



Press Release

SSN Annapurna Heights LLP

November 15, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Instruments/Facilities	50.00	IVR BB/ Stable (IVR Double B with Stable outlook)	-	Assigned	Simple
Total	50.00 (INR Fifty Crore 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 rating assigned to the bank facilities of SSN Annapurna Heights LLP (SSN) derives strength from extensive experience of its partner in the real estate industry. The rating also considers healthy financial flexibility of the entity and favourable location of the project. However, these rating strengths remain constrained by project execution risk, high dependence on customer advances, geographical concentration risk and exposure to risks relating to cyclicalities in real estate industry.

The stable outlook reflects that the entity would timely launch its upcoming residential and commercial complex and would be able to achieve healthy sales and generate adequate cash flows.

Key Rating Sensitivities:

Upward Factors

- Higher than expected sales and collection from customers resulting in better debt protection metrics

Downward Factors

- Delay in completion of project
- Lower than expected sales and collection from customers

List of Key Rating Drivers with Detailed Description

Key Rating Strengths



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- **Extensive experience of the partners**

SSN Annapurna Heights LLP is a Special Purpose Vehicle (SPV) established to carry out civil construction activity along with development of land, residential, commercial projects etc. Lion Engineering Consultants Private Ltd, promoted by Mr. Omkarnath Sharma, holds majority stake of 51% in SSN Annapurna Heights LLP. Mr. Omkarnath Sharma is a B.E. (Civil) and has an extensive industry experience of over two decades. Mr. Neeraj Vijay has more than two decades of experience in civil construction and real estate industry. This enables the entity to carry out its operations efficiently. The entity will continue to benefit from its partners' extensive experience and their strong understanding of the market dynamics.

- **Healthy financial flexibility**

The promoters are resourceful and have already funded Rs.25.56 crores as on July 30, 2024 towards the project. Infomerics expects the promoters to continue to support the project's funding requirements going forward, as and when need arises.

- **Favourable location of the property**

The project is favourably located at Betul, Madhya Pradesh with connectivity to new proposed Delhi-Nagpur Industrial Corridor.

Key Rating Weaknesses

- **Project execution risk**

The entity is presently undertaking project for construction & development of a new Jail at Gram Kadhai, Betul (MP) and re-development of Compensatory Land Parcel (CLP) by construction of a commercial and residential building at Civil Station, sheet no. 12, plot no. 13, Betul (MP) awarded by Madhya Pradesh Housing & Infrastructure Development Board (MPHIDB) under Re-densification Policy of Government of Madhya Pradesh (GoMP). The construction work for commercial and residential block is in initial stage. Considering the long gestation period for completion of real estate projects, any negative movement in macroeconomic scenarios and/or volatility in the raw material prices and labour costs may impact the cost of the project and overall profitability.

- **High dependence on customer advances**

The entity is largely dependent on customer advances for funding of its ongoing project. Total project cost is estimated at ~Rs. 215.62 crore to be funded by promoters' contribution



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of Rs. 25.56 crore, customer advance of ~Rs. 140.06 and term loan of Rs.50 crore. Higher dependence on customer advances indicates execution risk going forward. Project cost incurred as on 30.07.2024 is ~Rs.38.97 crore funded through promoters' contribution of Rs.25.56 crore, unsecured loans of Rs.6.14 crore, secured loan for equipment of Rs.0.85 crore and sundry creditors of Rs.6.42 crore.

- **Geographical concentration risk**

The project is located in Betul, Madhya Pradesh which exposes the entity to geographical concentration risk. Any adverse movement in the regional real estate market can impact the overall operations of the entity.

- **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 realization and salability. This may affect the debt servicing ability of the entity. SSN Annapurna Heights LLP will remain susceptible to the inherent cyclicity in the real estate sector.

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 promoters are resourceful to support the entity if required. Further, the entity is projected to maintain an adequate level of inflow and the same is expected to increase gradually with increase in bookings. Further, the entity is required to maintain a debt service reserve account (DSRA) equivalent to two quarter's debt obligations as stipulated by the lender. Overall liquidity position is expected to remain adequate.

About the Entity

SSN Annapurna Heights LLP is a Limited Liability partnership firm based out of Madhya Pradesh established to carry out civil construction activity, development of land, residential,



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commercial projects etc. The entity is presently undertaking project for construction & development of a new Jail at Gram Kadhai, Betul (MP) and re-development of Compensatory Land Parcel (CLP) by construction of a commercial and residential building at Civil Station, sheet no. 12, plot no. 13, Betul (MP) awarded by Madhya Pradesh Housing & Infrastructure Development Broad (MPHIDB) under Re-densification Policy of Government of Madhya Pradesh (GoMP). Presently, Lion Engineering Consultants Pvt Ltd (LECPL) (rated: IVR BBB/A3+ in March 2024), Serman India Road Makers Pvt Ltd (SIR MPL) and Mr. Neeraj Vijay are the partners of the firm.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	0.00	13.04
EBITDA	0.00	0.68
PAT	0.00	0.01
Total Debt	0.00	1.05
Tangible Net Worth	5.77	21.78
EBITDA Margin (%)	NM	5.23
PAT Margin (%)	18.52	0.07
Overall Gearing Ratio (x)	0.00	0.05
Interest Coverage (x)	NM	1.43

NM denotes Not meaningful

* 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 Instrument/Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type	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
					-	-	-
1.	Term Loan	Long Term	50.00	IVR BB/ Stable	-	-	-

Analytical Contacts:



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Name: Ashish Agarwal	Name: Avik Podder
Tel: (033) 46022266	Tel: (033) 46022266
Email: aagarwal@infomerics.com	Email: apodder@infomerics.com

About Infomerics:

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.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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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
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Term Loan	-	-	-	Feb 2028	50.00	IVR BB/ Stable
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Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-SSN-nov24.pdf>

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.