



Press Release

M/s SS Reality

August 12, 2024

Ratings

Security Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	58.00	IVR BBB-; Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-; Stable (IVR Triple B Minus with Stable Outlook)	Reaffirmed	Simple
Short Term Bank Facilities	1.16	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Reaffirmed	Simple
Total	59.16 (Rupees fifty-nine crore and sixteen lakh only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The reaffirmation of the rating assigned to the bank facilities of M/s SS Reality (SSR) continues to draw comfort from its satisfactory track record of execution of various real estate projects under experienced partners, funding tie-ups for under construction project 'Kaveri Soham Vivanta' and favourable location of the project. The rating also considers the advance stage of the ongoing project. These rating strengths however are constrained by exposure to geographical concentration risk, exposure to risks related to cyclicity in real estate industry and its partnership nature of constitution. The stable outlook reflects that the firm will continue to achieve expected sales and collections to meet the committed cost and debt obligations.

Key Rating Sensitivities:

Upward Factors

- Timely completion of project without any time or cost overrun.
- Improvement in the sales velocity and collections through a combination of improved sales and construction progress.

Downward Factors

- Lower-than-expected collections leading to cash flow mismatch.
- Any delay in project completion leading to time or cost overrun.
- Availment of more than expected debt leading to moderation in overall gearing.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced partners

The founding partners of M/s SS Reality are well experienced in Ahmedabad real estate market and have satisfactory track record of executing various residential and commercial real estate projects for more than three decades.

Advance stage of the ongoing project

The firm currently has one ongoing project, “Kaveri Soham Vivanta”. The project is running as per schedule and the firm has successfully completed ~94% of the project with an advance booking of ~77.42% as on March 31, 2024.

Funding Tie-ups for under construction Kaveri Vivanta

The firm has tied up for Rs.58 crore of term loan with bank for construction of “Kaveri Soham Vivanta” and the repayments for project will commence only from quarter ending December 2024. Further, as per bank sanction letter the firm has to maintain DSRA of one quarter of (interest + principal) before start of repayment.

Favourable location of the project

The ongoing project, “Kaveri Soham Vivanta” is located in Shilaj, Ahmedabad. Shilaj has experienced a growth in infrastructure the last 3 to 5 years with people from middle to higher income group category. The subject site is on 36 metres wide road which in-turns connect the Ring Road which further connects the Central and East Ahmedabad along with accessibility to Gandhinagar. The subject site is approximately 17 kms from the Ahmedabad Railway Station and Ahmedabad International Airport is about 30 kms from the proposed subject site. Sanand Industrial Area (Sanand GIDC) which is hub for Automotive and other Industries is about 25 kms from the subject site, which shall give edge to the proposed site. Based on the recent development, the micro market (beyond ring road) has been classified as affordable housing zone and many social and physical infrastructure and organized retail are developing.

Key Rating Weaknesses



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Exposure to geographical concentration risk

Since all of the firm's projects are being executed in Ahmedabad micro-market, it is exposed to geographical concentration risk. Fortunes of the projects therefore will depend on the overall market sentiment in the region and the market has low entry barriers with high competition.

Exposure to risks relating to cyclicity in real estate industry

Cyclicity in the real estate segment could lead to fluctuations in cash inflow because of volatility in realisation and saleability. This may impact the debt servicing ability of the firm. M/s SS Reality will remain susceptible to the inherent cyclicity in the real estate sector.

Partnership nature of constitution

Given SS Reality's constitution as a partnership firm, it is exposed to the discrete risks including the possibility of withdrawal of capital by the partners and the risk of dissolution of the firm upon death, retirement or insolvency of the partners. Moreover, the partnership nature limits SS Reality's flexibility to tap external channels of financing.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Real Estate Entities](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The liquidity of the firm is adequate marked by satisfactory sales velocity in its projects. Moreover, the resourcefulness of the partners also imparts comfort to an extent.

About the Firm

Ahmedabad, Gujarat based M/s SS Reality is a partnership firm established on June 12, 2014, is a joint venture between the promoters of Shridhar Group & Soham Group. The firm is having four partners all having equal percentage of share in the business. The firm is in the business of construction of Residential and Commercial Buildings, Land Development and allied activities. M/s SS Reality has carried out three projects till date - Soham Kaveri, Soham Vistara



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and Soham Vivanta. As on date, Soham Kaveri and Soham Vistara is completed and only running project is Soham Vivanta.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	81.74	20.41
EBITDA	22.40	8.73
PAT	11.58	3.29
Total Debt	31.92	42.59
Tangible Net Worth	26.16	26.14
EBITDA Margin (%)	27.40	42.78
PAT Margin (%)	14.17	16.06
Overall Gearing Ratio (x)	1.22	1.63
Interest Coverage (x)	7.83	2.14

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/ Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					June 01, 2023	Mar 23, 2023	Jan 22, 2022
1.	Term Loan	Long Term	58.00	IVR BBB-; Stable	IVR BBB-; Stable	IVR BB+; Stable; ISSUER NOT COOPERATING	IVR BBB-; Stable
2.	Credit Exposure Limit (CEL)	Short Term	1.16	IVR A3	IVR A3	IVR A4+; ISSUER NOT COOPERATING	IVR A3

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About Infomerics:



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Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	Sep 2025	58.00	IVR BBB-; Stable
Credit Exposure Limit (CEL)	-	-	-	-	1.16	IVR A3

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-SS-Reality-12aug24.pdf>



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

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

