

## Press Release

### Three S Properties

May 28, 2020

### Rating Withdrawn



Total Bank Facilities Rated*	Rs.8.00 Cr.
Long Term Rating	ACUITE B+ (Withdrawn)

\* Refer Annexure for details

### Rating Rationale

Acuite has withdrawn the long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) to Rs.8.00 crore bank facilities of Three S Properties.

The rating has been withdrawn on account of request received from the company and NOC received from the banker.

Pune based Three S Properties (TSP) established in 2012 is a partnership firm engaged in the development of residential projects in and around Pune. The firm was promoted by Mr. Sujay Shah, Mr. Vilas Shinde, Mrs. Shraddha Sujay Shah and others.

### Analytical Approach

Acuite has considered the standalone business and financial risk profiles of Three S Properties to arrive at this rating.

### Key Rating Drivers

#### Strengths

- **Experienced management**

The partners of the firm Mr. Sujay Shah and Mr. Vilas Shinde have experience of around nine years in the development of residential property. The promoters have developed the following projects under different entities such as SAAJ Corporation, JRS Associates and Swastic Evolution among others.

- **Improved customer advances**

The firm till date has received booking of 45 flats out of total of their share of 131 flats. It has received customer advances to the tune of Rs. 9.00 crore against amount receivable of Rs. 6.00 crore. The total customer advances envisaged is ~ Rs. 50.00 crore for completing the project.

#### Weaknesses

- **Nascent scale of operations**

The commencement of the construction activity was delayed by a year due to delays in approval from the government agencies. The construction activity has commenced on June, 2017 and the plinth level has been completed in all the three buildings. Further, the construction of building A and B are almost complete with minor furnishing work remained. However, only outer structure of building C has been completed while rest of the other work is still in due. The project is expected to get completed by end of Mar, 2021 which has been delayed by almost 3 months from scheduled completion date of Dec, 2020 on account of nationwide lockdown owing to covid-19.

- **Inherent cyclicity in the construction sector**

The real estate industry in India is highly fragmented with most of the real estate developers, having a city-specific or region specific presence. The risks associated with the real estate industry are – cyclical nature of business (drop in property prices), interest rate risk etc. can affect the operations of the firm.

**Liquidity Position:**

Three S Properties has plans to finance the overall project cost by way of promoters' infusion, term loan, unsecured loans and customer advances. The project was scheduled to be completed by December, 2020 which has been delayed by 3 months on account of covid-19 disruptions and quarterly repayment of the term loan installment started from October 2018. Thus, the servicing of debt obligation is dependent on adequate booking levels with sufficient customer advances to generate positive cash flows

**About the Rated Entity - Key Financials (Consolidated)**

	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	0.00	(0.05)
PAT	Rs. Cr.	0.00	(0.00)
PAT Margin	(%)	NA	NA
Total Debt/Tangible Net Worth	Times	0.38	0.69
PBDIT/Interest	Times	1.00	1.00

**Status of non-cooperation with previous CRA (if applicable)**

None

**Any other information**

None

**Applicable Criteria**

- Infrastructure Entities: <https://www.acuite.in/view-rating-criteria-51.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>

**Note on complexity levels of the rated instrument**

<https://www.acuite.in/criteria-complexity-levels.htm>

**Rating History (Upto last three years)**

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
04-Mar-2019	Term loan	Long Term	4.64	ACUITE B+/Stable (Upgraded from ACUITE B/Stable)
	Proposed Bank Facility	Long Term	3.36	ACUITE B+/Stable (Assigned)
30-Nov-2017	Term loan	Long Term	8.00	Acuite B / Stable (Assigned)

**\*Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term Loan	Not Available	Not Applicable	Not Available	3.30	ACUITE B+ (Withdrawn)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	4.70	ACUITE B+ (Withdrawn)

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### About Acuité Ratings & Research:

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