital structure of the firm. The debt coverage indicators marked by TD/GCA & Total debt/PBILDT improved to 3.67 times and 2.89 times respectively during FY24. Further, interest coverage ratio of the firm improved to 3.79x during FY24.

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

Project Execution risk: Firm is executing a four-star hotel project located in the immediate proximity of Golden Temple, just outside on the entrance wall of the old city of Amritsar. The total project cost is Rs. 47.80 crore out of which promoters' contribution is Rs. 15.80 crore and term loan of Rs. 32 crores. The loan is sanctioned with PNB bank, and a draft lease agreement has been received, with the lease amount set at Rs. 60-65 lakhs per month. Groundbreaking is complete, and the construction SOP for the full-fledged property has been finalized as per MHRIL guidelines. No construction work has initiated till now. This hotel is likely to be completed by FY26. Now, timely completion and stabilisation of the hotel project under the estimated time & cost would remain key monitorable going forward.

Presence in a highly fragmented and competitive industry: The Indian hospitality industry is highly fragmented in nature with the presence of large number of organized and unorganized players spread across various regions. Cyclical nature of the hotel industry and increasing competition from already established and upcoming hotels due to low entry barriers may impact the performance of SSB. Though, the demand for hotel rooms is expected to steadily grow in the medium term on account of anticipated increase in commercial and tourism activity and growth of the economy, however, presence of other luxury hotels in the vicinity can exert pressure on occupancy and average room rent of the hotel in the medium-term. However, the firm is generating revenue from diversified business, thus, this risk is partially mitigated to a great extent.

Constitution of the entity: SSB's constitution being a proprietorship firm has the inherent risk of possibility of withdrawal of the proprietor's capital at the time of personal contingency and firm being dissolved upon the death/retirement of proprietor. Moreover, proprietorship firms have restricted access to external borrowing as credit worthiness of proprietor would be key factors affecting credit decision for lenders.

Key strengths

Experienced and resourceful promoter: SSB is a proprietorship firm of Rajan Bedi, rich experience of Rajan Bedi gained during last 2 decades provides a competitive edge to the firm. Promoter is further supported by well versed management team which looks after the day-to-day operations of the firm comprising of qualified and experienced individual from the industry. Besides, promoter is resourceful and has shown ability to infuse funds in the business as and when required in the form of unsecured loans having outstanding subordinated unsecured loans of Rs. 14 crores & unsecured loans of Rs. 6.99 crores in the firm. Further, unencumbered cash & bank balance of the firm stands at around Rs. 1.82 crores as on March 31, 2024.

Operational and management tie-up with renowned brands: The firm has entered in to tie up with Regenta for two of the existing hotels & with ITC Hotels for the third hotel. Operating and managing these hotels under these established brand names reduces the management and marketing risk to a great extent. Further, the firm is under discussion with some renowned names for management of the proposed hotel also.

Strategic location of the hotels: Amritsar with its rich history of cultural heritage has immense potential to grow as a major tourist destination of the region. Amritsar city is famous as a religious Centre due to the presence of Golden temple, Durgiana temple and many other gurudwaras/temples/mosques, which makes it a Centre for religious tourism. Two of the existing three hotels along with the proposed hotel are located in the immediate proximity of Golden Temple that gives a strategic edge to the firm in terms of location.

Liquidity: Stretched

The liquidity profile of the firm is stretched marked by tightly matched cash accruals against scheduled debt repayments. The firm has a total debt repayment obligation of approximately Rs. 2.50 crores for FY25, as against projected GCA of Rs. 5.20 crores. However, going forward repayment obligations will increase on account of repayment for proposed debt for hotel project. Although, working capital utilisation remains moderate low over the last 12 months ending February 2024 at around 30%. The firm is incurring capex on fourth-hotel project and the cost of project is Rs. 47.80 crore which will be funded through Rs. 32 crore of term debt and balance through proprietor's funds. The term debt has been sanctioned.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)
[Hotels & Resorts](#)
[Financial Ratios – Non financial Sector](#)
[Short Term Instruments](#)

About the firm and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Services	Leisure Services	Hotels & Resorts

Incorporated in Year 1999, SSB is a proprietorship firm of Mr. Rajan Bedi. Initially, the firm was engaged majorly in trading of agricultural commodities such as gypsum, sugar, wheat etc. Subsequently, FY17 onwards firm started focusing on the hotel business. Currently, the firm has three hotels operating at Amritsar Punjab and a four-star hotel of the is in process of establishment in the immediate proximity of Golden Temple.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	48.76	38.00	21.98
PBILDT	3.27	6.38	NA
PAT	2.24	2.41	NA
Overall gearing (times)	0.58	0.42	NA
Interest coverage (times)	2.36	3.79	NA

A: Audited UA: Unaudited; NA: Not Available; 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	-	-	-	March 2037	39.46	CARE BB+; Stable
Fund-based - LT/ ST-Working Capital Limits	-	-	-	-	8.75	CARE BB+; Stable / CARE A4+

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	39.46	CARE BB+; Stable	1)CARE BB+; Stable (05-Jun-24)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (15-Mar-24) 2)CARE BB+; Stable (26-Apr-23)	-	-
2	Fund-based - LT/ST-Working Capital Limits	LT/ST	8.75	CARE BB+; Stable / CARE A4+	1)CARE BB+; Stable / CARE A4+ (05-Jun-24)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (15-Mar-24) 2)CARE BB+; Stable (26-Apr-23)	-	-

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

LT: Long term; LT/ST: Long term/Short 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
2	Fund-based - LT/ ST-Working Capital Limits	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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